



Publication 139

April 2023

Application Process to Obtain Sales Tax Exemption Certificates for Building Materials

About this publication

Publication 139, Application Process to Obtain Sales Tax Exemption Certificates for Building Materials, has been developed to help taxpayers gain a general understanding of the basic requirements of Sales Tax Exemption Certificates for Building Materials.

This publication pertains to Building Materials Exemption Certificates issued under the following business incentive programs:

- Enterprise Zone (EZ) - 35 ILCS 120/5k; 86 Ill. Adm. Code 130.1951(d).
- River Edge Redevelopment Zone (RERZ) - 35 ILCS 120/2-54; 86 Ill. Adm. Code 1954(e).
- High Impact Business (HIB) - 35 ILCS 120/5l; 86 Ill. Adm. Code 1952(d).
- Reimagining Energy and Vehicles (REV) - 35 ILCS 120/5m.
- Manufacturing Illinois Chips for Real Opportunity (MICRO) - 35 ILCS 120/5n.

Contractors, sub-contractors, and other entities participating in new construction, remodeling or rehabilitation projects under the above listed business incentive programs may purchase qualified building materials for the project exempt from sales tax.

Each contractor, sub-contractor, or other entity that purchases qualified building materials for a project must have its own exemption certificate. Contractors or sub-contractors may not use other contractors' or other entities' exemption certificates.

This publication provides a brief description of the requirements. For more information, visit the Illinois Department of Revenue's (IDOR) website at tax.illinois.gov. To get started, select the "Businesses" link under the "Tax Resources" drop-down menu on the homepage and then select the "Business Incentives Reporting and Building Materials Exemption Certification" quick link.

The information in this publication is current as of the date of the publication. Please visit the IDOR's website at tax.illinois.gov to verify you have the most current revision.

The contents of this publication are informational only and do not take the place of statutes, administrative rules, and court decisions. For further clarification or more detail, refer to the provided citations which can be located in the [Illinois Compiled Statutes](#) or the [Illinois Administrative Code](#).

**For information or forms, visit IDOR's website at:
tax.illinois.gov**

Who is required to obtain a Building Materials Exemption Certificate?

Each construction contractor, sub-contractor, or other entity must obtain a Building Materials Exemption Certificate to be able to make tax-free purchases of building materials that will be incorporated into:

- real estate in an Enterprise Zone (EZ) or River Edge Redevelopment Zone (RERZ) by rehabilitation, remodeling or new construction;
- a High Impact Business (HIB) location;
- a Reimagining Energy and Vehicles (REV) project; or
- real estate in a qualified facility under a Manufacturing Illinois Chips for Real Opportunity (MICRO) project.

What information does IDOR require to apply for an exemption certificate?

- Name, address and e-mail address of the construction contractor, sub-contractor, or other entity seeking a certificate;
- Name and number of the Enterprise Zone or River Edge Redevelopment Zone (not applicable to HIB/ REV/ MICRO projects);
- The name of the project;
- The address or location of the project;
- The estimated amount of the exemption based on the percentage of the contract that consists of materials and a stated estimated average tax rate;
- The period of time over which supplies for the project are expected to be purchased; and
- Federal Employer Identification Number (FEIN), Applicant ID, or Social Security Number (SSN).

How do I apply for a Building Materials Exemption Certificate?

- Construction contractors, sub-contractors, or other entities may obtain an Applicant ID through the IDOR website to expedite the Building Materials Exemption Certificate application process. IDOR will provide an Applicant ID by email, which the applicant can bring to the Zone Administrator or HIB / REV / MICRO project manager to complete the application. To get started, visit IDOR's website at tax.illinois.gov and select the "Businesses" link under the "Tax Resources" drop-down. From the "Businesses" page, select the "Business Incentives Reporting and Building Materials Exemption Certification" link. From the "Business Incentives Reporting" page, select the "Proceed to the BMEC application" link.
- Construction contractors, sub-contractors, or other entities are required to set up an account on IDOR's website. To begin the process, click on the link in the Applicant ID email that was sent to you. You will be prompted to enter the Social Security Number or Federal Employer Identification Number that you used to obtain your Applicant ID. Next it will require you to create a password and security questions for easy access in the future. Once your account has been set up, you will only need to enter the Applicant ID and your password to have access to all exemption certificates associated with your Applicant ID.
- After setting up an account with IDOR, construction contractors, sub-contractors, or other entities must request exemption certificates from the Zone Administrator of the zone where the project is located or from the HIB / REV / MICRO project manager. The Zone Administrator or project manager will then submit an application on behalf of the construction contractor, sub-contractor, or other entity for an exemption certificate from IDOR.
- If all the steps above have been completed, IDOR will issue an exemption certificate within 72 hours of receiving an application from the Zone Administrator or project manager.

How long is a certificate valid?

Zone Administrators and project managers determine the length of time that an exemption certificate is valid with a maximum of two years for EZ, HIB and RERZ and five years for REV and MICRO. However, exemption certificates may be renewed by the Zone Administrator or project manager upon request. Renewals can be submitted 30 days prior to the expiration date. Contact your Zone Administrator or HIB / REV / MICRO project manager for more details.

What are the penalties for misuse of an exemption certificate?

Certificate holders are responsible for ensuring that their certificates are used only to make qualified purchases. A certificate holder who uses the certificate or allows it to be used improperly to avoid tax will be assessed taxes and penalties on the purchase and an additional monetary penalty equal to the state and local sales taxes on the purchase. They may also be barred from securing certificates for other projects.

Each contractor, sub-contractor, or other entity that purchases qualified building materials for a project must have its own exemption certificate. Contractors or sub-contractors may not use other contractors' or other entities' exemption certificates.

How will a retailer know when a purchaser has a valid exemption certificate?

When a certificate holder purchases tax exempt building materials, the certificate holder must submit to the retailer either a signed statement meeting the requirements in 86 Ill. Adm. Code 130.1951(d), 1952(d), or 1954(e) as applicable, or a completed and signed Form EZ-1, Building Materials Exemption Certification, which contains all necessary information and will be provided to certificate holders when they receive their certificates. Form EZ-1 is also available for download at tax.illinois.gov.

Note: It is the seller's responsibility to verify that the certificate holder's building materials exemption certificate number is valid and active. The retailer can confirm the validity of a certificate number at tax.illinois.gov. Select the "Businesses" link under the "Tax Resources" drop-down menu on the homepage and then select the "Business Incentives Reporting" quick link. From the "Business Incentives Reporting" page, select "Verify the validity of a Building Materials Exemption Certificate" link.

Refer to 86 Ill. Adm. Code Section 130.1951(d), 130.1952(d) and 130.1954(e) for more information on how to properly document exemptions for purchases.

Are there reporting requirements if I have been issued an exemption certificate?

Each contractor, sub-contractor, or other entity to whom a sales tax exemption certificate is issued by IDOR is required to file a report providing the dollar amount of exempt building materials that each purchased. If no purchases were made, the report must still be filed with IDOR stating that fact. For information on reporting requirements, see Publication 140, Reporting Requirements for Business Incentives.

For more information:

Find the most up-to-date information on the IDOR's website at tax.illinois.gov.

Frequently Asked Questions (FAQ) pages have been developed to provide more specific detail about each reporting type. Select the "Businesses" link under the "Tax Resources" drop-down menu on IDOR's homepage and look for the "Business Incentives Reporting and Building Materials Exemption Certification" quick link.