ST 25-0047-GIL 09/09/2025 MISCELLANEOUS

This letter responds to an annual survey. (This is a GIL.)

September 9, 2025

NAME

EMAIL
EMAIL1

Re: GUIDE Survey of State Tax Departments

Dear NAME:

This letter is in response to your email dated June 26, 2025, in which you requested information. Department of Revenue ("Department") regulations require that the Department issue only two types of letter rulings, Private Letter Rulings ("PLRs") and General Information Letters ("GILs"). 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 against the Department, but only as to the taxpayer issued the ruling and only to the extent the facts recited in the PLR are correct and complete. The purpose of GILs is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. GILs do not constitute statements of Department policy that apply, interpret, or prescribe the tax laws, and are not binding on the Department. See 2 Ill. Admin. Code 1200 for more information. 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:

> Each year, COMPANY collects and disseminates information regarding the tax laws of each state. The results of the annual survey are published in the *GUIDE*, which has been one of the premier state tax reference books for over 40 years. Your assistance in the preparation of the 2026 edition is essential and greatly appreciated by the users of the Guide.
>
> Please complete the attached corporate income tax and sales tax questionnaires and email the completed questionnaires to EMAIL1 by August 29, 2025. All new questions are highlighted in red font. To save time, please respond only to the new questions and to the prior year questions that require a change. All unanswered questions will be considered to have the same response as last year, unless otherwise noted. If your responses to last year's questionnaire would be helpful, let us know and we will send you a copy.

Instructions

All new questions are highlighted in red font. **To save time, please respond only to the new questions and to the prior year questions that require a change.** All unanswered questions will be considered to have the same response as last year, unless otherwise noted.

Provide answers based on the state laws in effect on July 1, 2025.

Please list the state employee(s) to contact if we have a question regarding a response: information you have previously recorded in the comments section, please make those modifications in red font.

Please email the completed questionnaire to EMAIL1 by **August 29, 2025**.

If you have any questions, contact NAME at EMAIL

DEPARTMENT'S RESPONSE:

We are unable to respond to your survey in the format provided. However, we hope you find the following information regarding the updated questions helpful.

A. SALES AND USE TAX ADMINISTRATION

[13] CREDITS

- **Does your state allow a credit for legally imposed:**
  - ***Sales tax* paid to a local jurisdiction in another state?** ☐ **Yes** ☐ **No**
  - ***Use tax* paid to a local jurisdiction in another state?** ☐ **Yes** ☐ **No**

DEPARTMENT'S RESPONSE:

The Use Tax Act provides that in order to prevent actual or likely multistate taxation, the Use Tax does not apply to the use of tangible personal property in this State of tangible personal property that is acquired outside this State and caused to be brought into this State by a person who has already paid a tax in another state in respect to the sale, purchase, or use of that property, to the extent of the amount of the tax properly due and paid in the other state. See 86 Ill. Adm. Code 150.310.

[16] NEXUS. If a corporation's sole activity in your state is the activity identified below, does the activity create an obligation to collect and remit sales/use tax (check each activity that would, by itself, create sales/use tax nexus)?

[f] MARKETPLACE FACILITATORS

▪ **Does your state impose sales tax on the fees charged by marketplace facilitators for the use of their platform? ☐ Yes ☐ No**

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 at retail to purchasers for use or consumption. See 86 Ill. Adm. Code 130.101. Fees charged by marketplace facilitators to marketplace sellers for use of a marketplace platform are not subject to the Retailers' Occupation Tax. However, if a marketplace seller includes such fees in the price of a product it sells over the marketplace, the fees would be subject to the Retailers' Occupation Tax as a cost of doing business. Such costs 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.

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. 86 Ill. Adm. Code 130.410.

B. SALES AND USE TAX BASE

[1] TAXABLE ITEMS

[a] INFORMATION SERVICES

▪ Does your state impose sales/use tax on "information services"? ☐ Yes ☐ No

▪ If YES, which of the following information services are taxable (check all that apply)?

☐ Press clipping services ☐ News feeds ☐ Legal research databases ☐ Customer lists

☐ Streaming stock quotes ☐ Real estate listings ☐ Credit score information ☐ Medical records

☐ Real estate property tax records ☐ Criminal background checks ☐ Insurance claim processing

☐ Data broker services including individual data detail on employment and rental history, religious or political affiliation, finances, income, website use, store visits, sexual orientation, and location.

☐ Subscription price for artificial intelligence providers such as ChatGPT

▪ Are any of these items taxable as something other than an information service? ☐ Yes ☐ No

▪ If YES, indicate which items and reason taxed:

DEPARTMENT'S RESPONSE:

Under the Service Occupation Tax Act, businesses providing services (i.e. servicemen) are taxed on tangible personal property transferred as an incident to sales of service. See 86 Ill. Adm. Code 140.101. The provision of a service in Illinois that is not accompanied by the transfer of tangible personal property is generally not subject to Retailers' Occupation Tax or Service Occupation Tax liability.

Information or data that is electronically transferred or downloaded is not considered the transfer of tangible personal property in this State. These types of transactions represent the transfer of intangibles and are not subject to Retailers' Occupation and Use Tax. See 86 Ill. Adm. Code 130.2105(a)(3). The Department does not consider the viewing, downloading or electronically transmitting of video, text, and other data over the internet to be the transfer of tangible personal property. However, if a company provides services that are accompanied with the transfer of tangible personal property (*e.g.*, medical records delivered to a customer in a hardcopy version, rather than sent electronically), such service transactions are generally subject to tax liability. For general information, see 86 Ill. Code 140.101 through 140.109 regarding sales of service and Service Occupation Tax.

Computer software is defined broadly in the Retailers' Occupation Tax Act and Service Occupation Tax. However, computer software provided through a cloud-based delivery system – a system in which computer software is never downloaded onto a client's computer and is only accessed remotely - is not subject to tax. Illinois generally does not tax subscriptions relating to a cloud-based delivery system.

[4] TAX BASE. Which items are included in the price that is subject to sales/use tax (check all that apply)?

☐ Alcohol or beverage taxes	☐ Federal luxury excise tax	☐ Retailer's own coupons
☐ Carrying charges	☐ Installation charges	☐ Sales of repossessed property
☐ Cash and trade discounts	☐ Labor/service costs	☐ Tobacco taxes
☐ Credit for bad debts	☐ Manufacturer's coupons	☐ Trade-in allowance
☐ Delivery/shipping charges	☐ Manufacturer's rebates	☐ Transportation charges
☐ Dues	☐ Personnel training costs	☐ Retailer's cash discount to consumer
☐ Federal gas taxes	☐ Federal excise tax on tires	☐ Federal excise tax on sporting equipment
☐ Federal telecommunications universal service fund fee		
☐ State telecommunications universal service fund fee		

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 at retail to purchasers for use or consumption. See 86 Ill. Adm. Code 130.101. Accordingly, federal and State telecommunications universal service fund fees are excluded from such taxes. Note the Illinois Universal Service Fund surcharge, (220 ILCS 5/13-301), is collected by Illinois Commerce Commission.

Telecommunications carriers are subject to the Telecommunications Excise Tax Act, which imposes a tax upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charge for such telecommunications purchased at retail from retailers. See 86 Ill. Adm. Code 495.140. See also ST 08-0042-GIL.

[44] LOCAL TAXATION
[e] ADMINISTRATION

▪ Does the state administer all local taxes, i.e., collect receipts and perform audits for local jurisdictions? ☐ Yes ☐ No, local jurisdictions audit and collect their own taxes
▪ How are intrastate sales of tangible personal property sourced? **☐ Origin based** **☐ Destination based**

DEPARTMENT'S RESPONSE:

The Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property at retail to purchasers for use or consumption. [35 ILCS 120/2]. A principal consideration for retailers with selling activities in multiple jurisdictions within Illinois is a determination of the proper situs for the business of selling to be taxed. Because of the variation of selling activities a retailer may use; it is impossible to cover in a sourcing rule the tax consequences of every possible scenario. To assist taxpayers in determining the proper jurisdiction for local tax liability, 86 Ill. Adm. Code 270.115 includes guidelines which discuss in part, "primary selling activities", "secondary selling activities" and "short cuts". The administrative rule provides that a retailer engaging in three or more primary selling activities in one location in the State for a particular sale shall remit the retailers' occupation tax imposed at that in-State location. See 86 Ill. Adm. Code 270.115(c)(2). With respect to intrastate sales by marketplace facilitators, see 86 Ill. Adm. Code 270.115(f) and (g).

[45] ENERGY CONSERVATION EXEMPTIONS

▪ Does your state provide a sales/use tax exemption for any of these items (check all that apply)? ☐ Energy Star-rated appliances ☐ Electric/hybrid vehicles ☐ Windmills **☐ Photovoltaic panels ☐ Solar inverters ☐ Solar batteries** **☐ Mounting structures for solar panels☐ Solar energy meter or monitoring systems** ☐ Energy Star-rated florescent light bulbs ☐ Solar electricity generating equipment ☐ Any device, equipment or machinery operated by hydrogen or fuel cells ☐ Other, explain:

DEPARTMENT'S RESPONSE:

Currently, Illinois has no exemption for solar energy systems or related component parts.

[47] DIGITAL PRODUCTS. Does your state impose sales/use tax on these items when sold in digital form
(check all that apply)?

☐ Books	☐ Movies	☐ Recorded music
☐ Magazines	☐ Newspapers	☐ Subscriptions to magazines or newspapers
☐ Streaming video	☐ Remote access software	☐ Digital automated service (DAS)
☐ Cryptocurrency	☐ Nonfungible tokens (NFTs)	☐ **Online courses**
☐ **Digital art**	☐ **Digital photography**	☐ **Fitness programs**
☐ **Templates**	☐ **Guides and brochures**	☐ **Games**
☐ **Calendars**	☐ **Checklists**	☐ **Newsletters**
☐ **Planners**	☐ Other, specify:	

DEPARTMENT'S RESPONSE:

See Department's answer under "**B. Sales and use Tax Base, [1] Taxable Items [a] INFORMATION SERVICES**" above. Information or data that is downloaded electronically, such as downloaded books, musical recordings, newspapers or magazines, does not constitute the transfer of tangible personal property. These types of transactions represent the transfer of intangibles and are thus not subject to Retailers' Occupation and Use Tax. See 86 Ill. Adm. Code 130.2105(a)(3). However, downloads of canned software, such as gaming software, as defined in 86 Ill. Adm. Code 130.1935, are subject to Retailers' Occupation and Use Tax.

PERSONAL CARE (without a prescription). Which of the following purchases are taxable (check all that apply)?

☐ Alcohol wipes and swabs	☐ Burn ointments	☐ Eyedrops	☐ Ipecac
☐ Allergy relief products	☐ Calamine lotion	☐ Feminine hygiene products	☐ Lice treatments
☐ Asthma preparations	☐ Denture adhesive products	☐ First aid kits	☐ Nasal drops or sprays
☐ Band-aids and bandages	☐ Diapers	☐ Incontinence underpads	☐ Teething lotions
☐ Blood pressure monitors	☐ **Wearable heart monitors**	☐ **Fitness trackers**	☐ **Sleep aids**

☐ Protein supplements ☐ Vitamins and supplements ☐ Pain relievers such as aspirin or ibuprofen

DEPARTMENT'S RESPONSE:

Medicines and medical devices are subject to 1% tax under the Retailers' Occupation Tax Act. See 35 ILCS 120/2-10. Tangible personal property that does not qualify for the low rate of tax is taxed at the rate of 6.25% of the gross receipts from sales. See 35 ILCS 120/2-10.

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. An item becomes part of the human body by substituting for any part of the body that is lost or diminished because of congenital defects, trauma, infection, tumors, or disease is considered a medical appliance. See 86 Ill. Adm. Code 130.311(e)(1). Included within the meaning of a 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). Diagnostic equipment is generally not considered to be a medical appliance. See 86 Ill. Adm. Code 130.311(e)(5).

With respect to vitamins and supplements, see 18 ST-0030-GIL.

[76] STREAMING SERVICES

▪ **Does your state impose sales/use tax on the subscription price for streaming media services?** ☐ Yes ☐ No
▪ **Does your state impose sales/use tax on separately billed charges, without or within a subscription service, for the following streaming services (check all that apply)?** ☐ Movies ☐ Television shows ☐ Music ☐ Podcasts ☐ Games
▪ **Does your state impose sales/use tax on online video games?** ☐ Yes ☐ No
▪ **Does your state impose sales/use tax on collectibles earned in online video games?** ☐ Yes ☐ No
▪ **Does your state impose sales/use tax on currencies earned in online video games?** ☐ Yes ☐ No

DEPARTMENT'S RESPONSE:

If a transaction does not involve the transfer of any tangible personal property to the customer, then it generally would not be subject to Retailers' Occupation Tax, Use Tax, Service Occupation Tax, or Service Use Tax. Information or data that is electronically transferred or downloaded is not considered the transfer of tangible personal property in this State. The Department does not consider the viewing, downloading, or electronically transmitting of video, text, and other data over the internet to be the transfer of tangible personal property. See 86 Ill. Adm. Code 130.2105(a)(3).

Although computer software is defined broadly in the Retailers' Occupation Tax Act, if the computer software is provided through a cloud-based delivery system – a system in which computer software is never downloaded onto a client's computer and is only accessed remotely - is not subject to tax.

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 Assistance Division at (800) 732-8866 or (217) 782-3336.

Sincerely,

Thomas Grudichak
Associate Counsel

TG:slc