



# *i*nformational

## *Bulletin*

David Harris, Director

## Change to Trade-In Credit Allowed for First Division Motor Vehicles Effective January 1, 2022

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This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

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**To: All registered Illinois motor vehicle dealers and persons who purchase motor vehicles out of state and register them in Illinois**

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This bulletin summarizes the change to the trade-in credit limit.

### What is the change to the trade-in credit allowed?

Effective with sales and purchases made on or after January 1, 2022, Public Act (P.A.) 102-0353 amends the Retailers' Occupation Tax Act and the Use Tax Act to remove the \$10,000 trade-in credit limit for sales and purchases of first division motor vehicles that was previously created by P.A. 101-0031. **This means, for sales and purchases made on or after January 1, 2022, the credit on the return for the trade-in of a first division motor vehicle can now reflect the full value of or credit given, for the trade-in.**

Passed in 2019, P.A. 101-0031 had amended the Retailers' Occupation Tax Act and the Use Tax Act to provide that, for sales and purchases of motor vehicles, "selling price" included the value of or credit given for traded-in first division motor vehicles that exceeds \$10,000. While trade-in credit for a first division motor vehicle could exceed \$10,000 to reduce the cost of the motor vehicle being purchased, for purposes of calculating Sales Tax or Use Tax due, the credit which could be claimed for a first division motor vehicle being traded in could not exceed \$10,000. For more information on the \$10,000 trade-in credit limit in effect prior to January 1, 2022, see [FY Bulletin 2020-1](#).

### What if I need to amend a return?

If you need to amend Form ST-556, Sales Tax Transaction Return; Form ST-556-LSE, Transaction Return for Leases; Form RUT-25, Vehicle Use Tax Transaction Return; or Form RUT-25-LSE, Use Tax Return for Lease Transactions, for all amended returns related to sales and purchases made on or after January 1, 2020, up to and including December 31, 2021, the credit you can claim for a first division motor vehicle that was traded in cannot exceed \$10,000. For amended returns related to sales and purchases made on or after January 1, 2022, the \$10,000 trade-in credit limit no longer applies.

For information or forms  
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