General Instructions

What is the purpose of this form?
Form RUT-7, Rolling Stock Certification, is used by an interstate carrier for hire to properly claim an exemption from sales or use tax when items (such as motor vehicles, watercraft, aircraft, trailers, or railroad cars) are sold by an Illinois dealer or purchased from a private party or an out-of-state dealer for use as rolling stock. A separate Form RUT-7 must be completed for each item purchased.

To claim the exemption, Form RUT-7 must be attached to one of the following returns:
- Form ST-556, Sales Tax Transaction Return, when the item qualifying as rolling stock is sold by an Illinois dealer; or
- Form RUT-25, Use Tax Transaction Return, when the item qualifying as rolling stock is purchased from an out-of-state dealer; or
- Form RUT-50, Vehicle Use Tax Transaction Return, when the item qualifying as rolling stock is purchased (or acquired by gift or transfer) from an individual or other private party.

When a retailer sells an item (such as a replacement part or nonvehicle rolling stock) that qualifies as rolling stock and whose sale is required to be reported on Form ST-1, Sales and Use Tax Return, the retailer should not attach Form RUT-7 to this return. The retailer should keep Form RUT-7 in his or her books and records to document the exemption. For these sales, Step 1, Item 4, and Step 3, Item 2, should be completed; in addition, all other appropriate steps should be completed.

Who must complete Form RUT-7?
A person or business that is claiming the exemption from sales or use tax on the purchase of an item that will be used as rolling stock must complete Form RUT-7.

When the person or business is purchasing the item (but not for lease), the purchaser must be recognized by a specific federal or state regulatory agency as an interstate carrier for hire and have received a Certificate of Authority to engage in interstate commerce.

When the person or business is the purchaser and also is a lessor that is leasing the item,
- the lessee must be recognized by a specific federal or state regulatory agency as an interstate carrier for hire and have received a Certificate of Authority to engage in interstate commerce; and
- the lease must be in effect or executed at the time of the purchase for use as rolling stock.

What qualifies for use as rolling stock?
For an item to qualify for use as rolling stock, it must be used by an interstate carrier for hire to haul persons or commodities in interstate commerce:
- 15 or more times in a 12-month period for motor vehicles and trailers, or
- on a regular and frequent basis for aircraft, watercraft, and railroad cars.

It is not the type of item that determines whether or not it qualifies for use as rolling stock, but rather how the item is used by an interstate carrier for hire. Only those items specifically used as rolling stock will qualify for this exemption. For example, items do not qualify for use as rolling stock when they are used only:
- to transport company officers, employees, customers or others not for hire (even if the items cross state lines); or
- to support vehicles (other than those specifically used for “escort” service) when the vehicles do not haul persons or commodities for hire in interstate commerce.

Note: If the person claiming this exemption is doing so as a lessor to an interstate carrier for hire, the lessor should note that the exemption from tax will last only as long as the lease remains in effect and the item is being used in a qualifying manner. When the item reverts to the use of the lessor, the lessor must pay use tax on the fair market value of the item directly to the Illinois Department of Revenue on or before the last day of the calendar month following the month in which the item reverts to the use of the lessor. To pay the use tax, call our Audit Bureau at 217 782-9819. We will then provide you with the proper form.

Step-by-Step Instructions

Step 1
Lines 1 - 3: Write on the appropriate line provided the transaction number preprinted on the return to which you are attaching Form RUT-7.

Line 4: If you are a retailer who is selling an item that qualifies as rolling stock and whose sale is required to be reported on Form ST-1, Sales and Use Tax Return, (such as a replacement part or nonvehicle rolling stock), you do not need to file Form RUT-7. Keep Form RUT-7 in your books and records to document the exemption.

Step 3
Line 1: If the purchase of the item is required to be reported on Form ST-556, Sales Tax Transaction Return; Form RUT-25, Use Tax Transaction Return; or Form RUT-50, Vehicle Use Tax Transaction Return, (such as motor vehicles, watercraft, aircraft, or trailers), write the year, make, and model of the item on the line provided. Next, write the appropriate identification number for the item sold, such as a vehicle identification number (VIN) for motor vehicles and trailers, a hull identification number (HIN) for watercraft, or (N) number for aircraft.

Line 2: If the purchase of the item is required to be reported on Form ST-1, Sales and Use Tax Return, (such as a replacement part or nonvehicle rolling stock), write a description of the item on the line provided. (See also the instructions for Step 1, Line 4.)

Step 5
Line 4: If the buyer is a lessor who will lease the item to an interstate carrier for hire that will use the item under lease as “qualifying” rolling stock in interstate commerce, check “yes,” and go to Step 6. If not, complete Lines 5 and 6, and go to Step 7.

Step 7
If the buyer is an interstate carrier for hire, check the appropriate box. The buyer must sign and date the certification and print the signed name on the line provided.

If the buyer is a lessor that will lease the item to a lessee that is an interstate carrier for hire and that will use the item as “qualifying” rolling stock in interstate commerce, check the appropriate box. The buyer/lessor must sign and date the certification and print the signed name on the line provided.