

ST 14-0036-GIL 07/29/14 EXEMPT ORGANIZATIONS

In order for an organization to qualify for tax exempt status in Illinois, the organization must hold a valid e-number from the Illinois Department of Revenue or present a valid tax exempt card issued by the U.S. Department of State and identified in 86 Ill. Adm. Code 130.Illustration A. See 86 Ill. Adm. Code 130.2007 and 86 Ill. Adm. Code 130.2080. (This is a GIL.)

July 29, 2014

Dear Xxxx:

This letter is in response to your letter dated June 19, 2014, 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:

May we request for a Private Letter Ruling on the sales tax exemption documentations required from the following organizations who are customers of our Restaurants requesting exemption from sales tax:

1. State and local government body
2. Nonprofit organizations
3. Foreign consuls

Attached is a copy of a Moorish National Identification and Tax Card from the ‘Great Seal National Association of Moorish Affairs – Moorish Nation’. Please give us guidance or ruling regarding this card when used as a sales tax exemption card.

We need a Private Letter Ruling in the Illinois Department of Revenue letterhead to show the customers who do not have the required sales tax exemption documentation.

Please mail the Private Letter Ruling to the following address:

NAME
Tax Department
COMPANY
ADDRESS
CITY, STATE, ZIP CODE

DEPARTMENT'S RESPONSE:

Sales to exempt organizations (organizations that qualify as exclusively religious, charitable, or educational, or for the recreation of persons age 55 and older) and governmental entities are subject to tax unless the exempt organization or governmental entity has obtained an active exemption identification number ("E" number) from the Department. See 86 Ill. Adm. Code 130.120(h)-(i). See also 86 Ill. Adm. Code 130.2007 and 130.2080. Persons or businesses selling tangible personal property to these organizations or governmental entities must be provided with an "E" number for the sales to be tax exempt. It is important to note that only sales of tangible personal property invoiced to the organization or governmental entity itself are exempt. Sales made to an individual member or client of an exempt organization or entity are generally subject to tax.

Some foreign diplomats are exempt from paying taxes because of the Foreign Missions Act. This area of law is largely administered by the U.S. State Department. The Moorish National identification and tax exempt card that you have attached to the letter is invalid for purposes of sales tax. In order for an organization to qualify for tax exempt status in Illinois, the organization must hold a valid e-number from the Illinois Department of Revenue or present a valid tax exempt card issued by the U.S. Department of State and identified in 86 Ill. Adm. Code 130.Illustration A. Such cards are issued to certain foreign government personnel, embassies, and international organizations. These cards have very distinct and recognizable features in order to verify their validity. We encourage you to familiarize yourself with 86 Ill. Adm. Code 130.2080 and 86 Ill. Adm. Code 130.Illustration A so that you can easily identify valid tax exemption cards.

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,

Cara Bishop
Associate Counsel

CB:lkm