

This letter discusses the standard drop-shipment scenario and certificates of resale. See 86 Ill. Adm. Code 130.225 and 86 Ill. Adm. Code 130.1405.

June 18, 2015

Dear Ms. XXXX:

This letter is in response to your letter May 7, 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 are a OUT-OF-STATE Corporation that is getting set up to sell CPAP Supplies, and we will be using an on-line product drop shipper that is located in Illinois.

Our question to you is this, if we were to make a sale to an Illinois resident from our website, would we need to collect Illinois sales tax?

I searched the Illinois Sales Tax site, but could not find a conclusive answer.

DEPARTMENT’S RESPONSE:

The Department’s regulations regarding Drop Shipments can be found at 86 Ill. Adm. Code 130.225 and Seller’s Responsibility to Obtain Certificates of Resale and Requirements for Certificates of Resale at 86 Ill. Adm. Code 130.1405. A drop-shipment situation is normally one in which out-of State purchaser (Purchaser) makes a purchase for resale from a company (Company) which is registered with Illinois and has that Company drop-ship the property to Purchaser’s customer (Customer) located in Illinois.

I wish we could be more helpful but your letter provided only limited information. 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,

Richard S. Wolters
Associate Counsel

RSW:mdb

