

The Department declines to issue at this time any General Information Letters concerning the taxability of Application Service Provider "ASP" software transactions. For general information regarding the taxation of computer software, see 86 Ill. Adm. Code 130.1935. (This is a GIL.)

May 16, 2006

Dear Xxxxx:

This letter is in response to your letters dated March 25, 2005 and April 27, 2004 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.ILTAX.com 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 inquired about the taxability of Application Service Provider "ASP" software transactions. Our Office has reviewed this issue and declines, at this time, to issue General Information Letters in regards to these transactions. We apologize for any inconvenience you may have experienced in the delay in our response.

Very truly yours,

Terry D. Charlton
Senior Counsel, Sales & Excise Taxes

TDC:msk