

Purchasers, such as automobile repairmen or body shops, must provide Certificates of Resale to their suppliers if they are purchasing tangible personal property to be resold to their customers. See Ill. Adm. Code 130.1405. (This is a GIL).

July 20, 2026

NAME
TITLE
COMPANY
EMAIL

Dear NAME:

This letter is in response to your email dated June 9, 2026, 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 <https://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.

INQUIRY:

My name is NAME I am the TITLE for COMPANY and need assistance with whether our situation is eligible for a RUT-7 Rolling Stock Certification.

We own a truck/trailer repair shop and recently purchased body repair parts for services on commercial trucks. Our vendor who we purchased the repair parts from has requested that we fill out a RUT-7 Form.

Even though we are not a motor carrier, would we still be eligible for this tax exemption due to purchasing repair/replacement parts alone?

Thank you in advance for your assistance I look forward to your response.

DEPARTMENT'S RESPONSE:

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 35 ILCS 120/2; 86 Ill. Adm. Code 130.101. In Illinois, Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See 35 ILCS 105/3; 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales" tax in Illinois. If the purchases occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. The retailers are then allowed to retain the amount of Use Tax paid to reimburse themselves for their Retailers' Occupation Tax liability incurred on those sales. If the purchases occur outside Illinois, purchasers must self-assess their Use Tax liability and remit it directly to the Department.

Retailers' Occupation and Use Taxes do not apply to sales of service. The Service Occupation Tax Act and Service Use Tax are imposed on the transfer of tangible personal property as an incident of a sale of service. See 86 Ill. Adm. Code 140.101 and 160.101. If transactions do not involve the transfer of any tangible personal property, then they generally would not be subject to Service Occupation Tax or Service Use Tax. For general information, see 86 Ill. Code 140.101 through 140.109 regarding sales of service and Service Occupation Tax.

A serviceperson's liability may be calculated in one of four ways: 1) Service Occupation Tax on the separately stated selling price of tangible personal property transferred incident to service; 2) Service Occupation Tax on 50% of the serviceperson's entire bill; 3) Service Occupation Tax on the serviceperson's cost price if he is a registered de minimis serviceperson; or, 4) Use Tax on the serviceperson's cost price if he is a de minimis serviceperson not otherwise required to be registered under Section 2a of the Retailers' Occupation Tax Act.

Using the first method, servicepersons may separately state the selling price of each item transferred incident to the sale of service. The tax is then calculated on the separately stated selling price of the tangible personal property transferred. If the servicepersons do not separately state the selling price of the tangible personal property transferred, they must use 50% of the entire bill to the service customer as the tax base. Both of the above methods provide that in no event may the tax base be less than the serviceperson's cost price of the tangible personal property transferred. See 86 Ill. Adm. Code 140.106. These methods result in the customer incurring a Service Use Tax liability, which must be collected by the serviceperson and remitted to the Department. See 86 Ill. Adm. Code 160.101.

The third way servicepersons may account for their tax liability only applies to de minimis servicepersons who have either chosen to be registered or are required to be registered because they incur Retailers' Occupation Tax liability with respect to a portion of their business. See 86 Ill. Adm. Code 140.109. Servicepersons may qualify as de minimis if they determine that the annual aggregate cost price of tangible personal property transferred incident to the sale of service is less than 35% of the total annual gross receipts from service transactions (75% in the case of pharmacists and persons engaged in graphic arts production). Servicepersons do not have the option of determining whether they are de minimis on a transaction-by-transaction basis. Registered de minimis servicepersons are authorized to pay Service Occupation Tax (which includes local taxes) based upon their cost price of tangible personal property transferred incident to the sale of service. Such servicepersons should give suppliers resale certificates and remit Service Occupation Tax using the Service Occupation Tax rates for their locations. Servicepersons that incur Service Occupation Tax based upon their cost price must collect the Service Use Tax from their customers.

The final method of determining tax liability may be used by de minimis servicepersons that are not otherwise required to be registered under Section 2a of the Retailers' Occupation Tax Act. Such de minimis servicepersons handle their tax liability by paying Use Tax to their suppliers. If their suppliers are not registered to collect and remit tax, the servicepersons must register, self-assess and remit Use Tax to the Department. Such servicepersons are considered to be the end users of the tangible personal property transferred incident to service. Consequently, they are not authorized to collect a "tax" from their service customers. See 86 Ill. Adm. Code 140.108.

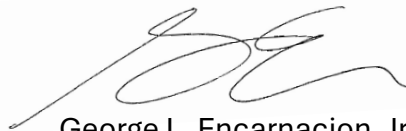
Sales for resale do not incur sales tax. Purchases for use or consumption may not be made tax-free for resale. To document that a sale to a purchaser is a sale for resale, a company must obtain a valid Certificate of Resale from a purchaser, such as Form CRT-61, Certificate of Resale. Forms such as "Form RUT-7, Rolling Stock Certification for Motor Vehicles and Trailers (and Repair and Replacement Parts) Purchased on or after August 24, 2017", are inapplicable in transactions between parts suppliers and repair shops utilizing one of the first three methods for determining service occupation tax liability above, as the requirements under 86 Ill. Adm. Code 130.1405 would not be met. For more information regarding resale certificates, the Department's regulation for resale certificates, "Seller's Responsibility to Obtain Certificates of Resale and Requirements for Certificates of Resale," is found at 86 Ill. Adm. Code 130.1405.

The taxability of sales of tangible personal property to automobile repairmen and body shops will depend upon the use of the items being sold. See 86 Ill. Adm. Code 130.1401(a); 35 ILCS 120/1. An item of tangible personal property can be purchased tax-free by an automobile repairmen or body shop on the basis of a sale for resale when it will be

physically incorporated (transferred) into a product that will be sold to their customer. Purchases of tangible personal property that are not transferred to customers but instead are used by the automobile repairmen or body shops for their services, are not purchases for resale. These purchases are taxable because the items are used or consumed by the purchasing business. Examples of such items include paint thinners and paint reducers, masking tape, paintbrushes, sandpaper, towels, abrasives, paint guns, wrenches, shop tools, and other items used or consumed during repair jobs. Purchasers, such as automobile repairmen or body shops, must provide proper Certificates of Resale to their suppliers if they are purchasing tangible personal property to be resold to their customers.

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Assistance Division at 800-732-8866.

Very truly yours,

A handwritten signature in black ink, appearing to read 'GE', is written over a light gray rectangular background.

George L. Encarnacion, Jr.
Associate Counsel

GLE:sce