

The Department will not approve the accuracy of private legal publications. This letter provides reference to Department rules concerning exempt organizations. See 86 Ill. Adm. Code 130.2005 and 130.2007. (This is a GIL.)

March 28, 2011

Dear Xxxxx:

This letter is in response to your letter dated February 3, 2011, 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:

Thank you for your office's cooperation in the compiling of information for HANDBOOK. The sixth edition of this book is scheduled to go to press in April. I anticipate that it will answer many basic questions, and reduce the workload of your staff.

To make sure that the information about your office is up-to-date and accurate, I am requesting that you review the enclosed excerpt from this book. If the information is correct, please note that on the enclosed reply form. If the information needs to be revised, please indicate that on the reply form with appropriate corrections. A self-addressed, stamped envelope is enclosed for your convenience.

I would appreciate it if you would return this reply form or fax it. There is, of course, no charge for your office to be included in this publication.

Thank you very much for participating in this publication.

Your attachment reads as follows:

TAX EXEMPTIONS

Contact:

*Local Government Services Bureau – MC3-520
Illinois Department of Revenue
101 W. Jefferson Street
Springfield, IL 62702
(800) 732-8866
(217) 782-8881*

Citation: 35 ILCS 5/ §205(a)—corporate income tax; 86 Ill. Admin. Code Section 130.2007(b)—Illinois Retailers' Occupation Tax.

Requirements: Organizations exempt from federal income tax are exempt from state corporate income tax, other than unrelated business income tax. The Retailers' Occupation Tax exemption extends to tangible personal property sold to a 'governmental body, to a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, or to a not-for-profit corporation, society, association, foundation, institution, or organization that has no compensated officers or employees and that is organized and operated primarily for the recreation of persons 55 years of age or older.' Exemption also exists for various other entities, including property sold to a 'not-for-profit music or dramatic arts organization that establishes, by proof required by the Department by rule, that it has received an exemption under Section 501(c)(3) of the Internal Revenue Code and that it is organized and operated for the presentation of live public performances of musical or theatrical works on a regular basis.' More details about exemptions can be found in publications at: <http://www.revenue.state.il.us/publications/pubs/pio37.htm>

Application: No special petition is required for exemption from the state income tax. For exemption from the Illinois Retailers' Occupation Tax, submit request by letter to the Illinois Department of Revenue; include copy of Articles of Incorporation, constitution, and bylaws; a narrative explaining purposes, functions, and activities; the IRS determination letter, if available; most recent financial statement (other than for religious organizations); brochures; and other relevant information.

DEPARTMENT'S RESPONSE:

The Department does not approve the accuracy of private legal publications. We advise you to consult Illinois statutes and administrative rules as well as Department publications on these matters.

The regulations addressing the organizations referred to in your letter can be found at 86 Ill. Adm. Code 130.120 (Nontaxable Transactions), Section 130.2004 (Sales to Nonprofit Arts or Cultural Organizations), Section 130.2005 (Persons Engaged in Nonprofit Service Enterprises and in Similar Enterprises Operated As Businesses, and Suppliers of Such Persons), Section 130.2007 (Exemption Identification Numbers) and Section 130.2080 (Sales to Governmental Bodies, Foreign Diplomats and Consular Personnel).

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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