

ST 25-0008-GIL 03/04/2025 DRUGS & MEDICAL APPLIANCES

A medical appliance is an item that directly substitutes for a malfunctioning part of the human body. Products that qualify as medical appliances are taxed at a lower State tax rate of 1% plus any applicable local taxes. 86 Ill. Adm. Code 130.311. (This is a GIL).

March 4, 2025

NAME

COMPANY d/b/a COMPANY1

ADDRESS

Dear NAME:

This letter is in response to your letter dated February 4, 2025, 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 <https://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 am requesting a letter ruling to consider exempting my customers from being required to pay sales tax on wheelchair ramps. As my clients are primarily disabled with very high medical expenses, and senior citizens, most of which living on fixed incomes, I was hoping you would consider this request. When speaking with a representative at the Illinois Taxpayer Assistance Division, they mentioned that wheelchairs appeared to be exempt under section 130.311. Perhaps the ramps that are required for the use of these wheelchairs could be exempted as well? We provide ramps for residents in both STATE and Illinois, and I've enclosed a copy of the letter ruling we were provided for STATE simply for your reference in case I've made a mistake in the procedure for making a request such as this.

March 4, 2025

Issue: Are Applicant's sales and rentals of wheelchair accessibility ramps, stair lifts, and grab bars that allow users access to stairways and over door thresholds exempt from sales and use tax? This issue is not presently under investigation or audit by the Department of Revenue, and Applicant is not presently pursuing any protest, litigation or negotiation on the issue with the Department of Revenue.

Facts: COMPANY1 (Applicant) sells, rents and assembles wheelchair accessibility ramps that allow users access on stairways and over door thresholds. The ramps are prefabricated in an out-of-state factory and shipped to Applicant for distribution. Ramps may be rented for short durations or can be purchased for longer-term needs.

Desired Result: To receive a current letter ruling that confirms the exemption of the sale or rental of ambulatory aids from sales and use tax.

Please let me know if you have any questions or concerns and thank you for your consideration.

DEPARTMENT'S RESPONSE:

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 35 ILCS 120/2; 86 Ill. Adm. Code 130.101. In Illinois, Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See 35 ILCS 105/3; 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales" tax in Illinois. If the purchases occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. The retailers are then allowed to retain the amount of Use Tax paid to reimburse themselves for their Retailers' Occupation Tax liability incurred on those sales. If the purchases occur outside Illinois, purchasers must self-assess their Use Tax liability and remit it directly to the Department.

Effective January 1, 2025, in accordance with the provisions of Article 75 of Public Act 103-592, persons engaged in the business of leasing tangible personal property at retail ("lessors") in Illinois are subject to State and local retailers' occupation tax on the gross receipts from leases of tangible personal property made in the course of business. See 35 ILCS 120/2. A "lease" is defined as a transfer of the possession or control of, the right to possess or control, or a license to use, but not title to, tangible personal property for a fixed or indeterminate term for consideration, regardless of the name by which the transaction is called, but does not include a lease entered into merely as a security agreement that does not involve a transfer of possession or control from the lessor to the lessee. On and after

March 4, 2025

January 1, 2025, for purposes of State and local retailers' occupation taxes, the term "sale" includes a lease. See 35 ILCS 120/1. The tax applies to lease receipts received on or after January 1, 2025, for leases in effect, entered into, or renewed on or after that date. The lessor must remit for each tax return period the tax applicable to lease receipts received during that tax return period. See 35 ILCS 120/2.

All gross receipts from sales of tangible personal property in Illinois are subject to Retailers' Occupation Tax unless an exemption is specifically provided. Medicines and medical appliances are not taxed at the basic State rate of 6.25% plus applicable local taxes. These items are taxed at a reduced State rate of 1% plus applicable local taxes. See 86 Ill. Adm. Code 130.311, Drugs, Medicines, Medical Appliances and Grooming and Hygiene Products. Items subject to this lower tax rate include prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by human diabetics. See 86 Ill. Adm. Code 130.311(a).

A medicine or drug is defined as any pill, powder, potion, salve, or other preparation for human use that purports on the label to have medicinal qualities. A written claim on the label that a product is intended to cure or treat disease, illness, injury, or pain, or to mitigate the symptoms of such disease, illness, injury, or pain constitutes a medicinal claim. See 86 Ill. Adm. Code 130.311(c)(1) for examples of medicinal claims.

A medical appliance is an item that is used to directly substitute for a malfunctioning part of the human body. Included in the exemption as medical appliances are such items as artificial limbs, dental prostheses and orthodontic braces, crutches and orthopedic braces, wheelchairs, heart pacemakers, and dialysis machines (including the dialyzer). Corrective medical appliances such as hearing aids, eyeglasses, and contact lenses qualify for 1% rate. Moreover, generally, home glucose monitors, test strips, and related supplies used to treat human diabetes also qualify for the 1% State rate of tax. See 86 Ill. Adm. Code 130.311(g).

Wheelchairs qualify for the low rate of tax. See 86 Ill. Adm. Code 130.311(e)(1). However, wheelchair ramps, stair lifts, and grab bars do not generally qualify for the low rate. In order to qualify for the low rate of tax as a medical appliance, the item must directly substitute for a malfunctioning part of the body. These items do not meet this requirement.

Wheelchair ramps, stair lifts, and grab bars are devices which, while used to assist a person with physical disabilities, do not directly substitute for a malfunctioning part of the body. Such items do not fall within the definition of medical appliance and are, therefore, taxed at the State sales tax rate of 6.25% plus any applicable local taxes.

COMPANY d/b/a COMPANY1/NAME

Page 4

March 4, 2025

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Information Division at 800-732-8866.

Very truly yours,

Kimberly Rossini
Associate Counsel

KAR:slc