

This letter concerns the rolling stock exemption. See 86 Ill. Adm. Code 130.340. (This is a GIL).

December 22, 2008

Dear Xxxxx:

This letter is in response to your letter dated June 3, 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](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:

This letter is to request a General Information Letter regarding taxability of GPS units installed in qualified Rolling Stock Vehicles.

We currently have a customer who has requested that we accept their Rolling Stock exemption certificate for GPS units that are being installed in vehicles used in Rolling Stock. We have called the Department of Revenue to obtain an answer on this issue and were told that these units need to be permanently affixed to the vehicle in order to apply this exemption. When asked how permanently affixed is defined they could not provide me with an answer and suggested we write this letter.

Our issue is how ‘permanently affixed’ is defined by Illinois. As our customer insists that these are permanently affixed, can we accept this certificate in ‘good faith’? Also, does permanently affixed refer to a factory installation or can an ‘after market’ installation be considered ‘permanently affixed’?

Should you have any questions or need additional information please call me.

## **DEPARTMENT’S RESPONSE**

For information regarding the rolling stock exemption, we refer you to the Department’s regulation at 86 Ill. Adm. Code 130.340. A similar exemption is provided for tangible personal

property transferred incident to sales of service involving rolling stock. See 86 Ill. Adm. Code 140.201(f)(4) and (f)(5).

In order to claim the exemption, retailers and servicemen must obtain a properly executed exemption certification from the purchaser and retain this certification in their books and records. Exemption certifications must comply with the requirements of subsection (e) of Section 130.340. Form RUT-7, Rolling Stock Certification, which can be found on the Department's website, may be used to provide the required certification to document the rolling stock exemption.

Please note that it is not the type of item that determines whether or not it qualifies as rolling stock, rather how the item is used by a qualifying interstate carrier. Not all items of tangible personal property used by an interstate carrier for hire qualify for the rolling stock exemption. The exemption is applicable to equipment or parts only if they become a component part of qualifying rolling stock and to equipment which, though not physically incorporated, is dedicated to a particular qualifying item or items of rolling stock and participates directly in the transportation process. For example, a hand cart used by a trucking company that is an interstate carrier for hire, and the hand cart travels with a particular qualifying tractor or trailer and is used for loading and unloading cargo carried by that tractor or trailer. Therefore, a GPS unit may qualify if it becomes a component part of qualifying rolling stock or is dedicated to a specific qualifying piece of rolling stock and participates directly in the transportation process.

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.

Very truly yours,

Debra M. Boggess  
Associate Counsel

DMB:msk