

Currently the Department's regulation at 86 Ill. Adm. Code 130.2080(a), provides that retailers may accept U.S. Government Bank Cards in sales to the U.S. Government and its agencies without requiring an Illinois exemption number. (This is a GIL).

January 30, 2008

Dear Xxxxx:

This letter is in response to your letter dated December 26, 2006, 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:

By letter dated December 10, 1998 (copy enclosed), the AGENCY requested your continued support of the CARD program by continuing to extend tax exemption status for federal government credit card purchases, where applicable. Additionally, by letter dated October 16, 1998, from the AGENCY2 (copy enclosed), you were advised of AGENCY2 Tax Exempt Identification Number #; and that, for AGENCY2, all transactions would be centrally billed and paid directly by the government. For your convenience a copy of your State or Commonwealth's response is also enclosed.

The following is an updated list of AGENCY2 bureaus that centrally bill hotels and miscellaneous and incidental expenses for travel. Travel, purchase, and fleet transactions for these bureaus will be centrally billed and paid directly by the government and therefore should be tax exempt.

BUREAUS

The AGENCY2 charge card is the ABC brand issued by XYZ. Cards with account numbers starting '5568 16' are only allowed to be used in the conduct of official government business. Additionally, these government charge cards are embossed with the employee's name, NAME, and the AGENCY2 tax exempt ID number.

If you have any questions, please call. Thank you for your assistance in this matter.

Under Illinois law, sales made to governmental bodies (Federal, State, local, or foreign) are not subject to Retailers' Occupation Tax. See 86 Ill. Adm. Code 130.2080. In order to make a tax exempt purchase, governmental bodies must have an active exemption identification number issued by the Department or present a U.S. Government Bank Card to the retailer, who records the card number instead of collecting the tax. Only sales of tangible personal property invoiced directly to the governmental body are exempt. Sales made to individual government employees who will be reimbursed by the government are subject to tax. In your letter, you provided an updated list of AGENCY2 bureaus and indicated that travel, purchase and fleet transactions for the listed bureaus would be centrally billed and paid directly by the government. Based upon that representation, those charges would be tax exempt so long as the retailer records the U.S. Government Bank Card number referenced in this letter and keeps that information on his/her books and records.

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,

Debra M. Boggess
Associate Counsel

DMB:msk