

This letter references the Department's rules regarding sales to governmental bodies. See 86 Ill. Adm. Code 130.2007. (This is a GIL.)

May 18, 2010

Dear Xxxxx:

This letter is in response to your letter dated January 12, 2010, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

This is a request for a General Information Letter pursuant to the Illinois Department of Revenue (IDOR) Regulations Title 2 Part 1200 Section 1200.120. Due to the lack of relevant information in both the IDOR Regulations and the Illinois Compiled Statutes (ILCS), the ABC is seeking clarification from the Illinois Department of Revenue regarding the expiration of sales and use tax exemptions for governmental entities.

The IDOR granted the ABC a governmental exemption from sales and use taxes on purchases for ABC use. Enclosed is a copy of the current ABC's sales tax exemption letter obtained from the IDOR.

The ABC is requesting confirmation of the following questions related to the governmental sales and use tax exemptions.

1. Are governmental entities required to file an application for renewal of exemption? Or are governmental entities exempt from this requirement due to their governmental status?
2. Does a governmental entity's exempt 'status' expire? If so, when does it expire?
3. Does a governmental entity's exempt 'number' expire? If so, when does it expire?

4. Does 35 ILCS 120/1g apply to governmental entities? Or does this specific ILCS not apply to governmental organizations?
5. Is the IDOR required to update a governmental entity's exempt number every five years?
6. Does the exempt status and numbers for all governmental entities expire on March 1st every five years (for example, the next date would be March 1, 2015)? If not, how is this specific date attributed to the governmental entities?
7. What, if any, are the applicable statutes for the answers to the questions noted above?

Please contact me if you have any questions or require additional information to complete this General Information Letter request.

DEPARTMENT'S RESPONSE:

Although we cannot give you specific answers in the form of a General Information Letter, we hope you find the following helpful.

Sales to a governmental body are subject to tax unless the governmental body has an active exemption identification "E-number." See 86 Ill. Adm. Code 130.2080. If a governmental body does not have an "E" number, then its purchases are subject to tax. Only sales to the governmental body holding the "E" number are exempt, not sales to individual employees of the governmental body. Sales to an exempt entity holding an E-number may be documented by retaining a copy of the exemption letter or by recording the entity's E-number in the seller's books and records. For sales to construction contractors acting on behalf of entities that have been issued E-numbers, please see 86 Ill. Adm. Code 130.2075(d).

Please note, however, that governmental units do not have to apply for a renewal of its governmental exemption from the payment of the Retailers' Occupation Tax, the Service Occupation Tax (both state and local), the Use Tax, and the Service Occupation Tax. The Department automatically renews this exemption for governmental entities. Generally, this renewal process begins the first week in January. Based on the attachment to your letter, it appears that the Department sent out your renewal January 2, 2010.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Debra M. Boggess
Associate Counsel

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