

ST 16-0027-GIL 06/02/2016 MISCELLANEOUS

Occupation taxes imposed by units of local government that are administered by the Illinois Department of Revenue generally are subject to the same exemptions contained in the State Retailers' Occupation Tax Act. See 86 Ill. Adm. Code 693.120. (This is a GIL.)

June 2, 2016

Dear XXXXX:

This letter is in response to your letter dated April 8, 2016, 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 am asking for legal advice on the sales tax rate that is charged by rural L.P. Propane gas delivery companies.

We have three companied [sic] serving our area; two charge .0625% sales tax and one is charging .0725% sales tax: a combined total of state sales tax plus local sales tax.

Does not heating ones [sic] home with rural L.P. Propane gas exempt a person from local tax?

I am asking for a verification of the above law to be sent to me.

DEPARTMENT'S RESPONSE:

Local retailers' occupation taxes imposed by local governments and that are administered by the Department follow the same rules for exemptions, credits, and other administrative procedures as the State Retailers' Occupation Tax. See 86 Ill. Adm. Code 693.120. Consequently, if an item is not exempt under the Retailers' Occupation Tax Act, it is also not exempt from a local retailers' occupation tax.

The Retailers' Occupation Tax Act does not provide an exemption for sales of L.P. Propane gas used to heat homes. Thus, taxes imposed by units of local government that are administered by the Department would, similarly, not provide an exemption.

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,

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Associate Counsel

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