

General Information Letter: IITA Section 201(j) allows a credit for expenses incurred in training Illinois employees.

December 17, 2001

Dear:

This is in response to your letter dated November 20, 2001 in which you state the following:

Would you please provide us with updated information on this grant program as well as send us any information on related grant programs that you have available to the plastics industry.

We are one of the leading producers of injection molding; extrusion and other plastics related training programs in the industry. More than 3,000 companies currently use the COMPANY training system. In addition, more than 80 colleges and universities have incorporated the COMPANY programs into their curricula. All COMPANY programs are based on the COMPANY Method, a logical step-by-step approach that teaches processing from the plastic's point of view, and builds processing knowledge as participants progress through the courses.

According to the Department of Revenue ("Department") regulations, the Department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). The regulations explaining these two types of rulings issued by the Department can be found in 2 Ill. Adm. Code §1200, or on the website <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

Due to the nature of your inquiry and the information presented in your letter, we are required to respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the Department.

Enclosed please find the statutory provision for the Illinois Training Expense Credit that is found in the Illinois Income Tax Act ("IITA"), specifically 35 ILCS 5/201(j). For further clarification of this provision, please refer to the enclosed copy of 86 Ill. Adm. Code 100.2150.

Your letter indicates that you would like information on this "grant" program. There is no "grant" program for training expenses. The Illinois Training Expense Credit is a credit against the tax imposed by the IITA for:

all amounts paid or accrued, on behalf of all persons employed by the taxpayer in Illinois or Illinois residents employed outside of Illinois by a taxpayer, for educational or vocational training in semi-technical or technical fields or semi-skilled or skilled fields, which were deducted from gross income in the computation of taxable income.

35 ILCS 5/201(j). As you will note from the above description, this credit is for the training of a taxpayer's employees. You mention that "[m]ore than 3000 companies currently use" your company's training system, and that "more than 80 colleges and universities have incorporated" your company's programs into their curricula. There will be no credit permitted for either of these two examples which you have provided us since such training expenses involve the training of non-employees.

Once you have reviewed the two enclosures and have further questions, please do not hesitate to contact our office. As stated above, this is a general information letter which does not constitute a

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statement of policy that either applies, interprets or prescribes tax law. It is not binding on the Department. Should you have additional questions, please do not hesitate to contact our office.

Sincerely,

Heidi Scott
Staff Attorney -- Income Tax