

This letter concerns tax imposed on tangible personal property transferred incident to sales of service. See 86 Ill. Adm. Code Part 140. (This is a GIL.)

March 31, 2008

Dear Xxxxx:

This letter is in response to your letter received in this office on May 5, 2007, 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.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:

Would you please comment on the taxability of the following scenarios:

A [sic] Illinois based company contracts us for the following services. The Illinois based company provides us with a list of job openings that they currently need filled. Our invoices for the following services will be sent to the company's Illinois Headquarters.

1. We provide the Illinois Company with a 'Sourcer' who we bill at a flat monthly fee. The Sourcer will canvas the internet, trade publications, and other sources for resumes that match to the job vacancies. The Sourcer will provide the Illinois Company with resumes of potential candidates. The Sourcer is located in India.
  - A. Is the Service provided by the Sourcer taxable?
  - B. Is the service taxable if the resumes are sent to a Project Manger located outside the state of Illinois?
2. We also provide the Illinois Company a 'Recruiter' who we bill at a flat monthly fee. The Recruiter receives the resumes from the Sourcer to contact the potential candidates for job interviews and negotiation purposes. The Recruiter then forwards the Illinois Company a small group of resumes. The Recruiter is located in India.

- A. Is the Service provided by the Recruiter taxable?
  - B. If the Recruiter interviews candidates outside the state of Illinois, are the services taxable?
3. The Illinois Company hires a candidate from the resumes provided by the Sourcer or Recruiter, our firm will receive a fee.
- A. Is the fee for the hire taxable?
  - B. If the job is located outside the state of Illinois and the new hire never enters Illinois would the fee still be taxable?
4. If these services are not taxable will our firm need to register for a Sales Tax license?

**DEPARTMENT'S RESPONSE:**

Please refer to our letter to you dated December 31, 2007 (ST 07-0162), the Department's response to a previous inquiry from your Company. The information provided in that response is equally relevant to this request for information.

In particular, Illinois Retailers' Occupation and Use Taxes do not apply to sales of service that do not involve the transfer of tangible personal property to customers. However, if tangible personal property is transferred incident to sales of service, this will result in either Service Occupation Tax liability or Use Tax liability for the servicemen depending upon his activities. For your general information see of 86 Ill. Adm. Code 140.101 through 140.109 regarding sales of service and Service Occupation Tax. Please see our letter to your Company referenced above for a more detailed explanation of the Service Occupation 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. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Richard S. Wolters  
Associate Counsel

RSW:msk