

## Illinois Revenue fee for vehicles sold in Metro-East Mass Transit District

Effective July 1, 2004, the Illinois Department of Revenue began administering a new fee to be collected by dealers selling vehicles in the Metro-East Mass Transit District (MED) portion of St. Clair County. Instead of paying the fee directly to the transit authority, dealers are required to remit the fee along with sales tax payment on their ST-556 Sales Tax Transaction Return. The Department of Revenue will preprint a line for the fee on the ST-556 return of those affected dealers only.

The fee rate is .5 percent of the total selling price of the vehicle minus any trade-in allowance, or \$20, whichever is less. The retailer's discount allowance of 1.75 percent for filing timely does not apply to this fee. The 0.5 percent fee also applies to vehicle sales made by out-of-state leasing companies at the end of a lease to Illinois residents located in the same area.

### Sales tax for out-of-state vehicle purchases

- When an out-of-state dealer sells a motor vehicle to an Illinois resident and the vehicle is brought into Illinois for use, the appropriate tax form must be submitted by the Illinois resident when applying for title and registration. The tax must be reported on Form RUT-25 and paid within 30 days of the date the vehicle is brought into Illinois. The tax is based on the vehicle's purchase price minus an allowance for a trade-in, if any. The tax rate is determined by the Illinois address where the vehicle will be titled. A copy of the bill of sale must be attached to the tax form.
- When an out-of-state resident moves into Illinois with a vehicle originally purchased from an out-of-state dealer, Form RUT-25 must be completed and submitted within 30 days of the date the vehicle is brought into Illinois and at the time of applying for title and registration. There is a tax exemption for individuals (not businesses relocating into Illinois or leased vehicles) who have a vehicle titled and used in another state for more than three months. A depreciation deduction of 2 percent for each whole month and credit for tax paid to another state is allowed as long as it is clearly and separately shown on the copy of the bill of sale.
- When an out-of-state dealer sells a vehicle to a licensed Illinois dealer, no tax form is required until the Illinois dealer sells the motor vehicle at retail.

### Vehicles transported out of the country

The sale of a motor vehicle to a customer who will have it transported out of the country is a taxable sale in Illinois and must be reported on Form ST-556 (Sales Tax Transaction Return). However, if the Illinois dealer arranges to have the vehicle transported out of the country by common carrier or freight forwarder, the sale is exempt from tax as a sale in foreign commerce. In this case, the dealer must mark Section 5, Box G-"Other" on Form ST-556 and write in the space provided, "Delivered to freight forwarder." Sales of vehicles being driven or transported to Mexico and Canada are included in the above tax requirements. Illinois dealers must keep documentation proving the transportation of the vehicle out of the country.

### Tax requirement for repossessions by lienholders

When a lienholder transfers ownership of (sells) a vehicle that has been repossessed (whether voluntary or involuntary), the appropriate tax form must be submitted along with the application for title and registration.

- If the lienholder titles the repossessed vehicle in his/her name first and then sells it to a new buyer, a retail sale occurs, and tax is due either on Form ST-556 from the lienholder (if registered as a retailer with the Department of Revenue) or on Form RUT-25 from the new buyer.
- If the lienholder remains outside the chain of title and reassigns ownership of the repossessed vehicle to a new buyer, the transaction is considered a private sale between the previous owner of the repossessed vehicle and the new buyer, and tax is due on Form RUT-50.

## Revised Applications

Due to the new Electronic Registration and Title (ERT) program, the Secretary of State's office is updating its applications to work in conjunction with the program. If your establishment currently uses a computer program to complete these applications, it may need to be modified to work with the new applications. Please be sure to use the proper title and/or registration applications when submitting your forms. Use the list below to verify you are using the right form.

- Title only application (red and white) . . . . .VSD 330.12
- Title/Registration (blue and white) . . . . .VSD 190.21
- Plate Replacement (orange and white) . . . . .VSD 1.24
- Vanity/Personalized Plate Brochure . . . . .VSD 414.12
- Vanity/Personalized Plate Application . . . . .VSD 338.10

## Important Reminders

- ✓ When using out-of-state Certificates of Origin or Certificates of Title and there is no designated area for your dealer number, please write it in the area next to your name.
- ✓ Renewal applications for the 2005 dealer Certificates of Authority were mailed the first week of September. If you have not received your renewal application, please contact the Dealer/Remitter Licensing Section at 217-782-7817.
- ✓ When applying for a duplicate or corrected Certificate of Title, please include the current odometer reading for the vehicle.
- ✓ Please mail applications for any type of title and/or registration to:  
Secretary of State,  
494 Howlett Building  
Springfield, IL 62756-6666.

## Low Speed/Neighborhood Electric Vehicles not street legal in Illinois

Some electric vehicles, commonly referred to as Low Speed Vehicles or Neighborhood Electric Vehicles, are street legal in some states but **are not street legal in Illinois**. Many of these vehicles meet the equipment requirements of Chapter 12 of the *Illinois Vehicle Code*; however, most do not generate, develop or maintain adequate power so as not to impede or block the normal and reasonable movement of traffic on public streets and highways.

These vehicles usually have a 17-digit VIN and a Manufacturer's Certificate of Origin. Examples of some known manufacturers of these electric vehicles include Bombardier, Dynasty Motorcar Corp., Global Electric Motor Cars or GEM and Columbia ParCar or ParCar.

## Mechanics Lien procedures

A Mechanics Lien may be placed by any person who has expended labor, service, skill or material upon any vehicle or provided storage for any vehicle at the request of or with the consent of the vehicle's owner. Please use the following procedures when requesting a Mechanics Lien:

### Lien under \$2,000

1. Request a record search: To determine owner(s) and lienholder(s), contact the Record Inquiry Unit, 414 Howlett Building, Springfield, IL 62756, 217-782-6992.
2. Certified letter: After 60 days without payment of services, a certified letter must be sent to the owner(s) and lienholder(s) and must contain:
  - Intent to enforce Mechanics Lien
  - Owner's name
  - Year, make and VIN of vehicle
  - Lien amount
  - 30 day notice prior to sale
3. Newspaper ad: Place a newspaper ad in a general publication for one day with the owner's name, year, make and VIN of the vehicle, amount of lien, and give a 30-day notice prior to the sale.
4. Dispose of the vehicle at sale unless redeemed within the 30-day period.

### Lien over \$2,000

1. Record Search: same as above
2. Certified letter: same as above
3. File an affidavit with the Clerk of the Circuit Court stating the intent to file a Mechanics Lien, as well as whether the owner's address was unknown or the certified mailing was undeliverable.
4. Newspaper ad (only if owner's address is unknown or certified mailing returned): place a newspaper ad in a general publication one day a week for three successive weeks with the owner's name, year, make and VIN of the vehicle, amount of lien, and give a 30-day notice prior to the sale.
5. Dispose of the vehicle at sale unless redeemed within the 30-day period.

### To obtain a Certificate of Title, submit the following:

- Application for Title and/or Registration (VSD-330 or VSD-190)
- Check or money order for the appropriate fee payable to Secretary of State
- Affirmation Form completed by the person filing for the Mechanics Lien (VSD-526)
- Bill for the amount of services rendered
- Proof that the certified letter was sent to the owner(s) and lienholder(s)
- Copy of the affidavit filed with the Clerk of the Circuit Court (over \$2,000 and certified mailing was returned or address was unknown)
- Certified copy of newspaper ad (not required for lien over \$2,000 unless the certified mailing was returned or the owner's address was unknown)
- Copy of the signed work order
- Appropriate sales tax form and check or money order for the appropriate fee payable to Illinois Department of Revenue