

The sale of a vehicle that has previously been modified to make it usable by a disabled person is subject to Retailers' Occupation Tax liability on the entire selling price of the vehicle at the general merchandise rate (6.25% plus any applicable local tax). See 86 Ill. Adm. Code 130.310. (This is a GIL).

June 24, 2020

Dear Xxxx:

This letter is in response to your letter dated July 16, 2019, in which you requested 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:

On July 16, 20XX I purchased a 20XX VAN from an out of state dealership for \$\$\$\$. This van is a re-entry wheelchair adaptive van. The actual cost of the van is \$\$\$, of which I should have paid 7% sales tax (\$\$\$). The medical adaption for the for the (sic) wheelchair cost \$\$\$\$. Of which I should have paid 1.5% (\$\$\$). In stead [sic] of paying these amounts I had to pay 7% on the entire \$\$\$ (\$\$\$). The reason being I could get no help what so ever from anyone from the State of Ill. No one at the CITY DMV, no one at the Department of Revenue. I spent over an hour and half waiting to talk to an agent who could not answer any questions and be of any help. She called her supervisor who was no help. They finally just said pay the full amount and write a letter asking for a refund. So I feel I am owed at least \$\$\$ in refund. The only way to get my vehicle plates and title were to pay taxes and with no help or answers from anyone with the state I had no choice but to pay the full price. Enclosed you will find the forms I filled out and the invoice for the van. My cell is XXX-XXX-XXXX, my e-mail XXXXXXXX@gmail.com.

DEPARTMENT'S RESPONSE:

A vehicle that has previously been modified to make it usable by a disabled person is subject to the general merchandise rate of tax in this State (6.25% plus any applicable local taxes). For example, if a motor vehicle dealer purchases a van and has it converted to make it usable by a disabled person, the entire selling price of that vehicle is subject to the general merchandise rate of tax. However, if an individual purchases a vehicle and that person separately contracts (either with the dealer or a conversion company) to have that vehicle modified to make it usable by a disabled

person, any tangible personal property sold or transferred as part of that modification will be subject to the low rate of tax (1% plus any applicable local tax).

It is our understanding based on the invoice and web page you provided that COMPANY purchased the vehicle, made the modifications and sold the completed van to you. If this was the case, you would owe tax on the entire selling price. If you purchased the van and subsequently had the vehicle modified for you, the modifications should have been taxed at the low rate.

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,

Richard S. Wolters
Associate Counsel

RSW:rkn