

This letter concerns the very limited exemptions from Telecommunications Excise Tax. See 35 ILCS 630/2. (This is a GIL.)

June 15, 2012

Dear:

This letter is in response to your letter dated May 22, 2012, 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:

My name is Mr. Z and I am from the HOTEL & CONVENTION in CITY IL. We are owned by the VILLAGE therefore are tax exempt. We have had an account with COMPANY since opening of 200X and we have been paying sales tax. Recently, we got in touch with COMPANY and they are able and willing to credit us for up to 3 years. Is there anyway [sic] we can be reimbursed for the exempt taxes prior to the 3 years? Please let me know if/what I need to do in order to be reimbursed prior to 3 years.

DEPARTMENT'S RESPONSE:

The Telecommunications Excise Tax Act imposes a tax on the act or privilege of originating or receiving intrastate or interstate telecommunications by persons in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers by such persons. 35 ILCS 630/3 and 4. The only purchasers who can purchase telecommunications tax-free are the State and Federal governments, State Universities created by statute, and wholly owned corporate subsidiaries purchasing from the parent or other wholly owned subsidiary. 35 ILCS 630/2.

The exemptions provided in the Retailers' Occupation Tax Act (35 ILCS 120/), and related Tax Acts (generally referred to as "sales tax") are not incorporated by reference into the Telecommunications Excise Tax Act. Therefore, the exemptions contained in the Retailers' Occupation Tax Act are not available under the Telecommunications Excise Tax. The Act does not authorize an exemption for a purchase of telecommunications by units of local governments in Illinois. Such purchases are fully subject to tax.

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.

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Very truly yours,

Richard S. Wolters
Associate Counsel

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