

If purchase orders are accepted in a jurisdiction that imposes a local tax, that local tax will be incurred. See 86 Ill. Adm. Code 270.115(b). (This is a GIL).

October 25, 2002

Dear Xxxxx:

This letter is in response to your letter dated August 26, 2002. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

I am writing to get a Revenue Ruling from your Department. I have a client who ships goods from a location in the Chicagoland area by common carrier to locations all over the State of Illinois. The question regards the customers outside the Chicagoland area. Can my client charge the local sales tax rate of these customers? It should be noted that my client also has a traveling salesman who takes orders at the customers' locations.

Thank you for your consideration in this matter. You can contact me if you have any questions regarding this matter.

In general, the imposition of the various local sales taxes in Illinois takes effect when "selling" occurs in a jurisdiction imposing a tax. The Department's opinion is that the most important element of selling is the seller's acceptance of the purchase order. Consequently, if a purchase order is accepted in a jurisdiction that imposes a local tax, that tax will be incurred. See 86 Ill. Adm. Code 270.115(b), enclosed. The tax rate is fixed by the location of the seller, not the delivery location. The fact that the item being sold is shipped from out-of-State or from another Illinois location is immaterial for purposes of local taxes if the sale occurs through order acceptance in an Illinois jurisdiction imposing a local tax.

For example, if the purchase orders are accepted at a location in Chicago, but the goods are delivered to Springfield, the local taxes imposed in Chicago will apply. On the other hand, if the purchase orders are accepted by a traveling salesman at the purchaser's location in Springfield, Springfield local taxes will apply. However, if the traveling salesman is authorized to pick up orders in Springfield, but actual acceptance of the orders is made in Chicago, Chicago taxes will apply.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Martha P. Mote  
Associate Counsel

MPM:msk  
Enc.