

ST 16-0019-GIL 05/02/2016 GAS REVENUE TAX:

The Gas Revenue Tax is imposed upon persons engaged in this State in the business of distributing, supplying, furnishing or selling gas to persons for use or consumption and not for resale. See 86 Ill. Adm. Code 470.110 and 470.185. (This is a GIL.)

May 2, 2016

Dear Xxxxx:

This letter is in response to your letter dated October 23, 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:

I have a question and I was asked to write to your division. If a municipality owns its own gas system and uses natural gas for its buildings but doesn't bill out for that gas used does it need to pay gas revenue tax?

DEPARTMENT'S RESPONSE:

The Gas Revenue Tax Act imposes a tax on persons engaged in the business of distributing, supplying, furnishing or selling gas to persons for use or consumption and not for resale at the rate of 2.4 cents per therm of all gas which is so distributed, supplied, furnished, sold or transported to or for each customer in the course of such business, or 5% of the gross receipts received from each customer from such business, whichever is the lower rate as applied to each customer for that customer's billing period. See 35 ILCS 615/2 and 86 Ill. Adm. Code 470.110.

If a municipality supplies natural gas to its buildings and does not receive any gross receipts for supplying the natural gas to those buildings, the Gas Revenue Tax measured on that distribution of natural gas would be zero. See 86 Ill. Adm. Code 470.185.

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.

Sincerely,

Samuel J. Moore
Associate Counsel

SJM:bkl