

If an aircraft is acquired by gift, transfer, or non-retail purchase, the aircraft is subject to the Aircraft Use Tax. See 86 Ill. Adm. Code 152.101(a) (This is a GIL).

August 21, 2026

NAME
COMPANY
ADDRESS
EMAIL

Dear NAME:

This letter is in response to your email dated June 11, 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:

I was provided this email from a contact in the sales tax division who recommended reaching out with my sales & use tax questions regarding an airplane that is being built by an individual for personal use in the state. My client is purchasing a build kit and various parts including an engine and avionics mostly from out of state over 3-6 years and is building the aircraft at his residence in Illinois. The aircraft will eventually be stored at a hanger in Illinois and will be mostly flown in Illinois once it is fully built, tested, and certified with the FAA.

I have a few questions regarding sales and use tax on the aircraft.

1. Because he is purchasing the parts and kit from out of state manufacturers and not a retailer, is the Aircraft Use Tax Form RUT-75 the correct tax form that would be used before registering the plane with the Illinois Department of Transportation?
2. Because the plane is being built and not purchased, how is the purchase price / fair market value determined for use tax purposes? Would it be the sum of all the kits and parts purchased to build the aircraft with the invoices included as support? The valuation used for insurance purposes?
3. My client is paying sales tax on the kits and parts as he is purchasing them piecemeal. Would the sales tax paid on the parts reduce the use tax owed once the airplane is complete? I see Step 5 line 3 on the RUT-75 regarding a credit for tax previously paid so was thinking we would include it here as a credit with the multiple invoices as proof of the tax previously paid but wanted to confirm this is correct.

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.

The privilege of using aircraft in this State may be subject to the Use Tax Act, if the aircraft was purchased at retail, or the Aircraft Use Tax Law. The Aircraft Use Tax is imposed on the privilege of using, in this State, any aircraft as defined in Section 3 of the Illinois Aeronautics Act acquired by gift, transfer, or non-retail purchase. See 35 ILCS 157/10-15; 86 Ill. Adm. Code 152.101(a). This includes the use of an aircraft built from an individually purchased aircraft kit or parts, upon its completion and receipt of a certificate of airworthiness issued by the Federal Aviation Administration (FAA). Prior to a purchaser's assembling an aircraft kit to build an aircraft deemed airworthy by the FAA, the acquisition of the aircraft kit is not subject to the provisions of the Aircraft Use Tax Law as there has not yet been any use of an aircraft in this State. An "aircraft" is any device used or designed to

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carry humans in flight as specified by the Division of Aeronautics of the Illinois Department of Transportation. 620 ILCS 5/3. All devices required to be licensed as “aircraft” by the FAA are “aircraft”. Id. The privilege of using, in this State, tangible personal property, including aircraft kits and other aircraft parts, purchased at retail is subject to Use Tax. If an airworthiness certificate has been issued for an aircraft and the aircraft is acquired via gift or transfer, including its being built from an aircraft kit, or sale from a non-retailer, the acquisition of the aircraft is subject to the provisions of the Aircraft Use Tax Law. Once an airworthiness certificate has been issued by the FAA for an aircraft, that “aircraft” remains an aircraft for purposes of the Aircraft Use Tax Law regardless of whether it was airworthy at the time of acquisition. Individuals that are subject to the Aircraft Use Tax will file and pay tax owed using Form RUT-75, Aircraft/Watercraft Use Tax Transaction Return.

In determining the amount of tax due for gifts or transfers of aircraft, the rate of tax shall be 6.25% of the fair market value of the aircraft on the date the aircraft is acquired via gift or transfer, or the date the aircraft is brought into the State, whichever is later. See 86 Ill. Adm. Code 152.105(c).

The fact that a person was subject to tax under the Use Tax Act on their purchase of individual aircraft parts and kits does not exempt or exclude the person from Aircraft Use Tax owed from the acquisition, through gift or transfer, of a fully functional, airworthy aircraft. There is no credit provided in the Aircraft Use Tax Law for Use Tax paid on individual aircraft parts when registering and paying Aircraft Use Tax on a subsequently transferred airworthy aircraft.

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' followed by a stylized flourish.

George L. Encarnacion, Jr.
Associate Counsel

GLE:sce