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Bulletin

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Certain Medical Devices Prescribed for Cancer Treatment to Be Taxed at Low Rate

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

To: All retailers and servicepersons filing Form ST-1, Sales and Use Tax and E911 Surcharge Return

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PA 99-858 amends the Retailers' Occupation Tax Act, 35 ILCS 120/1, *et seq.*, the Use Tax Act, 35 ILCS 105/1, *et seq.*, the Service Occupation Tax Act, 35 ILCS 115/1, *et seq.*, and the Service Use Tax Act, 35 ILCS 110/1, *et seq.*, to provide that certain medical devices prescribed to treat cancer are taxed at the low rate imposed on qualifying sales of food, drugs, and medical appliances.

When does PA 99-858 become effective?

PA 99-858 became effective immediately upon being signed into law on August 19, 2016.

What are the medical devices that are taxed at the low rate?

PA 99-858 applies the low rate imposed on qualifying sales of food, drugs, and medical appliances to sales of products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription, as well as any accessories and components related to those devices. One example of such a device is tumor treating fields therapy, which is a prescription Class III medical device that is used for cancer treatment.

What is the low rate?

Statewide, the base sales tax rate imposed on sales of food that is to be consumed off the premises where it is sold (except alcoholic beverages and soft drinks), drugs, and medical appliances is 1%, but an additional local sales tax may apply to purchases made in the Metro-East Mass Transit District or the Regional Transportation Authority District. Use the Tax Rate Database, available on our website at tax.illinois.gov, to verify your local sales tax rate.