

Construction contractors who physically incorporate tangible personal property into real estate owned by exempt organizations or governmental entities that hold tax exempt "E" numbers can purchase such property tax free by providing their suppliers with the certification described in 86 Ill. Adm. Code 130.2075(d). See 86 Ill. Adm. Code Section 130.2075. (This is a GIL.)

June 2, 2008

Dear Xxxxx:

This letter is in response to your letter dated November 30, 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.tax.illinois.gov](http://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:

We have a client that has three scenarios with a nonprofit organization.

Scenario 1.

Client was paid to buy and install a HVAC system in the building that a nonprofit owns.

The nonprofit has an E-Number.

Client did not pay or collect sales tax on the HVAC system.

Client used the E-Number to buy the unit without paying sales tax.

Is this correct?

Scenario 2.

The nonprofit owns rental properties.

Client was paid to buy and install HVAC system in the rental units.

Client did not pay or collect sales tax on the HVAC system.

Client used the E-Number to buy the units without paying sales tax.

Is this correct?

Scenario 3.

The nonprofit pays my client for buying and installing units in homes of the needy.

Client has been paying sales tax when they buy the units because the nonprofit does not have title to the home it is being installed in.

Is this correct?

If you need any other information to clarify the scenarios please call or e-mail me.

Thank you in advance for you help.

**DEPARTMENT'S RESPONSE:**

We are unable to provide you with the specific responses you request in the context of a General Information Letter. Provided below is information that we hope you find helpful regarding your three scenarios.

I direct your attention to section 130.2075 of the Department's regulations governing sales to construction contractors. 86 Ill. Adm. Code 130.2075. Construction contractors are considered the end users of the tangible personal property they permanently incorporate into real estate, and owe a use tax upon its purchase. However, as Subsection 130.2075(d) states, if a construction contractor permanently affixes tangible personal property into real estate owned by an exclusively charitable, educational or religious organization or governmental body which has an "E" number issued by the Department, the contractor can purchase that tangible personal property tax-free. In claiming this exemption, the construction contractor must provide his supplier with the "E" number of the organization owning the property into which the materials will be incorporated, and must also provide the certification described in Subsection 130.2075(d)(4).

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://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