

This letter describes when local occupation taxes are imposed in Illinois. See 86 Ill. Adm. Code 270.115. (This is a GIL.)

September 9, 2003

Dear Xxxxx:

This letter is in response to your letter dated June 13, 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(b) and (c), which can be found on the Department's website at www.revenue.state.il.us/Laws/regs/part1200/.

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

Enclosed please find a copy of a memorandum that was forwarded anonymously to our offices. The memo appears to explain a potential means for retailers to obtain a rebate on certain municipality taxes by moving 'the responsibility for contracting/accepting orders to a 'host municipality'.' I am concerned about the legality of this scheme and ask that the Department of Revenue legal staff review the memo. If the strategy proposed is not proper, our association would like to advise our membership as quickly as possible.

Thanks for your help. If you have any questions or concerns, please do not hesitate to call.

The Illinois Department of Revenue is currently reviewing the issues in your letter. However, the local tax moving scheme presented would not work for your membership. While most local taxes are situated at the location of the selling activity, local taxes on titled and registered vehicles are generally situated at the location the vehicle is titled and registered. Therefore, contracting with a host municipality for a rebate of taxes would generally not result in an increase of taxes for that municipality if the vehicles were not actually titled and registered there.

I hope this information is helpful. The Department of Revenue maintains a website, 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,

Melanie A. Jarvis
Associate Counsel

MAJ:msk