

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. See also 86 Ill. Adm. Code 151.101. (This is a GIL.)

September 27, 2012

Dear:

This letter is in response to your letter dated February 2, 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 would like to request a ruling from your office on a recent vehicle sales tax decision made by the Illinois SOS's clerk and the subsequent tax payment required thereafter.

My wife and I transferred ownership of our vehicle to my step son [sic] here at the Rockford Secretary of State office. I enclose a copy of the RUT-50 form involved in that transaction. We'd decided to transfer this car to him so that he'd become the owner, and not just us loaning him our car. We're appealing their interpretation of the RUT-50's Step 4, Exception 2c, the family relationship.

Our request is for your decision of the statutory meaning here of the words, parent and/or child. My stepson, Mr. Z, was born prior to his mother and me getting married. After our marriage he had been recognized annually by both Illinois and the U.S. Government on our income tax forms as our dependant [sic] and our child. We were recognized as his parents.

Now as I answered the SOS's clerk inquiries, I honestly answered that he was my stepson, so was denied the \$200 family member tax offset. I appealed the clerk's interpretation, but was told by the office manager that the Illinois Dept. of Revenue had made this determination, but she couldn't provide any statute number or written documentation of this statement. In calling the Illinois Department of Revenue, I was told that this issue was determined by Illinois vehicle regulation 151.105. I also was then told that any appeal of this would be handled thru the legal services office, so I'm writing to you.

I think that the above cited governmental family recognition easily proves under law that I'm entitled to this tax exception, so request your review of this matter. I'd also like to request any procedures to get these vehicle use tax monies refunded to me.

Thank you for your assistance in this matter.

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. See also 86 Ill. Adm. Code 151.101. 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 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.

A claim that a transaction is taxable under subsection (1) above must be supported by a certification of family relationship. The certificate must be executed by the transferee and submitted at the time of filing the return. The certification must include the transferor's name and address, the transferee's name and address and a statement that describes the family relationship between them. See 86 Ill. Adm. Code 151.105. Note, though, the statute limited the specific persons entitled to a tax rate of \$15 in subsection (1) above. Specifically, the statute does extend to step children of the transferor.

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
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