

Fire alarm services provided by retailers that include the reselling of telephone services are subject to the Telecommunications Excise Tax Act. See 35 ILCS 630/3. (This is a GIL.)

November 29, 2018

Dear Xxxxx:

This letter is in response to your letter 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:

COMPANY supplies tax compliance software to various industries.

We are currently researching fire alarm monitoring services. Fire alarm monitoring includes monitoring of equipment to call the fire department when necessary. For example, when fire alarm is triggered, a call is placed to local fire department if the alarm isn't turned off with a certain amount of time.

Per 35 ILCS 630/3: Beginning January 1, 1998, a tax is imposed upon the act or privilege or originating in this State or receiving in this State intrastate telecommunications by a person in this State at the rate of 7% of the gross charge for such telecommunications purchased at retail from a retailer by such person. However, such tax is not imposed on the act or privilege to the extent such act or privilege may not, under the Constitution and statutes of the United State, be made the subject of taxation by the State. Per 86 Ill. Adm. Code 495.100: Gross charges shall include, but are not limited to, charges for unlisted or unpublished numbers, operator assistance, directory information, call-waiting, call-forwarding, and **burglar alarm services provided by telecommunications retailers.**

Based on the above, is the Telecommunications Excise Tax also imposed on fire alarm monitoring services?

DEPARTMENT'S RESPONSE:

The Illinois Telecommunications Excise Tax Act imposes a tax on the act or privilege of originating or receiving intrastate or interstate telecommunications by persons in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers by such persons. 35 ILCS 630/3 and 4.

The Act defines gross charges as including the amount paid for the act or privilege of originating or receiving telecommunications in this State and for all services and equipment provided in connection therewith by a retailer. 35 ILCS 630/2(a). The Act excludes charges for customer equipment, including equipment that is leased or rented by the customer from any source, when those charges are disaggregated and separately identified from other charges. 35 ILCS 630/2(a)(4). Gross charges shall include, but are not limited to, charges for unlisted or unpublished numbers, operator assistance, directory information, call-waiting, call-forwarding, and burglar alarm services provided by telecommunications retailers. 86 Ill. Adm. Code 495.100(g).

Alarm services, including fire alarm services, provided by telecommunications retailers are subject to Telecommunications Excise Tax. Fire alarm services provided by other retailers that include the reselling of telephone services are also subject to the Telecommunications Excise Tax Act.

Generally, persons that provide alarm services and who do not, as part of that service, charge customers for the line or other transmission charges that are used to obtain these services are not considered to be telecommunications retailers from these activities. Consequently, such an alarm company may pay its telecommunications provider the tax for telecommunications services it uses to provide the alarm services. If, however, the alarm company separately charges customers for the line or other transmission charges, they should provide their telecommunications providers with Certificates of Resale and should themselves collect and remit tax.

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,

Richard S. Wolters
Associate Counsel

RSW:bkl