START A BUSINESS - ILLINOIS

How to start a towing company in Illinois

Trespass tows from private property in Cook, DuPage, Kane, Will and Winnebago counties need Illinois Commerce Commission relocator licenses; elsewhere, check local rules.

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1 Is towing right for you?

Towing companies move disabled, damaged and illegally parked vehicles and answer police and motor club calls. It suits owners who can run a 24 hour operation and keep trucks and drivers on the road.

2 Form the business and register for sales tax

1. Choose a structure. LLCs and corporations file with the Illinois Secretary of State.
2. Register with the Department of Revenue (MyTax Illinois) for retailers' and service occupation taxes on parts and goods.
3. Check your city or county for business licenses and zoning.

3 Licenses

We found no Illinois State license for towing companies. Check your city or county for business licenses and zoning.

4 Sales tax

Parts you transfer are taxable; labor is not. Ask the Department of Revenue how your towing and storage charges are treated.

5 ICC relocator licenses

To remove trespass vehicles from private property in Cook, DuPage, Kane, Will or Winnebago County, the company, its tow truck operators and dispatchers need ICC relocator licenses, issued for two years after criminal and driving record checks. Elsewhere, contact your local authorities. Police-directed tows and repossessions are outside this program.

6 Your first steps

1. Form the business and register for sales tax.
2. Get local business licenses and check zoning.
3. Buy insurance and equipment.
4. List your business on Nearby Car Care

Requirements at a glance

Tax on parts; labor not taxed

Required in some cases - State - Illinois Department of Revenue

Parts you transfer are taxable; labor is not. Ask the Department how your towing and storage charges are treated.

ICC relocator license for trespass tows (five counties)

Required in some cases - State - Illinois Commerce Commission

To remove trespass vehicles from private property in Cook, DuPage, Kane, Will or Winnebago County, the company, its tow truck operators and dispatchers need ICC relocator licenses (two-year terms, criminal and driving record checks). Elsewhere, contact your local authorities. Police-directed tows and repossessions are outside this program.

Official application: https://icc.illinois.gov/authority/relocation-towing

Name and USDOT number on trucks in interstate commerce

Required in some cases - Federal - Federal Motor Carrier Safety Administration

Commercial motor vehicles subject to the federal rules show the carrier's name and USDOT number on both sides, readable from 50 feet in daylight (49 CFR 390.21).

Official agencies and links

49 CFR 390.21, Marking of self-propelled CMVs and intermodal equipment
Federal Motor Carrier Safety Administration (eCFR)
https://www.ecfr.gov/current/title-49/subtitle-B/chapter-III/subchapter-B/part-390/subpart-B/section-390.21

Relocation Towing
Illinois Commerce Commission
https://icc.illinois.gov/authority/relocation-towing

Sales Tax Audit Manual, Chapter 12 (07/2023)
Illinois Department of Revenue
https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/auditmanual/documents/sales-tax/idor-st-am-ch12.pdf

Frequently asked questions

Do Illinois tow companies need a license?
For trespass tows from private property in Cook, DuPage, Kane, Will and Winnebago counties, yes: ICC relocator licenses. Elsewhere, ask local authorities.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.

https://nearbycarcare.com/resources/business/start-towing-company/illinois/