



Illinois Department of Revenue

Instructions for Form LSE-2, Original Lease Information

General Information

Who must file Form LSE-2?

You must complete Form LSE-2, Original Lease Information, when you file Form LSE-1, Tax Return for Vehicle Leasing Companies, or Form LSE-1-X, Amended Tax Return for Vehicle Leasing Companies. You must file Form LSE-1 if you offer for lease for a period of longer than one year a qualifying motor vehicle, titled or registered in Illinois, and under this lease the customer pays additional reportable amounts that were not included in the original selling price of the motor vehicle at the start of the lease.

How do I report additional amounts for a lease transaction and calculate my tax due?

You must identify the original transaction return filed by either the lease customer (Form RUT-25-LSE, Use Tax Return for Lease Transactions) or the selling dealer (Form ST-556-LSE, Transaction Return for Leases). If you did not receive any additional reportable amounts from a lease customer for a given month, you do not need to include any information from that lease transaction on Form LSE-2 for that month. Use the search feature described in the specific instructions below to find the original transaction return, or manually enter all required information from the original transaction return. Follow the specific instructions below to calculate your tax due for each lease transaction.

When must I file Form LSE-2?

Form LSE-2 is due when you file Form LSE-1 or Form LSE-1-X. Form LSE-1, along with any payment you owe, is due on or before the 20th day of the month following the month in which the lease customer paid additional reportable amounts that were not included in the original selling price of the vehicle. If you did not receive any additional reportable amounts from your lease customers for a given month, you do not need to file Form LSE-1 for that month.

Note: If the due date falls on a weekend or holiday, your return and payment are due the next business day.

The period for which you can claim a credit for an overpayment depends on when you file your Form LSE-1-X. If you file this amended return between January 1 and June 30 of this year, you may file a claim for credit for the amounts you overpaid during the current year and previous 36 months. Beginning July 1, you may file a claim for the amounts you overpaid during the current year and the previous 30 months.

Note: There is no deadline for making additional payments; however, the longer you wait to pay, the more interest and, when applicable, penalty you will owe. For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes, available on our website at tax.illinois.gov.

Must I file this return and pay the tax electronically?

Yes. Illinois law requires that Forms LSE-1 and LSE-2 be filed electronically and that any accompanying tax payment be paid electronically. MyTax Illinois on our website at tax.illinois.gov allows you to file your Forms LSE-1 and LSE-2 and make an electronic payment of any tax due.

What are the qualifying leased motor vehicles?

Qualifying motor vehicles are:

- all first division motor vehicles, including motorcycles; and
- the following second division motor vehicles:
 - those with a gross vehicle weight rating of 8,000 pounds or less;
 - those of a van configuration designed to transport not less than 7 or more than 16 passengers; and
 - those which are self-contained and designed or permanently converted to provide living quarters for recreational, camping, or travel use and have direct walk-through access to the living quarters from the driver's seat.

What are additional reportable amounts?

Illinois law provides that when a qualifying motor vehicle is sold for lease and will be titled or registered in Illinois, in addition to amounts reported on the original Form RUT-25-LSE or Form ST-556-LSE, the selling price of the vehicle includes any amount received by the lessor from the lessee that is not calculated at the time the lease is executed, including, but not limited to, excess mileage charges and charges for excess wear and tear. This amount also includes monthly lease payments if these payments were not included in the original selling price (*e.g.*, lease payments made when the lease is extended beyond its original term). The law also provides that the lessor assumes the responsibility of the retailer for reporting and paying the tax due on this additional amount.

What if I need help?

Visit our website at tax.illinois.gov or call weekdays between 8 a.m. and 5 p.m. at **1 800 732-8866** or **217 782-3336**. Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**.

Specific Instructions for Reporting Original Lease Information from Form RUT-25-LSE

Search by Tax Return Number or Vehicle Identification Number

Enter either the tax return number or the Vehicle Identification Number (VIN) from the Form RUT-25-LSE reporting the original lease transaction, and click the search button. Select the correct transaction from the list. Verify that the information displaying in Steps 1, 2, and 3 is from the correct transaction. If your first search does not yield the correct result, try searching again using the other identifying number. If you cannot locate the correct transaction using the search feature, you must manually enter all required information in Steps 1, 2, and 3.

If you are able to find the correct lease transaction using the search feature, continue to Step 3 to indicate whether the original lease has expired.

Step 1: Identify the original tax return information

Line 1: Enter the tax return number from the original Form RUT-25-LSE.

Lines 2 and 3: You must enter both the original purchase date of the item that was leased *and* the date the item was brought into Illinois, even if they are the same date.

Step 2: Enter the name and address of the lease customer

Lines 1 and 2: Enter the lease customer's name and address from the original Form RUT-25-LSE.

Line 3: Check the appropriate box to indicate whether the address on Line 3 is in an unincorporated or rural area of the county.

Line 4: Enter the name of the Illinois county where the lessee will register the item.

Line 5: If you entered St. Clair or Madison County on Line 4, enter the name of the lease customer's township.

Line 6: Enter the lease customer's Federal Employer Identification Number (FEIN) or Social Security Number (SSN).

Step 3: Describe the vehicle that was leased

Lines 1 through 4: Enter the year, make, model, and vehicle identification number (VIN) of the item that was leased.

Line 5: Indicate whether the original lease term has expired. If so, enter the expiration date.

Step 4: Figure tax

Line 1: Enter the additional reportable amounts paid by the lease customer that were not included in the original selling price of the motor vehicle at the start of the lease and not reported on the original Form RUT-25-LSE.

If the original transaction reported on Form RUT-25-LSE was tax-exempt, check the box to indicate the exemption.

Line 2: The tax rate used to calculate the tax due should be the same used on the original Form RUT-25-LSE. Multiply Step 4, Line 1, by this rate. This is your total tax due for this lease transaction for this reporting period.

Specific Instructions for Reporting Original Lease Information from Form ST-556-LSE

Search by Tax Return Number or Vehicle Identification Number

Enter either the tax return number or the Vehicle Identification Number (VIN) from the Form ST-556-LSE reporting the original lease transaction, and click the search button. Select the correct transaction from the list. Verify that the information displaying in Steps 1, 2, and 3 is from the correct transaction. If your first search does not yield the correct result, try searching again using the other identifying number. If you cannot locate the correct transaction using the search feature, you must manually enter all required information in Steps 1, 2, and 3.

If you are able to find the correct lease transaction using the search feature, continue to Step 3 to indicate whether the original lease has expired.

Step 1: Identify the original tax return information

Line 1: Enter the tax return number from the original Form ST-556-LSE.

Line 2: Enter date of delivery reported on the original Form ST-556-LSE.

Line 3: If you were unable to verify the sales location address in Step 2, select the taxable location name reported on the original Form ST-556-LSE.

Search Sales Location Address by Selling Dealer's Sales Tax Account Number, if available and if the address is still required

If the sales location address in Step 2 has not been populated and is still showing required, you can search for this address by entering the Sales Tax Account Number of the selling dealer from the Form ST-556-LSE reporting the original lease transaction. Enter the address, and click the search button. Select the correct address from the list.

Step 2: Enter the name and address of the selling dealer

Lines 1 and 2: Enter the selling dealer's name and address from the original Form ST-556-LSE.

Step 3: Describe the vehicle that was leased

Lines 1 through 4: Enter the year, make, model, and vehicle identification number (VIN) of the item that was leased.

Line 5: Indicate whether the original lease term has expired. If so, enter the expiration date.

Step 4: Figure tax

Line 1: Enter the additional reportable amounts required to be paid by the lease customer that were not included in the original selling price of the motor vehicle at the start of the lease and not reported on the original Form ST-556-LSE.

If the original transaction reported on Form ST-556-LSE was tax-exempt, check the box to indicate the exemption.

Line 2: The tax rate used to calculate the tax due should be the same used on the original Form ST-556-LSE. Multiply Step 4, Line 1, by this rate. This is your total tax due for this lease transaction for this reporting period.