

Illinois Department of Revenue
J. Thomas Johnson, Director
101 West Jefferson Street
Springfield, Illinois 62794

INFORMATIONAL BULLETIN FY87-30E

TO: Business Enterprises (and the Suppliers of Business Enterprises) Certified by the Department of Commerce and Community Affairs Under the Provisions of P.A. 84-940

SUBJECT: Sales Tax Exemption for Tangible Personal Property Purchased for Use Within an Enterprise Zone in the Process of Manufacturing or Assembling or in the Operation of Pollution Control Facilities

SALES TAX EXEMPTION

The Illinois Department of Commerce and Community Affairs (DCCA) has certified that your business is eligible to make tax exempt purchases of tangible personal property for use in the manufacturing or assembling process in an enterprise zone or in the operation of pollution control facilities in an enterprise zone (under provisions of Public Act 84-940).

This bulletin explains to both purchasers and their suppliers what the exemption is and how it "works." Therefore, please give a copy of this bulletin to all suppliers from whom you are making tax exempt purchases.

FROM WHICH TAXES ARE THESE PURCHASES EXEMPT?

The DCCA certificate grants an exemption from the state sales taxes; i.e., Illinois retailers' occupation tax, Illinois service occupation tax, Illinois use tax, and Illinois service use tax.

The DCCA certificate does not grant an exemption from local (municipal or county) sales taxes. Only the locality (municipal or county) in which your supplier is located may grant an exemption from the municipal or county sales tax. To inquire into exemption from these local taxes, you must contact the local government in which your supplier is located.

Also, these purchases are not exempt from any of the following sales taxes; mass transit tax (imposed by the Regional Transportation Authority or the Metro-East Transit District); county supplementary tax (imposed by most counties other than Cook County); or county water commission tax (imposed by the DuPage Water Commission). Further, these taxing authorities are not authorized to grant exemptions from these taxes.

WHICH PURCHASES QUALIFY FOR THE EXEMPTION

Purchases which qualify for this exemption include any tangible

personal property you, as a DCCA-certified business, will use or consume in an enterprise zone in:

- The process of manufacturing or assembling tangible personal property for sale or lease, including direct on-line manufacturing machinery and equipment; repair and replacement parts for such machinery and equipment; tools, material, and supplies used to maintain, repair, or operate such machinery and equipment; and manufacturing fuels; or
- The operation of pollution control facilities, including facilities which eliminate, prevent, or reduce air or water pollution and facilities which treat pollutants which if released without treatment would be harmful or offensive. Included in the exemption are materials and supplies such as fuel, chemicals, catalysts, lubricants, and coolants used in connection with such facilities.

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WHAT MUST THE PURCHASER GIVE THE SUPPLIER AS PROOF THAT A PURCHASE QUALIFIES FOR THE EXEMPTION?

When making exempt purchases, you must provide suppliers with the following information:

- a copy of your business' current certificate of eligibility issued by the Department of Commerce and Community Affairs.
- a signed statement that the items you are purchasing will be used in an enterprise zone in a manufacturing or assembling process or in the operation of a pollution control facility. (A sample of this "Purchaser's Statement" is set out below.)

ALSO, either you or your supplier should indicate on the face of the invoice or purchase order that the transaction is exempt by referencing the certificate of eligibility and signed purchaser's statement. Please note that your business enterprise is authorized to make exempt purchases under P.A. 84-940 only for the period specified on your certificate of eligibility. So long as a copy of your current certificate of eligibility and your purchaser's statement are maintained by your supplier, you may claim the exemption on subsequent purchases from that supplier merely by referencing the certificate and purchaser's statement on subsequent invoices or purchase orders.

PURCHASER'S STATEMENT

All tangible personal property purchased by _____
and so designated on invoice or purchase order will be used or
consumed:

_____ in a manufacturing or assembling process, or
_____ in the operation of pollution control facilities

at _____, which is in the _____
enterprise zone, established under the authority of the Illinois
Zone Act.

Signature of purchaser

Date

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NOTE TO SUPPLIERS: HOW TO COMPLETE YOUR SALES TAX RETURN

Follow the appropriate set of instructions below.

If a purchaser presents a certificate of eligibility FROM THE ILLINOIS DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS ONLY:

1. Do not collect Illinois tax.
2. Do collect local (municipal or county) tax.
3. Do collect mass transit tax (RTA or Metro-East) if you are located in a mass transit region.
4. Do collect county supplementary tax and county water commission tax if your county has imposed such taxes.
5. Report receipts from the sale, including all applicable taxes, in item 1 on your RR-1-A.
6. Deduct receipts from the sale, including all applicable taxes, in item 14 and identify as "E.Z. Manufacturing" or "E.Z. Pollution Control."
7. Include taxable receipts from sale in item 41 (local Retailers' Occupation Tax Base).
8. Include taxable receipts from the sale in item 46 (Mass Transit Retailers' Occupation Tax Base), if applicable.
9. Include taxable receipts from the sale in the calculation of county supplementary tax, line 50, and county water commission tax, line 53, if applicable.

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If a purchaser presents a certificate of eligibility FROM THE ILLINOIS DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS AND FROM THE LOCAL GOVERNMENT (municipality or county) in which you are located:*

1. Do not collect Illinois tax.
2. Do not collect local (municipal or county) tax.
3. Do not collect mass transit tax (RTA or Metro-East) if you are located in a mass transit region.
4. Do collect county supplementary tax and county water commission tax if your county has imposed such taxes.
5. Report receipts from the sale, including all applicable taxes, in item 1 on your RR-1-A.
6. Deduct receipts from the sale, including all applicable taxes, in item 14 and identify as "E.Z. Manufacturing" or "E.Z. Pollution Control."
7. Include taxable receipts from the sale in item 46 (Mass Transit Retailers' Occupation Tax Base), if applicable.
8. Include taxable receipts from the sale in the calculation of county supplementary tax, line 50, and county water commission tax, line 53, if applicable.

If a purchaser presents a certificate of eligibility from the local government (municipality or county) in which you are located but has NO CERTIFICATE FROM THE ILLINOIS DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS:

1. Do collect Illinois tax.
2. Do not collect local (municipal or county) tax.

3. Do collect mass transit tax (RTA or Metro-East) if you are located in a mass transit region.
4. Do collect county supplementary tax and county water commission tax if your county has imposed such taxes.
5. Report receipts from the sale, including all applicable taxes, in item 1 on your RR-1-A.
6. Deduct receipts from the sale, including all applicable taxes, in item 41 (Local Retailers Occupation Tax Base).
7. Attach a statement to your return explaining that you have a local exemption certificate but no DCCA certificate.

* IF YOU ARE LOCATED IN THE CORPORATE LIMITS OF A MUNICIPALITY, THE CERTIFICATE OF ELIGIBILITY HAS TO BE ISSUED BY THAT MUNICIPALITY. IF YOU ARE LOCATED IN THE UNINCORPORATED AREA OF A COUNTY, THE CERTIFICATE OF ELIGIBILITY HAS TO BE ISSUED BY THAT COUNTY.

FOR MORE INFORMATION

If you have questions or need more information, please contact us. Our address and telephone number are at the top of this bulletin.

Roger D. Sweet
Director of Revenue

Issued: March 1987

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