



ST-556 Sales Tax Transaction Return Instructions (2) for Leasing Companies Selling at Retail

General Information

Who must file Form ST-556?

When a leasing company sells an item coming off a lease in Illinois and that item must be titled or registered by an agency of Illinois state government (*i.e.*, vehicles, watercraft, aircraft, trailers, and mobile homes), the leasing company is considered to be selling such items at retail in Illinois and is obligated to collect Illinois Sales Tax on that transaction. If you are a leasing company engaged in the business of selling such previously leased items to Illinois purchasers and the items are located in Illinois at the time of the sale, you must report these sales on Form ST-556, Sales Tax Transaction Return.

How can I file Form ST-556?

Form ST-556 can be filed electronically using MyTax Illinois, available on our website at tax.illinois.gov. Preprinted paper forms can also be issued from the Illinois Department of Revenue in limited quantities by calling our Central Registration Division at **217 785-3707**. You can also request preprinted returns using MyTax Illinois. Each preprinted form displays information for each of your business locations. Related sales and use tax forms are available on our website at tax.illinois.gov.

What if I make a mistake while filling out a preprinted paper form?

If you make a mistake on a preprinted paper Form ST-556, write "VOID" across the form. Keep the voided return in your records for at least 42 months. Do **not** send the form to us.

What if I need help?

If you need help, call us at **1 800 732-8866** or **217 782-3336**, call our TDD-telecommunications device for the deaf at **1 800 544-5304**, or visit our website at tax.illinois.gov.

Specific Instructions

1 Enter the purchaser's name and address

The purchaser's name and address must be the same as the name on the application for title or registration. If there is more than one purchaser, be sure to enter each name.

2 Describe the item sold

Check the correct box (A-E) to show the type of item sold. If the type of item sold is not identified in boxes A-E, check box F and enter the type of item sold.

Check the correct box to show whether the item sold is new or used.

Next, enter the appropriate identification number for the item sold, such as a vehicle identification number (VIN) for vehicles, trailers, and mobile homes, a hull identification number (HIN) for watercraft, or (N) number for aircraft.

Finally, enter the year, make, body style, and model of the item sold.

Note: If you sold more than one type of item (*e.g.*, a watercraft and a trailer) or more than one item of the same type (*e.g.*, three motor vehicles) you generally must complete a separate Form ST-556 for each item sold. If, however, you wish to report **sales for resale** or sales for use as **rolling stock** of more than one of the same type of item to the same purchaser with the same date of delivery, you may file Form ST-556-R, Resale and Rolling Stock Fleet Exemption Schedule, with a single Form ST-556.

3 Enter the date of delivery

Enter the month, day, and year in which the purchaser took possession of the item. If the purchaser has been leasing the item and, therefore, already has possession of it, enter the date you applied for a change in the title.

Note: This return is due no later than 20 days after the date of delivery.

4 Describe the trade-in, if any

If you did not claim a qualified trade-in, skip this section and go to Section 5.

If you claimed a qualified trade-in, enter the type of item traded in (*e.g.*, automobile, truck, airplane, boat, trailer). Next, enter the appropriate identification number, year, make, body style, and model of the trade-in.

What is a qualified trade-in?

A qualified trade-in is an item

- that the purchaser gives you to reduce the selling price (in part or in full) of the item sold;
- that you are allowed to subtract from the selling price; and
- that you are in the business of selling.

You are "in the business of selling" a particular kind of item if you hold yourself out to the public as being engaged in (or habitually engage in) selling such items.

Example: You may claim the trade-in of a boat on an auto if you are in the business of selling **both** boats and autos.

However, you may not claim the trade-in of a boat on an auto if you are in the business of selling **only** autos.

5 Exempt

If the sale is to an Illinois resident and taxable, skip this section and go to Section 6.

If the sale is exempt from tax, check the correct box (A-F), and complete Section 6, Lines 1 and 2.

If you are not required to submit title or registration paperwork on the item, send the return directly to us at:

**ILLINOIS DEPARTMENT OF REVENUE
RETAILERS' OCCUPATION TAX
PO BOX 19042
SPRINGFIELD IL 62794-9042**

A. Sold to a nonresident purchaser (NOT an out-of-state dealer)

Do not check this box. Because all the sales you report will be to Illinois purchasers, this exemption cannot apply to any of your sales.

B. Sold for resale to a DEALER

Check this box if you sold the item to an Illinois dealer for resale. Enter the Illinois account ID number of the dealer to whom you sold the item. If you sold to an Illinois dealer as junk or salvage or for parts, enter "Junked," "Salvage," or "Parts Only" after the account ID number. Keep a completed Form CRT-61, Certificate of Resale, in your records for documentation.

C. Sold to an exempt organization

Check this box if you sold the item to one of the following tax-exempt Illinois purchasers that have an active Illinois Sales Tax exemption "E" number:

- a government agency
- a school
- a religious organization
- a charitable organization

In the space provided, enter the organization's active Illinois Sales Tax exemption "E" number. To qualify, the purchaser must be the organization itself rather than a member or officer of the organization. The item must be titled and/or registered in the organization's name and paid for with the organization's funds. The organization's exemption number must have been in effect on the day you made the sale.

D. Sold to an interstate carrier for hire for use as rolling stock

Check this box if you sold an item for use as rolling stock to haul persons or commodities for hire in interstate commerce. In the space provided, enter the certificate of authority number. Keep a properly completed Form RUT-7, Rolling Stock Certification, in your books and records for documentation.

E. Sold for rental use

Check this box if

- you sold the vehicle to a business that is registered to collect Automobile Renting Occupation Tax; and
- the purchaser will use the vehicle for rental purposes in rental agreements of one year or less.

Enter the purchaser's Illinois Automobile Renting Occupation Tax account ID number.

F. Other

Check this box if the sale is exempt for a reason not identified in boxes A-E.

For example, you sold the item to a foreign consul who has a card from the U.S. Department of State declaring that the foreign consul does not have to pay sales tax on that item. In the space provided, enter "Foreign Consul."

6 Enter the price and figure the tax

Note: When completing Section 6, round to the nearest dollar by dropping amounts of less than 50 cents and increasing amounts of 50 cents or more to the next higher dollar.

Line 1 Enter the selling price, including accessories, federal excise taxes, freight and labor, dealer preparation, documentary fees, and any rebates or incentives for which you as a dealer receive reimbursement. Do **not** subtract the value of any rebate made directly to the customer. In general, any cost passed on to the customer as part of the sale of an item and for which gross receipts are received should be included in the selling price.

Line 2 If you claimed a qualified trade-in (see Section 4), enter the total trade-in credit or value. You must identify the traded-in item in the spaces provided in Section 4.

Note: If you claimed an exemption in Section 5 and no tax is due, you do not need to complete the remaining Lines 3-14 of Section 6. Remember that you and all purchasers must sign the return.

Line 3 Subtract Line 2 from Line 1.

Line 4 Multiply Line 3 by the tax rate. This tax rate is determined by the purchaser's address entered in Section 1. To find this tax rate, use the Tax Rate Database on our website at tax.illinois.gov, or call us at **1 800 732-8866** or call our TDD (telecommunications device for the deaf) at **1 800 544-5304**. Also, enter the tax rate in the correct space on the form.

Line 5 Enter the name of the Illinois county in which the purchaser's address is located. If the purchaser's address falls within the limits of an Illinois city or village, enter the name of the city or village. If the purchaser's address falls within Madison or St. Clair County, enter the name of the township in which the address is located.

Do not enter a dollar amount on this line.

Line 6 Enter the amount from Line 4.

Line 7 If you are filing this return and paying the tax due within 20 days of the date of delivery entered in Section 3, multiply Line 6 by the rate printed on your return.

Line 7a The Illinois Department of Revenue is responsible for collecting and administering the fee imposed by the Metro-East Mass Transit District (MED) on items that are required to be titled or registered in Illinois. You must collect this fee if, at the end of a lease, you sell a motor vehicle that is located in the MED portion of St. Clair County. Multiply Line 3 by 0.5 percent (0.005).

- If the result is **less than \$20**, enter the result on Line 7a.
- If the result is **\$20 or more**, enter \$20 on Line 7a.

Line 8 Subtract Line 7 from Line 6. If you calculated an amount on Line 7a according to the above instruction, subtract Line 7 from Line 6, and then add to that total the amount on Line 7a.

Line 9 If we have notified you that you have an overpayment credit on your account, you may use this overpayment credit to pay some or all of the tax due on this return. Enter the amount you wish to use.

Line 10 You may be able to claim a credit for tax paid on a previously leased item.

Requirements to claim credit for a previously leased item

To claim the credit, you must meet the following requirements.

1. When the item was purchased, tax was either collected by an Illinois retailer and reported on Form ST-556 or Form ST-556-LSE or was paid directly to the Department using Form RUT-25 or Form RUT-25-LSE.
2. The amount of credit you are claiming is equal to or less than the amount of tax due on the Form ST-556 on which you are now reporting the retail sale of this previously leased item.

Note: For items previously leased on or after January 1, 2015, the selling price reported on the original Form ST-556-LSE or Form RUT-25-LSE must be the actual selling price, not the amount of the lease contract, including the amount due at lease signing, plus the total amount of all lease payments.

Enter the amount of credit you are claiming and the tax return number from either the Form ST-556 or Form ST-556-LSE filed by the Illinois retailer when you purchased the item and paid the tax or the Form RUT-25 or Form RUT-25-LSE filed when the item was purchased and the tax paid.

Line 11 If you collected more tax than is due on this sale, enter the amount you overcollected.

Line 12 Subtract Lines 9 and 10 from Line 8 and add Line 11.

Line 13 If you have a credit memorandum and you wish to use it towards what you owe, enter the amount you are using on Line 13.

Line 14 Subtract Line 13 from Line 12, and enter the amount due. Also, enter the identifying number from the remittance you are sending to pay the tax due on this return. If you are filing more than one Form ST-556, enclose a separate remittance for each return.

You owe a **late filing penalty** if you do not file a processable return by the due date, a **late payment penalty** if you do not pay the amount you owe by the original due date of the return, a **bad check penalty** if your remittance is not honored by your financial institution, and a **cost of collection fee** if you do not pay the amount you owe within 30 days of the date printed on a bill that we send you. You owe a **nonfiling penalty for transaction returns** if you do not file a processable transaction return (ST-556, Sales Tax Transaction Return, or ST-556-LSE,

Transaction Return for Leases) by the due date, even if no tax is due on the return. We will bill you for any amounts owed. For more information, see Publication 103, Uniform Penalties and Interest, available on our website at tax.illinois.gov.

Sign the return

Both the seller and all purchasers must sign the return. If you claimed a qualified trade-in for the item sold, the signatures also declare that the title of the traded-in item has been properly assigned and surrendered to the seller.