

A medical appliance is defined as an item that is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. See part (c) of Section 130.310. (This is a GIL.)

August 7, 2007

Dear Xxxxx:

This letter is in response to your letter dated April 10, 2007, 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.ILTAX.com 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:

ABC is requesting a written opinion on the taxability of various Mastectomy products.

Silicone Inserts
Foam Inserts
Silicone Breast forms
Mastectomy Bras
Foam pads

I have attached information about these products. Please indicate the taxability of these products.

Thank you for your time and assistance in this matter.

DEPARTMENT'S RESPONSE

All gross receipts from sales of tangible personal property in Illinois are subject to Retailers' Occupation Tax unless an exemption is specifically provided. Medicines and medical appliances are not taxed at the normal State rate of 6.25%. These items are taxed at a lower State rate of 1%. See 86 Ill. Adm. Code 130.310. A medical appliance is defined as an item that is intended by its

manufacturer for use in directly substituting for a malfunctioning part of the body. See part (c) of Section 130.310.

Silicone inserts, foam inserts, silicone breast forms, and foam pads used by mastectomy patients are intended to directly substitute for a malfunctioning part of the body and qualify for the lower 1% State rate of tax provided for medical appliances. Mastectomy bras which are specially designed to be used in conjunction with breast prostheses qualify for the lower 1% State rate of tax provided for medical appliances.

Breast implants that are merely cosmetic in nature and are not used to substitute for a malfunctioning part of the body do not qualify for the lower rate of tax.

If you require additional information, please visit our website at www.ILTAX.com 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,

Martha P. Mote
Associate Counsel

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