

AN ACT concerning revenue.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Income Tax Act is amended by adding Section 502.1 as follows:

(35 ILCS 5/502.1 new)

Sec. 502.1. Use tax. Beginning with taxable years ending on or after December 31, 2010, individual purchasers with an annual use tax liability that does not exceed \$600 may, in lieu of the filing and payment requirements of Section 10 of the Use Tax Act, file and pay in compliance with this Section.

Beginning with taxable years ending on or after December 31, 2010, the Department shall print on its standard individual income tax form a provision indicating that if the taxpayer's annual individual use tax liability does not exceed \$600, he or she may report and pay individual use tax liability at the same time as his or her individual income tax liability. If the taxpayer elects to report and pay his or her individual use tax liability at the same time as his or her standard individual income tax liability in accordance with this Section, then the use tax shown due on the return may be (i) treated as being due at the same time as the income tax obligation, (ii) assessed, collected, and deposited in the same manner as income taxes,

and (iii) treated as an income tax liability for all purposes.

The individual income tax return instructions shall include information explaining the tax imposed under the Use Tax Act and informing taxpayers how to report and pay their use tax obligations, including specific information on how to report and pay individual use tax at the same time as the individual income tax return is filed.

This Section shall not apply to any amended return.

Section 10. The Use Tax Act is amended by changing Section 10 and by adding Section 10.5 as follows:

(35 ILCS 105/10) (from Ch. 120, par. 439.10)

Sec. 10. Except as to motor vehicles, aircraft, watercraft, and trailers, and except as to cigarettes as defined in the Cigarette Use Tax Act, when tangible personal property is purchased from a retailer for use in this State by a purchaser who did not pay the tax imposed by this Act to the retailer, and who does not file returns with the Department as a retailer under Section 9 of this Act, such purchaser (by the last day of the month following the calendar month in which such purchaser makes any payment upon the selling price of such property) shall, except as otherwise provided in this Section, file a return with the Department and pay the tax upon that portion of the selling price so paid by the purchaser during the preceding calendar month. When tangible personal property, including but

not limited to motor vehicles and aircraft, is purchased by a lessor, under a lease for one year or longer, executed or in effect at the time of purchase to an interstate carrier for hire, who did not pay the tax imposed by this Act to the retailer, such lessor (by the last day of the month following the calendar month in which such property reverts to the use of such lessor) shall file a return with the Department and pay the tax upon the fair market value of such property on the date of such reversion. However, in determining the fair market value at the time of reversion, the fair market value of such property shall not exceed the original purchase price of the property that was paid by the lessor at the time of purchase. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require. Such return and payment from the purchaser shall be submitted to the Department sooner than the last day of the month after the month in which the purchase is made to the extent that that may be necessary in order to secure the title to a motor vehicle or the certificate of registration for an aircraft. However, except as to motor vehicles and aircraft, and except as to cigarettes as defined in the Cigarette Use Tax Act, if the purchaser's annual use tax liability does not exceed \$600, the purchaser may file the return on an annual basis on or before April 15th of the year following the year use tax liability was incurred. Individual purchasers with an annual use tax liability that does not

exceed \$600 may, in lieu of the filing and payment requirements in this Section, file and pay in compliance with Section 502.1 of the Illinois Income Tax Act.

If cigarettes, as defined in the Cigarette Use Tax Act, are purchased from a retailer for use in this State by a purchaser who did not pay the tax imposed by this Act to the retailer, and who does not file returns with the Department as a retailer under Section 9 of this Act, such purchaser must, within 30 days after acquiring the cigarettes, file a return with the Department and pay the tax upon that portion of the selling price so paid by the purchaser for the cigarettes.

In addition with respect to motor vehicles, aircraft, watercraft, and trailers, a purchaser of such tangible personal property for use in this State, who purchases such tangible personal property from an out-of-state retailer, shall file with the Department, upon a form to be prescribed and supplied by the Department, a return for each such item of tangible personal property purchased, except that if, in the same transaction, (i) a purchaser of motor vehicles, aircraft, watercraft, or trailers who is a retailer of motor vehicles, aircraft, watercraft, or trailers purchases more than one motor vehicle, aircraft, watercraft, or trailer for the purpose of resale or (ii) a purchaser of motor vehicles, aircraft, watercraft, or trailers purchases more than one motor vehicle, aircraft, watercraft, or trailer for use as qualifying rolling stock as provided in Section 3-55 of this Act, then the

purchaser may report the purchase of all motor vehicles, aircraft, watercraft, or trailers involved in that transaction to the Department on a single return prescribed by the Department. Such return in the case of motor vehicles and aircraft must show the name and address of the seller, the name, address of purchaser, the amount of the selling price including the amount allowed by the retailer for traded in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the purchaser with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

Such return shall be filed not later than 30 days after such motor vehicle or aircraft is brought into this State for use.

For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

The return and tax remittance or proof of exemption from the tax that is imposed by this Act may be transmitted to the Department by way of the State agency with which, or State officer with whom, the tangible personal property must be titled or registered (if titling or registration is required) if the Department and such agency or State officer determine that this procedure will expedite the processing of applications for title or registration.

With each such return, the purchaser shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt) which such purchaser may submit to the agency with which, or State officer with whom, he must title or register the tangible personal property that is involved (if titling or registration is required) in support of such purchaser's application for an Illinois certificate or other evidence of title or registration to such tangible personal property.

When a purchaser pays a tax imposed by this Act directly to the Department, the Department (upon request therefor from such purchaser) shall issue an appropriate receipt to such purchaser showing that he has paid such tax to the Department. Such receipt shall be sufficient to relieve the purchaser from further liability for the tax to which such receipt may refer.

A user who is liable to pay use tax directly to the Department only occasionally and not on a frequently recurring basis, and who is not required to file returns with the Department as a retailer under Section 9 of this Act, or under the "Retailers' Occupation Tax Act", or as a registrant with the Department under the "Service Occupation Tax Act" or the "Service Use Tax Act", need not register with the Department. However, if such a user has a frequently recurring direct use tax liability to pay to the Department, such user shall be required to register with the Department on forms prescribed by the Department and to obtain and display a certificate of registration from the Department. In that event, all of the provisions of Section 9 of this Act concerning the filing of regular monthly, quarterly or annual tax returns and all of the provisions of Section 2a of the "Retailers' Occupation Tax Act" concerning the requirements for registrants to post bond or other security with the Department, as the provisions of such sections now exist or may hereafter be amended, shall apply to such users to the same extent as if such provisions were included herein.

(Source: P.A. 96-520, eff. 8-14-09; revised 10-30-09.)

(35 ILCS 105/10.5 new)

Sec. 10.5. Individual use tax amnesty. The Department shall establish an amnesty program for all individual taxpayers owing any tax imposed under this Act for their purchases of tangible

personal property from a retailer for use in this State (eligible taxes). The amnesty program shall be for a period from January 1, 2011 through October 15, 2011. The amnesty program shall provide that, upon payment by an individual taxpayer of all eligible taxes due from that taxpayer under this Act for any taxable period ending after June 30, 2004 and prior to January 1, 2011, the Department shall abate and not seek to collect any interest or penalties that may be applicable and the Department shall not seek civil or criminal prosecution for any taxpayer for these taxes for the period of time for which amnesty has been granted to the taxpayer. Failure to pay all eligible taxes due to the State for a taxable period shall invalidate any amnesty granted under this Section. Amnesty shall be granted only if all amnesty conditions are satisfied by the taxpayer.

Amnesty shall not be granted to business taxpayers. Amnesty shall not be granted to taxpayers who are a party to any criminal investigation or to any civil or criminal litigation that is pending in any circuit court or appellate court or the Supreme Court of this State for nonpayment, delinquency, or fraud in relation to eligible taxes under this Act. Amnesty shall not be granted to any taxpayer who is under audit for eligible taxes or who is contacted in writing by the Department concerning eligible taxes prior to the taxpayer reporting and paying the eligible taxes.

Voluntary payments made under this Section shall be made by

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SB0459 Enrolled

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cash, check, guaranteed remittance, or ACH debit.

Section 99. Effective date. This Act takes effect upon becoming law.