

Costs of doing business are an element of a retailer's gross receipts subject to tax even if separately stated on the bill to the customer. See 86 Ill. Adm. Code 130.410. (This is a GIL.)

January 25, 2018

Dear Xxxxx:

This letter is in response to your letter dated November 2, 2017, in which you requested 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:

I would like to get a letter ruling on charging sales tax to customers and customer's insurance company on disposal of hazardous waste and shipping charges incurred by our body shop on parts delivered to us for use on customers vehicle.

**DEPARTMENT'S RESPONSE:**

Retailers' Occupation Tax is imposed upon persons engaged in this State in the business of selling tangible personal property for use or consumption. Retailers' Occupation Tax is based upon the "selling price" of the tangible personal property sold. In computing Retailers' Occupation Tax liability, no deductions shall be made by a taxpayer from gross receipts or selling prices on account of the cost of property sold, the cost of materials used, labor or service costs, idle time charges, incoming freight or transportation costs, overhead costs, processing charges, clerk hire or salesmen's commissions, interest paid by the seller, or any other expenses whatsoever. Costs of doing business are an element of the retailer's gross receipts subject to tax even if separately stated on the bill to the customer. See 86 Ill. Adm. Code 130.410.

Incoming transportation and delivery costs are costs incurred by a retailer in acquiring tangible personal property for sale or moving tangible personal property from one location to another location, up to and including transportation to a point from which the property will be delivered or shipped to the customer, or picked up by the customer. Incoming transportation and delivery costs are a

business expense to the retailer and may not be deducted from the gross receipts from sales of tangible personal property at retail. However, the retailer may pass those costs on to its customers by quoting and billing those costs separately from the price of the tangible personal property sold. See 86 Ill. Adm. Code 415(b)(2). Generally, fees, charges and surcharges (e.g., hazardous material fees) are also costs of doing business subject to the tax.

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,

Debra M. Boggess  
Associate Counsel

DMB:bkl