



Illinois Department of Revenue

Informational Bulletin

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This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

Miscellaneous Sales and Use Tax Changes

To:
All retailers and servicepersons

This bulletin includes several changes in the sales and use taxes law. For purposes of the bulletin, sales and use tax refers to the following tax acts:

- Retailers' Occupation Tax
- Use Tax
- Service Occupation Tax
- Service Use Tax

Public-Facilities Corporation

Effective October 11, 2007, an exemption from sales and use taxes has been established for public-facilities corporations.

What is a "public-facilities corporation?"

A public-facilities corporation is an Illinois not-for-profit corporation

- whose purpose is charitable and civic, and
- that is organized only to act on behalf of a qualifying municipality for municipal convention hall purposes.

What municipalities are authorized to start (through incorporation) a public-facilities corporation?

The only municipalities that are authorized to incorporate a public-facilities corporation must have a population either

- exceeding 40,000, or
- of 12,500 or more but less than 25,000 that are located in a county with a population of 250,000 or more but less than 260,000 and that do not levy a property tax.

What are the duties a public-facilities corporation will perform for the qualifying municipality?

The sole duties of a public-facilities corporation are

- acquiring one or more sites for building a municipal convention hall,
- constructing, building, and equipping the municipal convention hall, and
- collecting revenues from the activities of the public-facilities corporation.



Are the purchases a public-facilities corporation makes on behalf of a municipality exempt from tax?

Any items purchased by a public-facilities corporation to construct or furnish a municipal convention hall are exempt from sales and use taxes.

Does this exemption apply to the purchases made by a public-facilities corporation if it was incorporated by a municipality before October 11, 2007?

Yes, providing both the municipality and the public-facilities corporation meet the requirements outlined above.

How do I report the exempt sale I make to a public-facilities corporation?

Report the exempt sale on Line 16, Other, of the Form ST-1, Worksheet for Line 2. In the space provided, write “public-facilities corporation” to describe the exemption. The total deductions from the work sheet will be carried forward to Line 2 of the Form ST-1.

Community Water Supply Exemption

Effective January 1, 2008, items purchased for the use in the construction or maintenance of a community water supply is exempt from sales and use taxes.

How is “community water supply” defined?

A “community water supply” is defined as a public water supply that

- serves or is intended to serve at least 15 service connections used by residents, or
- regularly serve at least 25 residents.

The community water supply must be operated by a not-for-profit corporation which holds a valid water supply permit.

How do I report the sale?

Report the exempt sale on Line 16, Other, of Form ST-1, Worksheet Line 2. In the space provided, write “community water supply” to describe the exemption. The total deductions from the work sheet will be carried forward to Line 2 of Form ST-1.

The purchaser will need to provide a copy of the permit from the Environmental Protection Agency in order to make tax-free purchases.

Tax Exemption on Horses

Effective January 1, 2008, the exemption for sales and use taxes paid on qualifying horses or interests in qualifying horses that are used for breeding or racing for prizes has been reinstated.

This exemption was reinstated to be effective May 30, 1995. If no tax was collected, no tax is due. If a horse meeting the requirements for exemption was sold on or after May 30, 2000 through December 31, 2007 and tax was collected, a claim for credit **cannot** be filed to recover the tax paid.

Note: For sales made on or after January 1, 2008, if tax is erroneously collected, a claim for credit may be filed.

What horses qualify for the exemption?

To qualify, the horse must be registered with and meet the requirements of the

- Arabian Horse Club Registry of America,
- Appaloosa Horses Club,
- American Quarter Horse Association,
- United States Trotting Association, or
- Jockey Club.