**Section 125.100 Nature of the Tax**

a) The Rental Purchase Agreement Occupation and Use Tax Act [35 ILCS 180] ("Act") contains two taxes.

1) The Rental Purchase Agreement Occupation Tax imposes a tax upon persons engaged in this State in the business of renting merchandise under a rental-purchase agreement in Illinois at the rate of 6.25% of the gross receipts received from the business. [35 ILCS 180/10]

2) The Rental Purchase Agreement Use Tax imposes a tax upon the privilege of using, in this State, merchandise which is rented from a merchant at the rate of 6.25% of the rental price paid to the merchant under any rental purchase agreement. [35 ILCS 180/15]

b) The Department has full power to administer and enforce the Rental Purchase Agreement Occupation Tax and the Rental Purchase Agreement Use Tax, to collect all taxes and penalties due thereunder, to dispose of taxes and penalties so collected in the manner provided in the Acts and this Part, and to determine all rights to credit memoranda, arising on account of the erroneous payment of tax or penalty under the Acts. [35 ILCS 180/10 and 15]

c) Relation of Rental Purchase Agreement Occupation Tax to the Rental Purchase Agreement Use Tax

1) The Rental Purchase Agreement Occupation Tax is an occupation tax, the legal incidence of which is on the merchant rather than on the consumer. The Rental Purchase Agreement Use Tax is a use tax, the legal incidence of which is on the consumer rather than the merchant.

2) The merchant becomes a tax collector under the Rental Purchase Agreement Use Tax and is required to collect that tax from consumers. In making that collection, merchants may rely on the tax collection schedules prescribed in the Department's Use Tax Regulations for the collection of the Rental Purchase Agreement Use Tax by merchants from consumers. Consequently, the tax collection schedules set out in 86 Ill. Adm. Code 150.Table A are applicable when collecting Use Tax from the consumer.