

The graphic arts machinery and equipment exemption does not include consumable supplies. See Section 130.325(b)(2). (This is a GIL.)

June 22, 2011

Dear Xxxxx:

This letter is in response to your letter dated February 22, 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](http://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:

We are a graphics art supply / equipment wholesaler. One of the products we sell is press packing materials. Press packing can be a variety of different material including paper or plastic. Here is a brief overview of press packing: *Press Packing papers are used in the pressroom to prepare a press for printing. Packing is used to build up the plate and blanket cylinder to the proper diameters or height and insure the best image quality. Packing creates the proper 'balance of pressure' or 'squeeze' between the inked plate and the surface to which it is applied. Careful attention to the packing relationship between the plate cylinder and the blanket cylinder will reduce waste, make-ready time and assist the pressman in delivering a quality-printed project. The skilled printing craftsman prefers packing paper characteristics, which include a special fiber and finish recipe for strength, resiliency, durability, smoothness, and caliper uniformity.*

*Example: If the plate cylinder is undercut .016 inch, and the plate 'mics' out at .010 inch, this indicates a need for .006 inch of packing if the plate is to be packed evenly with the bearer. More packing will, of course, be needed if the plate is to be packed higher than the bearer. Similar measurements on the blanket cylinder undercut will yield the proper caliber requirement for packing that cylinder. Press Packing Papers are made for only one use – to achieve correct printing pressures on a press run.*

Several of our customers are claiming this product is exempt from sales tax because it is listed on the IL PIA matrix (enclosed). According to our research this is taxable per 86 ILL. Admin. Code 130.325. With the information supplied, what is the taxability if [sic] press packing materials? If you need additional information please feel free to contact me.

**DEPARTMENT'S RESPONSE:**

The Department's rules regarding the Graphic Arts Machinery and Equipment Exemption are set forth at 86 Ill. Adm. Code 130.325. Under the graphic arts machinery and equipment exemption, Retailers' Occupation Tax does not apply to sales of machinery and equipment, including repair and replacement parts, both new and used and including that manufactured on special order to be used primarily in graphic arts production. The exemption extends to purchases by lessors who will lease the property for use primarily in graphic arts production. Taxpayers must certify the use of the equipment they are purchasing to their suppliers. On and after July 30, 2009, P.A. 96-116 imposes the additional requirement that the qualifying graphic arts machinery and equipment be used primarily in the production of tangible personal property for wholesale or retail sale or lease.

The Department's regulation at Section 130.325(b)(1)(D) provides that "[t]he exemption includes printing by methods of engraving, letterpress, lithography, gravure, flexography, screen, quick, and digital printing." Graphic arts *machinery and equipment* used in the prepress preliminary process generally are included within the exemption. See Section 130.325(b)(4)(A). However, materials used or consumed in the graphic arts process are not included within the exemption. 86 Ill. Adm. Code 130.325(b).

In general, the item that you describe appears to qualify for the graphic arts machinery and equipment exemption; however, if the item is a one-time expendable supply like one-time use printing plates, for example, the item would not qualify for the exemption. See Section 130.325(c)(2).

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

Very truly yours,

Richard S. Wolters  
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RSW:mks