

The Illinois Use Tax is a privilege tax. See 86 Ill. Adm. Code 150.101. (This is a GIL.)

November 19, 2008

Dear Xxxxx:

This letter is in response to your letter dated April 28, 2008, in which you request information. We apologize for the delay in responding to your inquiry. 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 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:

As related to Illinois Sales Use Tax:

1. Is the tax a 'Consumption' tax?
2. Is the tax a 'Privilege' tax?
3. Is the tax a 'Retailer's Occupation' tax?
4. Is the tax a 'Gross Receipts' tax?

Please provide me with the current applicable provisions of your statute which supports your contention.

Thank you for your assistance with this matter.

DEPARTMENT'S RESPONSE:

The short answer to your question regarding the Illinois Use Tax is that it is a privilege tax. Section 3 of the Use Tax Act provides that: "A tax is imposed upon the privilege of using in this State tangible personal property purchased at retail from a retailer, including computer software, and including photographs, negatives, and positives that are the product of photoprocessing, but not including products of photoprocessing produced for use in motion pictures for commercial exhibition. . . ." 35 ILCS 105/3 (2006). The Department's administrative rules concerning administration of the Use Tax Act can be located on the Department's Website. 86 Ill. Adm. Code 150/1 et seq.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

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TDC:msk