

This letter discusses the licensing of cross-docking services. See 35 ILCS 130/. (This is a GIL.)

November 19, 2018

Dear Xxxxx:

This letter is in response to your letter dated October 2, 2018 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](http://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 client who I believe may have registered incorrectly with the state. They currently hold a secondary distributor license. However, they do not purchase Illinois stamped packages of cigarettes from licensed distributors, sell Illinois stamped cigarette packages NOR sell 75% or more of Illinois stamped packages to retailers for resale.

Their primary function with respect to cigarette products is to load cigarette products with other grocery products destined for third-party retail stores, a practice known as cross-docking. For example, a properly-licensed distributor who pays applicable state taxes ships Illinois-stamped tobacco/cigarettes to my client who then loads those products onto pallets or into trucks with various other purchased items that go to various Illinois customers. They are not stamping or selling any cigarette packages, nor are they taking these cigarettes into inventory, nor are they opening or repacking the cigarette products stamped and sold by the licensed distributor to the end retail customer.

Can you please advise on proper license needed for my client, if there is one at all? It is clear they are not secondary distributors, manufacturers, machine operators or even “other” distributor as defined by Illinois law. My client wishes to be in full compliance with state law so needs clarification if this cross-docking activity for cigarette products requires any licensure under state Department of Revenue rules.

**DEPARTMENT'S RESPONSE:**

If a person does not meet the definitions of “distributor,” “secondary distributor,” “transporter,” or “retailer” contained in the Cigarette Tax Act, the person is not required to obtain a license under the Act. 35 ILCS 130/. Based on the limited information you have provided, it does not appear your client would be required to obtain a license under the Act to provide the cross-docking services identified in your letter.

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://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:bkl