

Nonprofit corporations exempt from state and local tax by operation of federal law may request an exemption certificate to present to vendors at the time of sale.

August 17, 2026

NAME
TITLE
COMPANY
ADDRESS

Re: Request for Recognition of Tax Exemption in Illinois

Dear NAME:

This letter is in response to your letter dated July 22, 2026, in which you requested recognition of the tax-exempt status of COMPANY. The Illinois Department of Revenue (IDOR) issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued 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 IDOR, 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 IDOR regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of IDOR policy and is not binding. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://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.

Your letter states as follows:

I am writing to you on behalf of the COMPANY to request formal recognition of the extent of COMPANY’s tax-exempt status under 15 U.S.C. § 78kkk(e). We also will appreciate guidance on the implementation of a formal recognition with businesses and other entities in the state that otherwise collect taxes. COMPANY is a federally mandated, non-profit corporation established to protect investors in the event of a brokerage firm failure. Our primary function is to restore funds to investors with assets in the hands of bankrupt or financially troubled brokerage firms and with a customer

NAME

Page 2

August 17, 2026

protection fund, thereby ensuring the stability and confidence of the U.S. securities markets.

The Securities Investor Protection Act of 1970 provides COMPANY with a broad tax exemption. This federal statute exempts COMPANY from all forms of taxation imposed by the United States or any state or local authority, other than on real or tangible personal property. As COMPANY holds no real property or tangible personal property in Illinois we believe this exemption applies to all forms of taxation that might otherwise be imposed on COMPANY by Illinois or any locality within Illinois.

While the United States Internal Revenue Service determined that COMPANY is exempt from federal income tax under 26 U.S.C. §501(c)(6), the tax exemption provided by Congress under 15 U.S.C. § 78kkk(e) is more expansive than the IRS designation. This special provision resembles the broad exemptions often granted to U.S. government entities. It is important to note, however, that COMPANY is not a government agency. COMPANY is a private, nonprofit corporation, and as such, does not utilize the tax exemption forms or procedures reserved for government entities.

We recognize that state authorities may have specific requirements or prescribed forms of documentation regarding the recognition of tax-exempt status. While we have studied publications of your Department, COMPANY's particular situation does not appear to fit available standard forms. We are prepared to provide any required additional information or documentation to facilitate this recognition and its implementation. Our objective is to ensure compliance with all applicable regulations while maintaining the integrity of our federally mandated mission.

In a follow-up email, you write:

Thank you for your voicemail and email earlier this week.

To help clarify, COMPANY's request does not concern the Illinois income tax or property tax. COMPANY is seeking formal state-level recognition of the broader federal exemption that reaches Illinois's transaction and excise taxes that vendors and service providers collect from COMPANY and its personnel at the point of sale. While COMPANY owns no tangible personal property in Illinois, COMPANY and its personnel do occasionally travel to Illinois and engage in taxable transactions connected to Illinois, and those transactions are where the exemption has practical effect.

The taxes at issue are the ones a vendor, hotel operator, or service provider collects from COMPANY at the point of sale unless COMPANY can present some recognized evidence of its exempt status. These include, among others:

- Retailers' Occupation Tax and Use Tax on purchases of tangible goods delivered to or used by COMPANY in Illinois;
- Service Occupation and Service Use Tax on taxable services COMPANY purchases;
- Occupancy or Hotel Operators' Tax on lodging when COMPANY employees travel to Illinois on official business;
- Food or Beverage Taxes; and
- Transportation-related or Vehicle Rental Taxes.

In each case, the collecting party decides at the moment of the transaction whether to charge the tax. In our experience, vendors and hotel operators default to collecting these taxes unless the customer furnishes documentation the vendor recognizes as establishing an exemption. Because COMPANY's exemption arises under a federal statute rather than the ordinary State channels, and because COMPANY is a private nonprofit corporation that does not fit the forms reserved for governmental entities or common 501(c) entities, vendors frequently do not know how to honor the exemption without confirmation from the Department of Revenue.

That is the gap that COMPANY seeks to close. Our request is not for an income-tax ruling and not for relief from any property tax. It is for a usable form of recognition — a determination letter, an exemption certificate, or comparable written confirmation — that COMPANY can present to Illinois vendors, hotel operators and other service providers so that they will apply the federal exemption at the point of sale.

We recognize that COMPANY's circumstances are unique and do not map neatly onto the Department's standard forms, and we are glad to provide any additional information or documentation that would help the Department act on the request. I would also welcome the opportunity to discuss the matter with you directly at your convenience.

DEPARTMENT'S RESPONSE:

Section 2-5(16) of the Retailers' Occupation Tax Act provides an exemption for tangible personal property sold to a purchaser that is exempt from Use Tax by operation of federal law. 35 ILCS 120/2-5(16). Section 3-5(39) of the Use Tax Act contains a similar

NAME

Page 4

August 17, 2026

provision. 35 ILCS 105/3-5(39). See also 35 ILCS 110/3-5(30) (Service Use Tax); 35 ILCS 115/3-5(31) (Service Occupation Tax). Section 3(d) of the Hotel Operators' Occupation Tax Act provides:

However, such tax is not imposed upon the privilege of engaging in any business in Interstate Commerce or otherwise, which business may not, under the Constitution and Statutes of the United States, be made the subject of taxation by this State. In addition, the tax is not imposed upon gross rental receipts for which the hotel operator is prohibited from obtaining reimbursement for the tax from the customer by reason of a federal treaty.

35 ILCS 145/3(d). Section 4 of the Automobile Renting Occupation and Use Tax Act incorporates Section 3-5 of the Use Tax Act.

IDOR has an application process for an exemption certificate for sales, use, and other transaction taxes. Complete and submit Form STAX-1 on the IDOR website. You may check the box closest to your situation and enclose an explanation of your status. Once approved, IDOR will issue COMPANY an exemption certificate to present to vendors, who may validate and accept the E-number at the time of sale.

For more information, please see PIO-17 [Sales and Property Tax Exemptions](#), available on the IDOR website.

Very truly yours,

Brian Fliflet
Deputy General Counsel