

Article X of the Illinois Vehicle Code imposes a tax on the privilege of using a motor vehicle in this State that is acquired by gift, transfer, or purchase. 625 ILCS 5/3-1001. (This is a GIL.)

July 24, 2012

Dear:

This letter is in response to your letter dated June 28, 2012, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I called the Dept of Revenue today and was referred to your division. I have an automobile whose title is in our trust name; The TRUST. I called the Sec of State to see how I was to go about taking the title out of the trust and put in our names and not the trust. I was told that if I were to change the title from the trust to our names that I would have to pay sales tax on the transfer. It sounded ridiculous to me as we are simply changing the names on the title which except for the trust are the same names. I was told by the Sec of State that to avoid this that I would have to have a letter from the Ill Dept of Revenue. I hope that you can enlighten me as to the course of action that I intend to take. Thank you for any advice you may render me.

P.S. Would taxes also apply if I were putting a car into a trust?

DEPARTMENT'S RESPONSE:

Article X of the Illinois Vehicle Code imposes a tax on the privilege of using a motor vehicle in this State that is acquired by gift, transfer, or purchase. 625 ILCS 5/3-1001. This tax is commonly referred to as the Private Vehicle Use Tax. With certain exceptions, the amount of tax assessed is based on the model year of the car unless the purchase price is \$15,000 or greater.

A preferential tax rate of \$15 applies under the following circumstances:

1. the transferee or purchaser of the motor vehicle is the spouse, mother, father, brother, sister or child of the transferor;
2. the transfer is a gift to a beneficiary in the administration of an estate and the

beneficiary is not a surviving spouse, or

3. when the motor vehicle has once been subjected to the Illinois Retailers' Occupation Tax or Use Tax and is transferred in connection with the organization, reorganization, dissolution or partial liquidation of an incorporated or unincorporated business wherein the beneficial ownership is not changed.

The transfer of a motor vehicle title from a trust to an individual is a transfer subject to the Vehicle Use Tax. As stated above, Section 3-1001 provides that when the transferee or purchaser is the spouse, mother, father, brother, sister or child of the transferor, the tax rate shall be \$15 for each motor vehicle acquired in such transaction. Due to the fact that a trust is a legal entity and that an individual cannot be the spouse, mother, father, brother, sister or child of the trust, the \$15 tax rate is inapplicable. Therefore, the amount of tax assessed is based on the model year of the car unless the purchase price is \$15,000 or greater. The tax is equally applicable to the transfer of a vehicle from an individual to a trust.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Debra M. Boggess
Associate Counsel