

**Miscellaneous Sales and Use Tax Changes****Informational Bulletin**

July 2004

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Director of Revenue

**For information
or forms...**

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*This bulletin is written to
inform you of recent
changes; it does not replace
statutes, rules and regula-
tions, or court decisions.*

**To:
All Retailers and Servicepersons**

This bulletin identifies some changes recently enacted by the Illinois General Assembly.

**Manufacturer's Purchase
Credit (MPC) Reinstated**

Effective **September 1, 2004**, the Manufacturer's Purchase Credit (MPC) that manufacturers may earn on exempt purchases of

- ◆ manufacturing machinery and equipment and
- ◆ graphic arts machinery and equipment

is reinstated. The MPC will be reported and administered exactly as it was before it was repealed July 1, 2003.

**How does this change affect
retailers of qualifying produc-
tion-related tangible personal
property?**

We have added Line 16a, Manufacturer's Purchase Credit, to Form ST-1, Sales and Use Tax Return, so that, beginning with returns filed for the September 2004 liability period, you may report MPC used by your customers or that you use to satisfy your own use tax liability.

**What if I have received a re-
turn for September that does
not have a Line 16a?**

Certain retailers have already received a September return that does not contain Line 16a. If you are one of

these retailers and you have MPC to report, please write the following information in the space directly below Line 16: "Line 16a MPC" and the dollar amount of MPC used by your customers or that you use to satisfy your own use tax liability. If you PC generate your return, contact your software vendor for an updated version of the form.

**Can MPC earned prior to Sep-
tember 1, 2004 be used?**

No. The reinstatement of MPC begins September 1, 2004. Any MPC earned prior to that cannot be used.

**Can MPC earned on or after
September 1, 2004 be used on
qualifying purchases made
prior to that date?**

No. MPC earned on or after September 1, 2004 can only be used for qualifying purchases of tangible personal property made on or after September 1, 2004.

Note: For more information about earning and using MPC, see 86 Illinois Administrative Code 130.331.

**Graphic Arts Machinery
and Equipment Exemption
Reinstated**

Effective September 1, 2004, the exemption for machinery and equipment used primarily in graphic arts production and repair and replacement parts is reinstated.

How does this change affect retailers of graphic arts machinery equipment and repair and replacement parts?

We have changed Item 15, to Graphic arts machinery and equipment, on the ST-1 Worksheet for Line 2, located on the back side of Form ST-1, Sales and Use Tax Return, so that, beginning with returns filed for the September 2004 liability period, you may report tax-exempt purchases of graphic arts machinery and equipment and repair and replacement parts.

Note: For more information about the graphic arts machinery and equipment exemption, see 86 Illinois Administrative Code 130.325 .

What if I have received a return for September that does not have the graphic arts machinery and equipment exemption on the Worksheet for Line 2?

Certain retailers have already received a September return with the revision date of 8/03. That return does not identify this deduction on the Worksheet for Line 2. If you are one of these retailers and you have a graphic arts machinery and equipment exemption to report, please write the exempt amount in Item 15, other, on the Worksheet for Line 2 and identify it as graphic arts.

If you PC generate your return, contact your software vendor for an updated version of the form.