

To Vehicle Retailers:

Discussions with the Illinois Automobile Dealers Association and the Chicago Automobile Trade Association have resulted in the Department filing proposed rulemakings regarding the Interim Use exemption, the exemption for vehicles for which a drive-away permit is issued, and how automobile dealer rebates and other incentives are taxed under Illinois sales tax laws. These proposed rulemakings have effective dates of July 1, 2008.

[86 Ill. Adm. Code 130.2125](#) is being amended to clarify how automobile rebates and dealer incentives are taxed. Vehicle dealers must report taxable dealer incentives on Form ST-556 as part of the sale of the vehicle being reported on that return.

[86 Ill. Adm. Code 150.306](#) is being amended to clarify how to determine if the use of an item by a retailer qualifies for the Interim Use exemption.

86 Ill. Adm. Code 130.605 is being amended to clarify the documentation that a retailer is required to keep in order to properly claim the drive-away permit exemption provided for sales of motor vehicles to nonresidents and to clarify that the exemption applies to vehicles transported to other countries as well as other states.

86 Ill. Adm. Code 150.310 is being amended to provide notification that if the purchaser claims the drive-away permit exemption and the vehicle is used in this State for more than 30 days in a calendar year, the purchaser owes Use Tax on the purchase price of that vehicle subject to any tax properly due and paid in another state.