

**Illinois Department of Revenue
Regulations**

Title 86 Part 130 Section 130.2055 Retailer's Occupation Tax

Section 130.2055 Sales by Governmental Bodies

- a) Sales by the State of Illinois and by Local Governments in Illinois
Effective August 1, 1961, the State of Illinois or any local governments in Illinois, or any agency or instrumentality of any such governmental body, incurs Retailers' Occupation Tax liability when it engages in the selling of tangible personal property at retail to the public other than in the performance of a governmental function. This includes the selling of fuel to users by airport authorities or other governmental bodies, except that, until June 30, 2013, it does not include the proceeds from the sale of fuel and petroleum products sold to or used by an air common carrier, certified by the carrier to be used for consumption, shipment or storage, in the conduct of its business or as an air common carrier, for a flight destined for or returning from a location or locations outside the United States without regard to previous or subsequent domestic stopovers. *Beginning July 1, 2013, it does not include fuel and petroleum products sold to or used by an air carrier, certified by the carrier to be used for consumption, shipment or storage in the conduct of its business as an air common carrier, for a flight that is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and that transports at least one individual or package for hire from the city of origination to the city of final destination on the same aircraft, without regard to a change in the flight number of that aircraft (see 86 Ill. Adm. Code 130.321). [35 ILCS 120/2-5(22)]* Also included is the operation of public stands by park districts or other governmental bodies, etc., but does not include the furnishing of utility services to the public, and does not include sales that may be made by such a governmental body to the public involving the performance of a governmental function (such as the sale of motor vehicle license plates by the State of Illinois).

- b) Sales by the United States Government and by Foreign Governments
Since a state may not place the legal incidence of its taxes directly on the United States Government or on a foreign government, sales by the United States Government and foreign governments, or any agency or instrumentality of any such government, are not subject to the Retailers' Occupation Tax even though such sales may be made in Illinois. For example, sales by the United States Postal Service are not subject to Retailers' Occupation Tax.

(Source: Amended at 39 Ill. Reg. _____, effective _____)