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Bulletin

Constance Beard, Director

Changes to Process for Claiming a Rolling Stock Exemption

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

To: All interstate carriers and all taxpayers registered to file Forms ST-556, Sales Tax Transaction Return, and ST-556-LSE, Transaction Return for Leases

For information or forms
Visit our website at:
tax.illinois.gov

Call us at:
1 800 732-8866 or
217 782-3336

Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304

P.A. 100-321 changes the process for claiming a rolling stock exemption from Sales and Use Tax on purchases of certain motor vehicles and trailers.

When are the rolling stock exemption changes effective?

P.A. 100-321 became law on August 24, 2017, so its provisions are effective for purchases of motor vehicles and trailers (and repair and replacement parts for motor vehicles and trailers) made on or after that date.

How does the purchase of a motor vehicle or trailer now qualify for a rolling stock exemption?

To qualify for the rolling stock exemption,

- the motor vehicle or trailer must be used to transport persons or property for hire,
- the purchaser must certify that the motor vehicle or trailer will be utilized by an interstate carrier for hire who holds an active USDOT number with the carrier operation listed as "interstate" and the operation classification listed as "authorized for hire," "exempt for hire," or both "authorized for hire" and "exempt for hire," * *and*
- for motor vehicles, the gross vehicle weight rating must exceed 16,000 pounds.

* The second item above does not apply to a motor vehicle or trailer used at an airport to support the operation of an aircraft moving in interstate commerce, as long as the motor vehicle or trailer otherwise qualifies under the above criteria.

Who may claim a rolling stock exemption?

To claim a rolling stock exemption, you must be an owner, lessor, or shipper purchasing tangible personal property that will be utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce.

How do purchases of other vehicle types, such as aircraft or watercraft, qualify for a rolling stock exemption?

To claim a rolling stock exemption on aircraft, watercraft, limousines, and rail carrier items, the purchaser must indicate the method by which the item purchased qualifies for the exemption. This process is the same as it was prior to P.A. 100-321.

As before, purchasers claiming the rolling stock exemption on aircraft, watercraft, limousines, and rail carrier items must qualify for the exemption using specific usage tests (*i.e.*, generally, trips or miles), and at the time of purchase, they must identify which method of qualifying will be used:

- Aircraft and watercraft must carry persons or property for hire in interstate commerce for more than 50 percent of their total trips or miles/hours in a 12-month period.
- Limousines must carry persons or property for hire in interstate commerce for more than 50 percent of their total trips or miles in a 12-month period.
- Rail carrier items must be used as rolling stock to haul persons or commodities for hire in interstate commerce on a regular and frequent basis.

Did any forms change as a result of the passage of P.A. 100-321?

Yes. We have revised Form RUT-7, Rolling Stock Certification. As part of that revision, Form RUT-7 also was renamed to "Rolling Stock Certification for Motor Vehicles and Trailers (and Repair and Replacement Parts) Purchased on or after August 24, 2017." As the new name implies, Form RUT-7 is now used to claim a rolling stock exemption only on purchases of certain motor vehicles and trailers, and only if the motor vehicle or trailer was purchased on or after August 24, 2017. Form RUT-7 also is used to claim a rolling stock exemption on purchases on or after August 24, 2017, of repair and replacement parts for motor vehicles and trailers.

In addition, we have created a new form, Form RUT-7-A, Rolling Stock Certification for Aircraft, Watercraft, Limousines, and Rail Carrier Items, which is used to claim a rolling stock exemption on qualified purchases of aircraft, watercraft, limousines, and rail carrier items. Form RUT-7-A also is used to claim a rolling stock exemption on repair and replacement parts for aircraft, watercraft, limousines, and rail carrier items.

As noted above, purchasers wanting to claim the rolling stock exemption on aircraft, watercraft, limousines, and rail carrier items must qualify for the exemption using the same usage tests as before, so Form RUT-7-A can be used to claim a rolling stock exemption on aircraft, watercraft, limousines, and rail carrier items regardless of the purchase date.

Note: Contact the Department if you need to claim a rolling stock exemption on the purchase before August 24, 2017, of a motor vehicle or a trailer, or repair and replacement parts for motor vehicles and trailers.

When are Forms RUT-7 and RUT-7-A due?

A purchaser claiming the rolling stock exemption should provide to the seller a signed, properly completed Form RUT-7 or Form RUT-7-A at the time of sale. Both the purchaser and seller should keep a copy in their records to document the exemption. Unless requested, do not send Form RUT-7 or Form RUT-7-A directly to the Department.