

When a single charge is made for the entertainment, food, soft drinks, and a party host, the entire charge is subject to Retailers' Occupation Tax. In contrast, if the food and soft drinks are separately stated from the entertainment (e.g., laser tag and party host), tax applies only to the food and soft drinks. See 86 Ill. Adm. Code 130.2145(c)(2)(B). (This is a GIL.)

October 2, 2017

Dear Xxxxx:

This letter is in response to your letter dated July 20, 2017 in which you requested 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:

Can you please offer guidance on the proper tax I should be imposing if I am looking to open up a Laser Tag business in the state of Illinois?

My business will entail being open to the general public for specific hours 6 days a week.

We will offer:

- General 30 and 60 minutes laser tag session
- Birthday Parties that will include two 30-minute laser tag sessions, pizza and soft drinks a small birthday gift and party host.
- Small concession items such as candy bars and fountain drink.
- Specials that may include a 60-minute laser tag session and a slice of pizza and unlimited drinks.

What items do I need to charge sales tax on to the customer?

When I am searching through section 130 – Retailer's Occupation Tax on your website there is such a variety of topics that I do not want to miss anything I believe that we would fall under 130-2030 Public Amusement Places. Is there any other section that

would apply? How would my Birthday party packages impose tax? I would charge tax for the pizza, soft drinks and small gift.

Would my establishment fall under any provisions in Section 130.2145 Vendor of Meals?

DEPARTMENT'S RESPONSE:

The Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property at retail to purchasers for use or consumption. See 86 Ill. Adm. Code 130.101. Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales tax" in Illinois.

Food and Soft Drinks

If you are engaged in the sale of food (pizza, candy bars) and soft drinks, you are engaged in the sale of tangible personal property and must collect Retailers' Occupation Tax and any applicable local taxes on such sales.

Parties

Based on the descriptions in your letter, it appears that you offer birthday party packages that include an attraction (e.g., 30 and 60-minute laser tag sessions), pizza, soft drinks, a small birthday gift and a party host. When a single charge is made for the entertainment, food, soft drinks, and a party host, the entire charge is subject to Retailers' Occupation Tax. In contrast, if the food and soft drinks are separately stated from the entertainment (laser tag and party host), tax applies only to the food and soft drinks. See 86 Ill. Adm. Code 130.2145(c)(2)(B). We cannot determine the taxability of your birthday party packages without examining the invoices.

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,

Debra M. Boggess
Associate Counsel

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