

This letter discusses the requirements for Certificates of Resale. 86 Ill. Adm. Code 130.1405.  
(This is a GIL.)

December 29, 2020

NAME  
ADDRESS

Dear Xxxx:

This letter is in response to your letter received February 13, 2020, 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 am the EMPLOYEE of COMPANY located in CITY, STATE. We also maintain a facility in CITY1, STATE1. We self-assess our sales and use taxes, report and pay them monthly on an ST-1 return online. When we purchase an item, whether its used in production or not, we provide the vendor the attached ‘Uniform Sales & Use Tax Exemption/Resale Certificate – Multijurisdiction’ form and self-assess this purchase in-house. We set up this procedure with our IDOR Revenue Auditor, NAME, who has retired within the last year.

There are a few advantages in using this form. It is used for both of our facilities, so we can purchase the same item for either plant using this same form. Also, its set-up as a blanket certification, so we do not need to provide certification for every purchase. In addition, the current IDOR forms (CRT-61 & ST-587) do not really apply to our situation, so, to use one of those forms, I would be signing what is inherently false.

From time to time, I get vendors that do not want to accept the Multijurisdictional form we provide, which leads me to my questions. Is there a different form I should be using? Can I provide the attached form with a letter from the state that grants authority of its use? What procedures should I take when we are setting up a new vendor and evaluating and reporting our purchases?

Please let me know at your convenience.

## **DEPARTMENT'S RESPONSE:**

For general information regarding resale certificates, the Department's regulation for resale certificates, "Seller's Responsibility to Obtain Certificates of Resale and Requirements for Certificates of Resale," is found at 86 Ill. Adm. Code 130.1405. If an electronic resale certificate is kept, it should contain all of the information required under 86 Ill. Adm. Code 130.1405.

A Certificate of Resale is a statement signed by the purchaser that the property purchased by him is purchased for purposes of resale. Provided that this statement is correct, the Department will accept Certificates of Resale as prima facie proof that sales covered thereby were made for resale.

In addition to the statement, a Certificate of Resale must contain:

- 1) The seller's name and address;
- 2) the purchaser's name and address;
- 3) a description of the items being purchased for resale;
- 4) purchaser's signature, or the signature of an authorized employee or agent of the purchaser, and date of signing;
- 5) Registration Number, Resale Number, or Certification of Resale to out-of-State Purchaser.

The obligations of a seller with respect to accepting a Certificate of Resale were addressed in *Rock Island Tobacco and Specialty Company v. Illinois Department of Revenue*, 87 Ill.App.3d 476, 409 N.E.2d 136, 42 Ill. Dec. 641 (3rd Dist. 1980). The *Rock Island* court held that when a retailer obtains a proper Certificate of Resale that contains a registration or resale number that is valid on the date it is given, the retailer's liability is at an end. If the purchaser uses that item himself or herself (*i.e.*, it was not purchased for resale), the Department will proceed against the purchaser, not the retailer, provided the above stated conditions are met. The purchaser's registration or reseller number can be verified at the Department's website by clicking on the "Tax registration inquiry" box.

Failure to present an active registration number or resale number and a certification to the seller that a sale is for resale creates a presumption that a sale is not for resale. This presumption may be rebutted by other evidence that all of the seller's sales are sales for resale, or that a particular sale is a sale for resale. For example, other evidence that might be used to document a sale for resale, when a registration number or resale number and certification to the seller are not provided, could include an invoice from the purchaser to his customer showing that the item was actually resold, along with a statement from the purchaser explaining why it had not obtained a resale number and certifying that the purchase was a purchase for resale in Illinois. The risk run by companies in accepting such a certification and the risk run by purchasers in providing such a certification is that an Illinois auditor is more likely to go behind a certificate of resale that does not contain a signature and require that more information be provided as evidence that the particular sale was, in fact, a sale for resale.

A purchaser may provide a resale certificate at the time of purchase when the purchaser knows it is purchasing tangible personal property for resale. A purchaser may provide a percentage resale certificate if in fact the purchaser makes retail sales and some of the items it purchases are truly for resale. You note in your letter that when you purchase items, whether used in production or not, you provide the vendor with a resale certificate and self-assess Use

Tax on the items you use. If a purchaser knows at the time of purchase that items will be used for a non-exempt purpose, it must pay tax on the items at the time of purchase unless the vendor is not registered to collect tax.

Regarding the signature requirement, a digital signature may be acceptable. As explained above, the law allows the Department to look at other evidence in determining the sufficiency of a certificate of resale.

A multi-jurisdictional form is acceptable if all the requirements for a certificate of resale are met.

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,

Debra M. Boggess  
Associate Counsel

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