ST 03-0098-GIL 07/10/2003 ENTERPRISE ZONES

This letter discusses the enterprise zone building materials exemption from sales tax. See 86 Ill. Adm. Code 130.1951. (This is a GIL.)

July 10, 2003

Dear Xxxxx:

This letter is in response to your letter dated March 17, 2003. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at http://www.revenue.state.il.us/legalinformation/regs/part1200.

In your letter, you have stated and made inquiry as follows:

> I needed some information about getting the sales tax exempt from some building materials. I was informed that I needed to speak to someone in your office. I have called multiple times and have not been able to get through. If you could either call or send information back to us I would appreciate it. You can contact me.

Beginning August 6, 2002, under new legislation, the enterprise zone building materials exemption applies to "qualified sales" of building materials. (For information regarding this exemption see the Department's regulation at 86 Ill. Adm. Code 130.1951, enclosed.) A "qualified sale" is a sale of building materials that will be incorporated into real estate as part of a project for which a Certificate of Eligibility for Sales Tax Exemption has been issued. As long as the following documentation is provided, purchases can be made tax-free at any location. The administrator of the enterprise zone in which the building project is located must issue the Certificate of Eligibility for Sales Tax Exemption.

To document the exemption, the purchaser must provide the retailer with a Certificate of Eligibility for Sales Tax Exemption that contains:

1) a statement that the building project identified in the Certificate meets all the requirements for the enterprise zone ordinance of the jurisdiction in which the building project is located,

2) the location or address of the building project, and

3) the signature of the administrator of the enterprise zone in which the building project is located.

The purchaser must also provide the retailer with a certification that contains:

1) a statement that the building materials are being purchased for incorporation into real estate located in an Illinois enterprise zone,

2) the location or address of the real estate into which the building materials will be incorporated,

3) the name of the enterprise zone in which that real estate is located,

4) a description of the building materials being purchased, and

5) the purchaser's signature and date of purchase.

The enterprise zone exemption includes component parts of the building materials that are permanently affixed to realty. If the building materials or their component parts need to be repaired or replaced, those repair and replacement parts that are permanently affixed to real estate qualify for the exemption.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Martha P. Mote
Associate Counsel

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Enc.