

This letter provides references to other Department-issued letters that discuss the taxation of satellite TV equipment provided to customers who sign up for satellite TV service. See 86 Ill. Adm. Code 130.401. (This is a GIL).

March 28, 2011

Dear Xxxxx:

This letter is in response to your letter dated January 24, 2011, 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:

At the request of our client, we respectfully request a taxability determination with regard to various transactions associated with the following facts.

The installation company (our client) is about to become an authorized dealer for a Satellite Service Provider and is concern [sic] about its tax responsibilities in the State. The installation company will solicit customers to sign up for satellite service involving equipment installation. Upon acceptance and activation of the customer, the agreement states that the installation company installing the customer's satellite will receive, from the Satellite Service Provider, reimbursement for the full cost of the acquired equipment. The Satellite Service Provider will bill the customer directly for the satellite television services. The installation company will buy the satellite receiving equipment from an out of state, [sic] unrelated third party vendor and will make no use of the equipment. The Satellite Service Provider refuses to charge the installation company a sales tax, stating that it's against their policy. As a result, my client purchases equipment without sales tax.

Is the installation company (our client) responsible for a sales or use tax? If yes, please specify. In order to do business with the Satellite Service Provider, the installation company is required to provide an IBT number for the Satellite Service Provider. Please explain how the registration should be filed with your office.

I would like to thank you in advance for your prompt attention to this matter. If you have any questions, please contact me.

DEPARTMENT'S RESPONSE:

We are unable to determine the exact nature of the arrangement your client has with the satellite service provider. Therefore, we are unable to provide any specific information in response to your inquiry. However, we suggest you review several previous letters issued by the Department that are located on the Department's website www.tax.illinois.gov: ST 03-0035 (GIL) and ST 10-0006 (PLR). These letters discuss issues that appear to be similar or related to the issues raised in your letter.

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.

Very truly yours,

Richard S. Wolters
Associate Counsel

RSW:msk