

ST 15-0014-GIL 03/16/2015 LOCAL TAXES

The Non-Home Rule Municipal Retailers' Occupation Tax may not be imposed on an item of tangible personal property that is titled and registered by an agency of this State's government. See 86 Ill. Adm. Code 693.101. (This is a GIL.)

March 16, 2015

Dear XXXX:

This letter is in response to your letter January 27, 2015, 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:

We represent the Village of XXXX as its corporate counsel. The Village is considering submitting for referendum an ordinance which would increase its sales tax rate by an increment of 0.5%. If such a referendum were to be approved by the voters, the Village is considering exempting from the scope of the sales tax sales of boats and automobiles. Would you be kind enough to provide us a letter ruling as to the Illinois Department of Revenue's position as to whether such exemptions would be valid from the perspective of the Illinois Department of Revenue? Thank you.

DEPARTMENT'S RESPONSE:

The items that are subject to the Non-Home Rule Municipal Retailers' Occupation Tax are set by statute. See 65 ILCS 5/8-11-1.1, 8-11-1.2, and 8-11-1.3. In the case of the Non-Home Rule Municipal Retailers' Occupation Tax, titled and registered property, such as boats and automobiles, are excluded from this local tax. See 86 Ill. Adm. Code 693.101.

Enclosed are a sample ballot question and a sample ordinance that XXXX may use to properly impose the Non-Home Rule Municipal Retailers' Occupation Tax and Non-Home Rule Municipal Service Occupation Tax. You will note that the ordinance language specifically excludes titled and registered property.

If the referendum passes and XXXX adopts this tax, please send a certified copy of the Ordinance imposing the tax in addition to certified election results to:

**Local Tax Allocation Division
Illinois Department of Revenue
101 W. Jefferson St. MC 3-500
Springfield, IL 62702**

If you have additional questions, you may contact the Local Tax Allocation Division at (217) 785-6518.

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,

Samuel J. Moore
Associate Counsel

Enc.