

The Illinois Retailers' Occupation Tax and Use Tax do not apply to sales of service. See 86 Ill. Adm. Code 140.125(c). (This is a GIL.)

December 11, 2008

Dear Xxxxx:

This letter is in response to your letter dated July 16, 2008, 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 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:

Our client is a retail gun shop. The owner would like verification of the sales/use tax rules and regulation regarding the following:

Individual **A** purchases a gun from individual **B** on the internet. Individual **A** pays individual **B** for the gun. Individual **A** requests that it be shipped to a gun retailer to comply with the registration and general paperwork requirements for the State of Illinois and Federal Bureau of Firearms. The gun retailer charges a \$25 fee for this service.

Are there any sales or use tax implications for the retailer who processes the paperwork and charges the fee for this service?

Should you have any additional questions regarding this transaction or need further information, please contact the undersigned at our office.

DEPARTMENT'S RESPONSE:

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 86 Ill. Adm. Code 130.101. In Illinois, Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales" tax in Illinois. The Illinois

Retailers' Occupation Tax and Use Tax do not apply to sales of service. Assuming the \$25 fee represents solely the gun retailer's charge to the purchaser of a gun for complying with State and Federal laws to permit the transfer of a gun between the two individuals in a private sale, the fee would not be subject to tax.

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. 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