



INFORMATIONAL BULLETIN

■ Chicago Tire Fee

TO: Retail Sellers of New Tires

The purpose of this informational bulletin is to discuss certain issues pertaining to the Chicago Tire Fee, Chicago Municipal Code Section 11-4-142.

General Information

On and after July 1, 2005, any person selling new tires at retail or offering new tires for retail sale in the City shall collect from retail customers a fee of \$1.00 per new tire sold at retail and delivered in the City to be paid to the Department.

Is this tax imposed in conjunction with the sale of motor vehicles?

No, the fee is applied in instances where tires are sold separately and not in conjunction with the sale of a motor vehicle.

What tires qualify for the Tire Fee?

The fee applies to the sale of tires to be used for vehicles defined in Section 1-217 of the Illinois Vehicle Code along with aircraft tires, special mobile equipment, and implements of husbandry.

Are used or reprocessed tires subject to the fee ?

No. Neither used nor reprocessed tires are subject to the new fee.

What is a reprocessed tire?

A reprocessed tire is a tire that has been recapped, retreaded, or regrooved and that has not been placed on a wheel rim.

Is the Tire Fee applied to the warranty replacement of defective tires (tires that are replaced under manufacture warranty or road hazzard warranty)?

In the case of a 100% replacement there is no fee applied because the customer pays nothing for the exchange, and it is therefore not a sale at retail. There is however, a full \$1.00 fee in the case of pro-rata replacements, because the customer does pay something, making this transaction a sale at retail.

Are mail order sales subject to the fee?

No.

Is sales tax applied to the tire fee?

No, the tire fee is independent of any sales tax imposed on the sale price of the tires.

How often is the tire fee remitted and when are returns due?

The fee is to be remitted monthly with fees collected in one month payable by the last day of the subsequent month. The fee return for periods commencing on July 1st of each year and ending on June 30 of the subsequent year, is filed annually and is due by August 15th of each year.

Questions?

If you have questions or need more information, please write us. Our address is:

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