

Persons who provide cleaning or janitorial services and use cleaning supplies as part of those services incur Use Tax liability on the cost price of those cleaning supplies. See, generally, 86 Ill. Adm. Code 150.101 (This is a GIL.)

February 25, 2010

Dear Xxxxx:

This letter is in response to your letter dated August 5, 2009, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Hello. We are a Janitorial and Security Services company headquartered in New York. We are planning to begin conducting business in Illinois.

We would like to update our files with the appropriate tax information. Are Janitorial services and supplies, such as soap or toilet paper, taxable in Illinois under your State Sales Tax law?

If so, what are your state and city sales tax rates to be charged for janitorial services and rebillable supplies? Or are these services and supplies billed as non-taxable?

Could you please advise us on this specific Sales Tax issue whether or not the client pays sales tax in this case and at what tax rate or if this specific charge is non-taxable under State tax law? Please advise how we can find out how to find out if services are taxable in different cities/counties.

Your prompt attention to these matters is greatly appreciated. Thank you for your help.

DEPARTMENT'S RESPONSE:

The sale of services in which no tangible personal property is transferred incident to those services is not subject to Retailers' Occupation Tax or Use Tax (sales tax) in Illinois. The Retailers' Occupation Tax Act and Use Tax Act apply only to retail sales of tangible personal property. See 86 Ill. Adm. Code 130.101. However, if tangible personal property is transferred incident to sales of service, this will result in either Service Occupation Tax liability or Use Tax liability for the servicemen depending upon his activities. For your general information see 86 Ill. Adm. Code 140.101 through 140.109 regarding sales of service and Service Occupation Tax. If no tangible personal property is transferred incident to a sale of service, then no Service Occupation Tax would apply.

In Illinois, Use Tax is imposed, however, on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See 86 Ill. Adm. Code 150.101. If the purchases occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. If the purchases occur outside Illinois, and the vendor does not collect the Illinois tax, purchasers must self assess their Use Tax liability and remit it directly the Department.

It is the Department's understanding that normally no tangible personal property is transferred to customers of cleaning or janitorial services. However, persons who provide cleaning or janitorial services and use cleaning supplies as part of those services incur Use Tax liability on the cost price of those cleaning supplies because they are using those cleaning supplies in this State. The recipients of those services incur no tax liability in regards to the use of the supplies by the cleaning or janitorial service providers. Because the supplies are used by the providers of cleaning or janitorial services, they cannot be purchased for resale.

For your general information regarding local taxes, please see the Department's website for the tax rate finder for local taxes.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Debra M. Boggess
Associate Counsel

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