

If tangible personal property is transferred incident to the providing of a service, those transfers may result in either Service Occupation Tax liability or Use Tax liability for the serviceman depending upon his activities. See 86 Ill. Adm. Code 140.101 through 140.109. (This is a GIL.)

August 23, 2006

Dear Xxxxx:

This letter is in response to your letter dated February 14, 2005, in which you request 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:

CORPORATION respectfully requests the Illinois Department of Revenue ('IDOR') to issue a letter ruling ('Ruling Request') that addresses the questions below regarding the application of Illinois Sales and/or Use Tax to the facts set forth below. CORPORATION would appreciate a written response to this Ruling Request at the earliest possible date. Please note that at [sic] on this same date, CORPORATION has also requested a ruling regarding the application of the Illinois Telecommunications Excise tax on the services.

BACKGROUND

CORPORATION, a STATE corporation, recently acquired certain assets of ABC. Under CORPORATION's organization, ABC's business activity is to provide computer services to the global automotive industry. These services allow the automotive manufacturers ('AM') and their suppliers, collectively referred to as Trading Partners, to interact and communicate through electronic means.

All Trading Partners complete a Member Application Form which indicates that they agree to the Exchange Rules which detail, among other things, access availability for each User ID and ABC's Role in the Operation of the Exchange. The Exchange is defined as the software to facilitate the transmission of data between trading partners.

Depending on the type of application, the Client enters into a Product and/or Service Agreement ('Agreement') with ABC. It is important to note that ABC is not a part or an agent of any Trading Partner in the transactions conducted via the Exchange; they merely provide the infrastructure to allow the various users to communicate and transact business with each other. All fees and services to be provided under the Agreement are set forth in the Customer Service and Fees Schedule ('Schedule'). Additionally, depending on the Agreement, a description of project scope, schedule, responsibilities of the parties and terms specific to the professional services required for the development, implementation effort and operation will be contained in the Statement of Work ('SOW').

ABC owns and/or leases computer equipment in STATE1 and Illinois. Any exchange of data between the Trading Partners occurs through the production server in Illinois. All Server equipment located in STATE1 is used for testing and disaster recovery purposes only.

FACTS:

ABC offers three distinct service applications to its Clients; ABC-1, ABC-2 and ABC-3, and are described in detail below.

Depending on the application, the Client could be billed for any number of the services as detailed below. Specific questions for each are addressed with each application. Please explain if the service is subject to Illinois sales and/or use. Additionally, if it is subject to Illinois sales and/or use tax, please indicate how the services should be sourced for the purposes of computing sales and/or use tax. Keep in mind that all of these services are provided via the Internet, therefore any user of these services can log into these service applications from anywhere in the world. Any required professional services are delivered in whatever market the customer desires based upon their location.

ABC-1

ABC-1, also known as TITLE, provides an online environment for a Trading Partner to securely connect, via the Internet, with their Suppliers to transfer data describing production problems as well as providing a structured problem solving methodology for the quick resolution of critical production issues.

For example, if the Trading Partner has a critical production problem ('nonconformance') with a supplier of goods to them, the Trading Partner logs into the TITLE online application ('PSA') via the Internet and enters all pertinent data for the nonconformance into the PSA. The data can be complemented by attaching photographs, or documents, which can aid in the Supplier's understanding of the problem. This information is contained in a file within the PSA called a Problem Case. A Problem Case may contain one or many occurrences of the nonconformance at any of the Trading Partner's locations and can relate to issues such as parts/materials, processes, shipping procedures, etc... Once the information is entered for the Problem Case, it is automatically assigned a specific Problem Case Number ('PCN') from the PSA. Once the PCN is established the Supplier is automatically notified via an email that a new Problem Case has been issued to them. Once notified, the Supplier logs into the PSA, via the Internet, to review the Problem Case and will respond to the Trading Partner via the PSA, to provide any necessary information on problem resolution. The

Trading Partner can either approve or reject the response from the Supplier. If rejected, the Supplier will respond with an alternative plan of resolution. This communication will continue back and forth between the Trading Partner and Supplier until resolution. Once the Trading Partner approves the resolution the Trading Partner closes the Problem Case. All communication between the Trading Partner and the Supplier is done via the PSA, which is maintained on ABC's server in Illinois. Once the Problem Case is closed, any further resolution, supply of parts, product quality improvement, etc...is done outside the PSA application, directly between the Trading Partner and their Supplier.

Both the Trading Partner and Supplier are charged an annual fee based on the number of users that are 'registered' to access & utilize the TITLE service regardless of whether any TITLE cases are assigned to their company. The annual fee allows for Help Desk Support, Storage / Disk Space on the ABC server in Illinois, data retention for a specified period of time, as well as unlimited TITLE communications during the year. The data is stored on ABC's server in Illinois, while any services required to facilitate the data retention are performed in STATE1.

Under a separate pricing agreement and for an additional fee, the Trading Partner may subscribe to training and data replication services, which will be outlined in the SOW. The replication of data allows the Trading Partner access to all of its Problem Case data, allowing them to perform online analytical queries of the information contained in each Problem Case.

Question 1

- a. **Is the annual fee considered to be taxable under Illinois sales and/or use tax statutes?**
- b. **If so, for taxing purposes, is the service sourced to the billing address of the AM and/or Supplier or to the location of each individual registered user?**
- c. **If taxing is applied to each user location, what means of allocation would be required, considering that the physical location of the user is not known.**

ABC-2

ABC-2 is an on-line portal hosted by ABC, co-branded with the Subscriber, which is typically a large automotive company. The Services are comprised of the one-time development and on-going hosting of a Portal for a specific Subscriber. The Portal includes a security integration that authorizes access by Trading Partners to (a) Proprietary Resources ('Resources') in accordance with permissions designated by the Subscriber and (b) Services in accordance with ABC membership. Resources can include any marketing, information resources, or software applications that are proprietary to Subscriber or its licensors.

Features of the Portal depend upon the specific Services as detailed on the Schedule and may include one or more of the following: User ID and password control, full security integration, electronic library repository, a publishing tool for sharing documents with a targeted audience and a personalized menu with links to the services that have been granted to the User.

Once a Subscriber contracts with ABC to host a Portal site ('Site'), ABC personnel in STATE1 design and build a Site with the specific content and layout as required by the Subscriber. This is most easily described as web-site development. ABC hosts the web-site and applications of the Subscriber on their server in Illinois. The Site contains links to various Subscriber Resources. ABC also secures the Site, and provides security integration to various Subscriber Resources. The definition of the project scope, responsibilities of the parties and terms specific to the professional services required will be outlined in the SOW. The Subscriber is charged a one-time up-front fee for these services ('Implementation Fee').

Once the Portal is implemented, ABC will provide any updates to the Site for a specified period of time ('Period') at no additional cost to the Subscriber. After the Period expires, the Subscriber may elect to have ABC continue to maintain the Portal content for an additional monthly maintenance fee ('Maintenance Fee'). Alternatively, once the Period has expired, the Subscriber may elect to assume all responsibilities for maintaining and updating the Site contents themselves.

If the Subscriber does not elect to update the Portal themselves, after implementation, the Subscriber is charged a monthly fee for maintenance and hosting ('Maintenance') of the Site that is mandatory for the specified period of time when the Subscriber contracts for the Portal Service. Maintenance fees include the following services: (a) maintenance of the unique and non-unique Subscriber portal code base, (b) maintenance, testing and validation of the unique and non-unique Subscriber code to support upgrades to the core infrastructure products, (c) testing of all enhancements to ensure continued functionality and (d) 24x7 Help Desk support services; Help Desk services being the most costly of the four. Help Desk services are performed by a Third Party Vendor and their fees are built into the total Maintenance Fee to the Subscriber. Additionally, ABC will operate and maintain the portal as a hosted service in Illinois and is only responsible for the services hosted on their server. Depending on the fees set by the Schedule, the Subscriber will be charged for this service on a monthly basis, either by calculating a per User fee, a fixed monthly fee, or based on the number of Resources that ABC links, via the Portal, to the Subscriber's network ('Maintenance Fee').

For a User to gain access to the Subscriber's Resources, the User must request access, which can be approved or denied by the Subscriber. Once approved, the User gains access to the Subscriber's Resources through the Portal via specific links for each Resource. The Supplier is responsible for managing access at a User level. Each time a User logs into the Portal and gains access to a particular Subscriber's Resources, the ABC network sends an encrypted credential to the Subscriber's network, notifying them which User is accessing their system and which particular Resource they are viewing. Users may self-register via an online form, but must be approved by their administrator before obtaining access to any resources. Alternatively, ABC may contact a Subscriber's Users themselves, and actively encourage a Supplier to register to the Portal. There is a one-time fee charged to the Subscriber per Supplier registered as a result of this service.

In order to easily provide a User with access to the Resources, ABC provides Multi-Domain Sign On ('MDSO') capabilities, which allows the Users to access Subscriber's Resources using their ABC User ID & password, without needing a separate login ID from the Subscriber. In order to provide the MDSO capabilities, a one-time security integration is performed, using resources from ABC and the Subscriber ('MDSO fee').

Furthermore, ABC is offering Identity Management, which is similar to MDSO, but can be offered outside of the Portal umbrella. Instead of the User logging in on the ABC Portal to gain access to a Subscriber's Resources, the User will log in on the Subscriber's Portal page, and will be 'linked' through the ABC network, to verify ID's, passwords, access, etc., and back to the Subscriber's Resource. Identity Management allows the Subscriber to control the content of their own Portal page; however, it also provides access to ABC's administrative tools, while ABC will maintain all ID management, access, password resets, etc. for the Users. The Subscriber will be charged a monthly fee for each user for this service ('Identity Management fee').

In addition to the services that must be provided, the Subscriber must have a backend security system ('Security') for ABC to integrate with. If the Subscriber does not have the necessary Security, ABC offers to resell the license of security software product X ('Software'). ABC licenses the Software from Vendor A and will resell the Software to the Subscriber. The Software can only be utilized by the Subscriber for user ID's related to the ABC product. The terms and conditions of the license are incorporated as part of the Agreement. The Software is drop shipped from Vendor A directly to the Subscriber. The software and ongoing maintenance fees charged by Vendor A to ABC may be recouped via a specific line item referenced above, or may be bundled into a larger package deal, if the Subscriber enters into a monthly fixed fee contract.

Question 1

- a. Is the monthly fee for this service considered to be taxable under Illinois sales and/or use tax statutes?**
- b. If so, for taxing purposes, is the service sourced to the billing address of the Trading Partner and/or Supplier or to the location of each individual registered user?**
- c. If taxing is applied to each user location, what means of allocation would be required, considering that the physical location of the user is not known.**

Question 2

Please indicate the taxability of the following services:

- a. Implementation fee - one time fee required to set up the Portal Site**
- b. Maintenance fee - monthly fee for maintenance and/or hosting of the Portal Site. This can be charged based on number of users, the number of Resources that are 'linked' to in a site, or on a fixed fee basis.**
- c. If the maintenance fee is taxable, and the Subscriber is invoiced based on the number of users, is the service sourced to the billing address of the Subscriber or to the location of each individual registered user? If taxing is applied to each user location, what means of allocation would be required, considering that the physical location of the user is not known.**
- d. MDSO fee - one time fee to set up Multi-Domain Sign On. If necessary, this fee includes the cost of the Software that ABC resells to the Subscriber.**
- e. Identity Management fee - monthly per user fee for verifying User access for a Subscriber's Portal site.**

Question 3:

Are any of the other services related to ABC-2 considered to be taxable under Illinois sales and/or use tax statutes?

ABC-3

ABC-3 is a data messaging service that provides a single connection for a company's computers to exchange data in various formats with the computers of its Trading Partners. Separately these are referred to as Supplier / Customer, together these companies are considered to be Trading Partners of the service. The ABC-3 product consists of two distinct components; ABC-3 ('Messaging') and Supplier Connection.

ABC-3:

For any number of reasons, Trading Partner A may wish to send an electronic message ('Message') to Trading Partner B. For example, Trading Partner A will require shipment of a specific product from Trading Partner B. Via the Messaging application, Trading Partner A's internal software triggers an electronic message to Trading Partner B to ship a specified number of Product X. The message travels from Trading Partner A's network via the Internet to ABC's server in Illinois.

If Trading Partner A's application environment is different than Trading Partner B's application environment, the file can be translated ('Mapped') into an EDI format document which will be readable by Trading Partner B's application environment. The translation of the message occurs on the ABC network in Illinois. Then, depending on the type of channel the Trading Partner has, (explained later in this section) the message can either remain on ABC's server with either Trading Partner being able to manually retrieve the message or the message can be electronically sent to the Trading Partner's server.

The transmission of each message is measured in kilocharacters, or by each 1,000 characters transmitted. Each message is transmitted entirely between the network of each Trading Partner, and messages can be tracked via communication code, which provides the address of the computer that transmits the message.

Based on the fees as set forth in the Schedule, the Trading Partners are charged a monthly fee based on the volume of kilocharacters sent and received during the billing period ('Kilocharacter fee').

Additionally the Trading Partner may be charged for the following fees in relation to Messaging:

Both Supplier and Customer are charged a one time set up fee for new customer/supplier relationships, which establishes the sending and receiving of Transactions and enables access to the ABC-3 Application Web Site and Messaging Hub, located on ABC's server in Illinois. The web site will show detail of the messages sent, received and trading partner community ('Set up fee').

The Suppliers and Customers are charged a monthly fee based upon the number of Trading Partners they have a relationship with. This service allows the Trading Partners to configure, support and maintain Trading Partner locations and establish relationships with other Trading Partners. ABC will maintain and support the User established Trading Partner relationships ('Trading Partner Maintenance Fee').

If required, Mapping service is the analysis and development of code to convert the format of messages of the sender to fit the backend system of the recipient. This is a one time fee and is charged on a per map basis. The services related to this are described in the SOW ('Mapping fee').

Once the initial mapping is complete, there is an ongoing translation fee, which covers map maintenance to stay current with Trading Partner changes to their system and requirements. The fee applies to each message that has the translation applied to it. Translation occurs with each message sent and received and is included as part of the Kilocharacter Fee ('Translation Fee').

The Trading Partners are also charged a one-time fee for setting up an Integration Channel, which is the mechanism to send and receive Messages to and from its Trading Partners. The system supports two different types of Channels; either a Mailbox channel or a Persistent Channel. The Mailbox Channel is akin to a dial-up service, where the Trading Partner must establish a connection to the server and retrieve messages. The connection to the Channel goes away when you disconnect from the Server. The Persistent Channel is akin to cable connection, where it is always 'on' and messages can constantly be delivered to your internal network ('Mailbox fee').

In addition, the Trading Partners are also charged a monthly maintenance fee for the Mailbox. The charge to the customer is based on the number of kilocharacters processed via the Channel during the billing period ('Mailbox Maintenance fee').

Value Added Network ('VAN') Interconnect is a Transaction service that allows Users to send data files to Trading Partners and receive data files from Trading Partners that are not directly connected to ABC. ABC is charged a fee based on the volume of kilocharacters sent and received through another VAN provider's network if the trading partner is not connected to the ABC network. This charge is incremental to the transaction cost to the Trading Partner and is nothing more than the service transactions described above.

Alternatively, although most Trading Partners are charged separate fees for each service described above, kilocharacters, channels, mapping, maintenance, etc...a Trading Partner may contractually secure a monthly fixed price for all services described above.

A Trading Partner can select to pay for all or part of their other Trading Partner's fees (primarily their suppliers) to use the Messaging service. Alternatively, the Trading Partner will make all of their other Trading Partners aware that Messaging is available but will not subsidize the service for them. Therefore, the Trading Partner that chooses to subsidize the service for their other Trading Partner's may be remitting payment for Trading Partner's [sic] located all over the world.

Supplier Connection:

Supplier Connection is essentially the same service as ABC-3, however, instead of using internal software to compose & transmit the messages, the Trading Partner utilizes a web browser to exchange data with other Trading Partners. Supplier Connection Customers are charged a one-time registration fee ('Registration Fee'), a fee for professional services to configure Supplier Connect to fit the Customer's needs

('Configuration Fee'), and a specified monthly fee based on the number of Users registered for the service ('User fee').

Question 1:

Which of the fees referenced above are considered to be taxable in Illinois?

- a. **ABC-3 - Kilocharacter fee - measured volume of each message**
- b. **ABC-3 - One time user set up fee**
- c. **ABC-3 - Trading Partner Maintenance Fee - based on the number of Trading Partners.**
- d. **ABC-3 - One time Mapping Fee**
- e. **ABC-3 - Translation Fee**
- f. **ABC-3 - One time Mailbox Fee**
- g. **ABC-3 - Monthly Mailbox Maintenance fee - based on the volume of kilocharacters sent in a month**
- h. **Supplier Connection - Registration Fee**
- i. **Supplier Connection - Configuration Fee**
- j. **Supplier Connection - User Fee**

Question 2:

- a. **If any of these fees are considered to be taxable, regardless of whether the AM subsidizes the service for their Trading Partners or not, for taxing purposes, is the service sourced to the billing address of the AM and/or Supplier or to the location of each individual registered user?**
- b. **If taxing is applied to each user location, what means of allocation would be required, considering that the user may move during the year and/or the physical location of the user is not known.**

Question 3:

Additionally, if any of these fees are considered to be taxable as a telecommunication service, how should ABC source the services for computing sales tax under the scenarios below? Please note that all transactions go through the ABC network in Illinois.

- a. **Trading Partners are in STATE1 and Illinois**
- b. **Both Trading Partners are in STATE1**
- c. **Both Trading Partners are in Illinois**
- d. **Trading Partners are in STATE2 and STATE3**

Question 4:

- a. **If any of the fees referenced above are considered to be taxable, and the Trading Partner secures a monthly fixed fee for all of the services described above, does the IDOR consider the entire transaction to be taxable as a bundled transaction?**
- b. **Additionally, if the bundled transaction is considered to be taxable, what is the situs of the service?**

- c. **If the books and records of the company can support the taxable vs. non-taxable elements of the transaction, can the invoice be broken out by the taxable vs. non-taxable elements of the transaction?**

Auction Services

Prior to the acquisition of ABC by CORPORATION, ABC provided an Auction service to their Clients, which can be compared to the services performed on Ebay using auction software ('Software') provided by a specialized publisher ('Publisher'). The auction assets were sold to a third party ('Vendor') prior to the Acquisition. For a specified period of time, ABC will continue to use their licensed Publisher software to provide uninterrupted service to the Vendor's Clients until the Vendor's transition occurs. ABC charges a lump sum amount to the Vendor to provide this service, which includes Internet hosting for the Auction service as well as maintenance costs. Maintenance services are in respect of the ABC personnel dedicated to ensure that the application is running within the ABC infrastructure. The Publisher's application fees are paid directly by the Vendor. All of the Auction service is performed on ABC's server in Illinois and is accessible via the Internet.

Question 1:

Is the lump sum fee that ABC charges to the Vendor considered to be taxable in Illinois?

ANALYSIS

The Service Occupation Tax ('SOT') is imposed on all service persons engaged in the sale of services where tangible personal property is transferred. (35 ILCS 115/3). SOT is imposed on the property transferred as an incidence to a service rather than the service charges themselves.

CONCLUSION

It is unclear which, if any, of the services ABC provides are taxable under Illinois sales and use tax law. Please provide a written response for the specific questions under each service listed above.

If you have any questions relating to the information contained in this Ruling Request, please contact #.

DEPARTMENT'S RESPONSE:

Service Occupation Tax

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 86 Ill. Adm. Code 130.101. The Use Tax Act imposes a tax upon the privilege of using in this State tangible personal property purchased at retail from a retailer. See 86 Ill. Adm. Code 150.101.

If no tangible personal property is being transferred to the customers, then no Illinois Retailers' Occupation Tax or Use Tax would apply. Likewise, the Service Occupation Tax Act and Service Use Tax are imposed on the transfer of tangible personal property incident to sales of service. See 86 Ill. Adm. Code 140.101 and 160.101. If no tangible personal property is being transferred to the customers incident to the services provided, then neither Illinois Service Occupation Tax nor Service Use Tax would apply.

If tangible personal property is transferred incident to the providing of a service, those transfers may result in either Service Occupation Tax liability or Use Tax liability for the serviceman depending upon his activities. See 86 Ill. Adm. Code 140.101 through 140.109.

Annual Fees

Generally, an annual membership charge is not part of the gross receipts that are subject to Retailers' Occupation Tax liability. However, if the membership charge is part of a charge for a sale of service and tangible personal property is transferred incident to that service, then that charge may be subject to Service Occupation Tax liability depending upon how the serviceman chooses his tax base. See 86 Ill. Adm. Code 140.101.

Software

The transfer of any canned computer software (or update of canned software) is considered the transfer of tangible personal property and will be subject to Retailers' Occupation Tax and Use Tax liability or Service Occupation Tax and Service Use Tax liability. Canned computer software transferred incident to sales of service may result in Service Occupation Tax or Use Tax liability depending upon the tax base of the serviceman. Sales of canned software are taxable regardless of the means of delivery. See 86 Ill. Adm. Code 130.1935(a). For instance, the transfer or sale of canned software downloaded electronically would be a taxable transfer.

If the computer software consists of custom computer programs, then the sales of such software may not be taxable. See subsection (c) of 86 Ill. Adm. Code 130.1935.

If transactions for the licensing of either canned or custom computer software meet all of the criteria provided in subsection (a)(1) of Section 130.1935, neither the transfer of the software nor the subsequent software updates will be subject to tax.

Sourcing

For your general information, please see Sec. 270.115 of the Home Rule Municipal Retailers' Occupation Tax for guidance concerning jurisdictional questions. In general, the imposition of the various sales tax related local taxes in Illinois are triggered when "selling" occurs in a jurisdiction imposing a tax. The Department's opinion is that the most important element of selling is the seller's acceptance of the purchase order. Consequently, if a purchase order is accepted in a jurisdiction that imposes a local tax, that tax will be incurred.

The tax rate is fixed by the location of the seller, not the delivery location. The fact that the item being sold is shipped from out-of-State or from another Illinois location is immaterial for purposes of local taxes if the sale occurs through order acceptance in an Illinois jurisdiction imposing a local tax. For these transactions the local tax will be incurred. Although 86 Ill. Adm. Code 270.115 deals with the municipal Home-Rule taxes, the principles outlined in this regulation apply to all local taxes administered by the Department.

If a purchase order is accepted outside the State, but the property being sold is located in an Illinois jurisdiction that has imposed a local tax (see, for example, Section 270.115(b)(3)), then the location of the property at the time of sale will determine where the seller is engaged in business for the purpose of determining the imposition of applicable local sales taxes. In situations in which the retailer has nexus, but both the purchase order acceptance and the location of the property being purchased are outside of the State of Illinois, such sales would only be subject to the Illinois Use Tax at the rate of 6.25%.

Telecommunications

Telecommunications services are not taxable under Illinois' sales and use taxes. For information regarding the Illinois Telecommunications Excise Tax, we refer you to the Telecommunications Excise Tax Act, which is set forth at 35 ILCS 630/1 et seq. The Department's regulations for this tax are found at 86 Ill. Adm. Code Part 495. The Telecommunications Excise Tax is imposed upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers. See 35 ILCS Sections 630/3 and 630/4. Telecommunications retailers collect tax from end users and remit it to the Department. See 86 Ill. Adm. Code 495.140.

If a retailer only charges for the search and downloading of information, and does not charge for the telecommunications transmission, then those transactions are not subject to Telecommunications Excise Tax and Simplified Municipal Telecommunications Tax liability. See 35 ILCS 630/1 et seq. and 35 ILCS 636/5-1 et seq. Should a retailer charge customers for transmission or telephone line charges, then the above-mentioned telecommunications taxes would apply.

Charges for data processing and information retrieval are not subject to telecommunications taxes. See 86 Ill. Adm. Code 495.100(c). If retailers provide both transmission (such as telephone line charges) and data processing services, the charges for each must be separately stated and identified in the books and records of the retailers. If such charges are not separately stated in this manner, then all charges are taxable.

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. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

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EEB:msk