

This letter discusses the rules regarding sales of tangible personal property to construction contractors for incorporation into real estate in an Illinois Enterprise Zone and the requirements for using "E" numbers. See 86 Ill. Adm. Code 130.1940, 35 ILCS 120/5k, and 86 Ill. Adm. Code 130.2075(d).

March 7, 2014

Dear Xxxxx:

This letter is in response to your letter dated November 5, 2013, 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:

The purpose of this letter is to solicit guidance on the applicability of sales tax for the sale of tangible personal property to contractors in the state of Illinois. 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.

Based on the following fact pattern and circumstances, we respectfully request a general information letter of opinion from your department that we may use as a guide and to update our tax policies.

**Facts:**

COMPANY (COMPANY) is a retailer of integrated audio visual, telepresence and broadcast systems focused on building professional solutions for business, commercial, educational and government clients. With offices throughout the Midwest and on the West Coast, COMPANY has both a regional presence and a nationwide scope of operation.

COMPANY's products include design, sales and integration; servicing of broadcast and cable systems; boardroom, sales, and training presentation systems; video production and post-production systems; videoconferencing endpoint and networks; specialized video and presentation applications. The company designs, integrates, and services

video, presentation broadcast, distance learning, and videoconferencing systems. These systems are designed for and integrated in both new construction and existing structures.

The company makes retail sales of equipment to the business owners or building tenants. In some cases, retail sales are made to private businesses, and federal, state or local government entities and certain tax-exempt entities such as non-profit hospitals and universities.

Progress invoices are issued monthly based on the portion of the technical services or set up services expended and/or the value of equipment, materials, and supplies expended on the project. Title to the equipment, materials, and supplies are considered to pass as of the date of delivery to the customer.

Approximately 75% of the company's Illinois revenue comes from equipment sales and approximately 25% from service and integration activities.

COMPANY's customer contracts and tax policy require COMPANY to charge, collect and remit Illinois sales tax on all sales to Illinois customers with the following exceptions:

1. Customer presents COMPANY with a valid resale exemption certificate; or
2. Exempt-entity customer (organizations that qualify as exclusively as religious, charitable, or educational and governmental entities) provides COMPANY with an active exemption identification number ("E" number); or
3. Construction contractors fulfilling a contract to an exempt-entity customer (see #2, above) provides COMPANY with the exempt organizations active identification number ("E" number) and a certification that purchases made by the construction contractor are for conversion into real estate; or
4. Construction contractors fulfilling a contract to an exempt-entity customer (see #3 above) are required to provide COMPANY a statement from the exempt entity authorizing the contractor to make exempt purchases on its behalf; or
5. Construction contractors fulfilling a contract to remodel, rehabilitate, or new construction of real estate located in an enterprise zone established by a county or municipality provides COMPANY with a "Certificate of Eligibility for Sales Tax Exemption" (meeting all the requirements on the enterprise zone ordinance) and a statement that the building materials purchased are being incorporated into real estate located in an enterprise zone. Additional details required by COMPANY's tax policy in an enterprise zone include the location / address of the real estate; the name of the enterprise zone where the real estate is located; a description of the building materials purchased for incorporation into real estate; the date of the purchase; and the purchasers signature.

**Circumstances:**

COMPANY frequently enters into contracts with Illinois construction contractors to provide audio-visual equipment as described above on a project for an Illinois exempt

entity or municipality. Occasionally COMPANY also contracts with Illinois construction contractors for a project located in an enterprise zone.

Based on COMPANY's tax policy as described above, sales tax is charged on the retail sale of the audio-visual equipment in all cases. Illinois sales tax is not charged when a construction contractor presents a resale exemption certificate; active exemption identification number ("E" number) for exempt entities and a certification that the purchases will be incorporated into real property; a statement that the contractor can make exempt purchases on behalf of the exempt entity; or a "Certificate of Eligibility for Sales Tax Exemption" when a project is located in an enterprise zone.

More often than not, Illinois construction contractors are not paying the sales tax to COMPANY when invoiced, are reluctant and sometimes refusing to provide the required documentation. General statements from the construction contractors when refusing to pay the Illinois sales tax as invoiced by COMPANY include:

- a. All purchases made by the contractor are exempt because of the "E" number certificate;
- b. Other suppliers of the contractor do not require a statement or certification that the purchased property is for incorporation into real property;
- c. Other suppliers of the contractor do not require a statement from the exempt entity authorizing the contractor to make purchases on its behalf;
- d. The contractors state it is inconvenient to ask an exempt entity to prepare a letter of authorization;
- e. Other suppliers of the contractor do not require the additional details described in COMPANY's tax policy for a project located in an enterprise zone (see #5 above).

As a retailer of tangible personal property, COMPANY can be held responsible for Illinois sales tax when a construction contractor refuses to pay the invoiced Illinois sales tax.

### **Analysis of Applicable Statutes, Regulations and Official Material:**

**Contractors / Construction**-Sales of building materials, fixtures, and other tangible personal property to contractors, builders, or developers for conversion into real estate are subject to sales and use tax. Supplies sold to contractors, builders, or developers for use or consumption rather than for incorporation into real property are also taxable. [Ill. Admin. Code 86 §130.2075(a)(1).]

Tangible personal property sold to contractors, developers, or builders who resell it in the form of tangible personal property is not taxable, but the contractor, developer, or builder would be making taxable re-sales. (Ill. Admin. Code 86 §130.2075(a)(4).]

Purchasers who are not sure whether they will use tangible personal property by converting it into real estate or reselling it, and at the time of purchase it is impracticable to determine how the property will be used, may certify to their vendor that they are buying all of the property for resale and later account for the tax on disposing of the item. A buyer cannot give this certification to a supplier unless the buyer agrees to and

does assume liability for the tax on any tangible personal property converted into real property. The buyer must report and pay the tax in the same form that its supplier would have reported and paid the tax. The buyer must include the cost price of tangible personal property converted into real property in taxable receipts reported on the buyer's return. If the buyer resells the property "over-the-counter" to a user apart from acting as a construction contractor, the buyer must pay state and any applicable local retailers' occupation tax on the full selling price of the property. A buyer accounting for the tax must be registered under the Retailers' Occupation (Sales) Tax Act. [Ill. Admin. Code 86§130.2075(b).]

Sales of materials to construction contractors are exempt when the materials are for incorporation into real property owned by:

- (1) exclusively charitable, religious, or educational organizations;
- (2) nonprofit organizations with no compensated officers or employees, which are organized and operated primarily for the recreation of persons age 55 or older; or
- (3) any governmental body.

The supplier must keep in its records a certification from the buyer stating that the materials will be incorporated into real property of an exempt organization or governmental body, specified by name and address, and showing the date the contract was entered into. The supplier must also keep in its records the active exemption number issued by the Department to the organization for which the purchasing contractor is acting. Sales of tools, fuel, form lumber, and other items used or consumed by contractors and not incorporated into the real property are taxable no matter who the contractor's customer may be. [Ill. Admin. Code 86 §130.2075(d).]

Sales of tangible personal property to a government contractor who will resell such property to a government body are exempt as sales for resale if:

- (1) there is a contract between the purchaser and the governmental body requiring the purchaser to provide personal property to the governmental body; and
- (2) the contract is specific in documenting a sale of personal property from the purchaser to the government body. [Ill. Admin. Code 86 §130.2076(a)(1); Ill. Admin. Code 86 §130.2076(a)(2).]

A supplier claiming this exemption must have a certificate of resale from the purchasing government contractor. [Ill. Admin. Code 86 §130.2076(c).]

Construction contractors are taxable on sales of tangible personal property without installation to buyers for use or consumption. They are also taxable on sales of furniture and furnishings, drapes, floor coverings (unless permanently affixed, below), trade fixtures, and machinery (except machinery exempted under Ill. Admin. Code 86 §130.2115(b)) to buyers for use or consumption, with or without installation, and whether or not the seller furnishes and installs the items as part of a construction contract. A construction contractor is also taxable when the contractor buys and sells in

finished form appliances that may be connected to or operated from a building's electrical, plumbing, or other specialized system, but which is considered to remain personal property after installation, even if the property is installed pursuant to a construction contract. Sellers who permanently affix tangible personal property to real estate, are considered construction contractors and incur use tax. [ILCS Chapter 35 §120/1; Ill. Admin. Code 86 §130.1940(a)(1); Ill. Admin. Code 86 §130.1940(b); Ill. Admin. Code 86 §130.2140(a)(3).]

For these purposes, a "construction contractor" includes a general contractor, subcontractor, and specialized contractor such as a landscape contractor. [Ill. Admin. Code 86 §130.1940(a)(1).]

The provisions below govern application of the tax to persons who are engaged in a business that is not subject to tax because it involves the sale of or a contract to sell real estate, or a construction contract to improve real property or construction contract to engineer, install, and maintain an integrated system of products. When such persons transfer tangible personal property to users or consumers in the finished form in which it was bought, and the property does not become real property or was not engineered and installed, under any provision of a construction contract or real estate sale or real estate sales agreement entered into with another person as a result of that person's nontaxable business, such person is engaged in the business of selling tangible personal property at retail to the extent of the transferred property's value. For example, when a contractor sells a stove or washer pursuant to a construction contract, and the property remains personal property, tax applies to the value of the stove or washer. If a separate charge is made for tangible personal property transferred, the taxable basis is the amount charged for the property, but not less than its cost to the transferor. If no separate charge is made, the basis is the cost of the property to the transferor. Construction contracts for the improvement of real property consisting of engineering, installation, and maintenance of voice, data video, security, and all telecommunication systems do not constitute engaging in a business of selling tangible personal property at retail if they are sold at the specified contract price. [ILCS Chapter 35 §120/1; Ill. Admin. Code 86 §130.1940(b).]

Sales of building materials for incorporation into real estate located in an enterprise zone or in a high impact business location are exempt. [Ill. Admin. Code 86 §130.1940(e).]

**Government Transactions:** A sale or transfer of tangible personal property as an incident to the rendering of service to or by any governmental body is exempt. However, a governmental body must have an active exemption ID number from the Department of Revenue to make tax free purchases. [ILCS Chapter 35 §115/2; Ill. Admin. Code 86 §140.125(h)(3).]

The sale or transfer of tangible personal property as an incident to the rendering of service for or by any governmental body is exempt. However, a governmental body must have an active exemption ID number from the Department to make tax free purchases. [ILCS Chapter 35 §110/2; ILCS Chapter 35 §115/2; Ill. Admin. Code 86 §140.201(f)(3).]

Governmental bodies must apply to the Department of Revenue for an exemption ID number, which they must present when making tax-free purchases; foreign diplomats use cards issued by the U.S. Department of State. The number or its renewal is valid for five years after the first day of the month after the month it is issued. A renewal application must be filed at least three months before the expiration date. [ILCS Chapter 35 §120/1g; Ill. Admin. Code 86 §130.2007.]

**Exemption Certificates:** Suppliers must get an exemption certificate when making retail sales to tax-exempt customers or making exempt sales. Illinois accepts the Multi-State Tax Commission (MTC) Multijurisdictional Sales & Use Tax Certificate – Multi-jurisdiction for wholesale or resale sales and for purchasing tax-free ingredients or components of a new product. ST-587 Machinery and Equipment Exemption Certificate is used when buying tax-exempt machinery and equipment [Publication 113, Retailers' Overview of Sales and Use Tax, 10/01/2011.]

Entities eligible for exemption under ILCS Chapter 35 §120/2-5(11) and ILCS Chapter 35 §120/2-5(9) must make application to the Department for an exemption identification number. [ILCS Chapter 35 §120/1g.]

Charitable, educational, and religious organizations, and nonprofit recreational organizations for persons 55 or older, must apply to the Department of Revenue for an exemption ID number. If a charitable organization has more than 50 subsidiary organizations in Illinois, the Department may issue one exemption ID number for use by the parent organization and each subsidiary. An exemption ID number or renewal is valid for five years after the first day of the month after the month it is issued. A renewal application must be filed not less than three months before expiration date. An application or renewal must contain any information or documentation requested by the Department. [ILCS Chapter 35 §120/1g; Ill. Admin. Code 86 §130.2007.] The Department must furnish on request a list of organizations holding a valid exemption number on the January 1 or July 1 before the request, and which are located in the municipality or unincorporated area of the county requesting the information. [ILCS Chapter 35 §120/1h.]

**Enterprise Zones and High Impact Business Locations:** A retailer that makes a “qualified sale” of building materials to be incorporated into real estate in an Enterprise Zone by remodeling, rehabilitation, or new construction, can deduct those receipts. [ILCS Chapter 35 §120/5k(a); Ill. Admin. Code 86 §130.195(a)(1).]

*Qualified sales:* Before July 1, 2013, a “qualified sale” means a sale of building materials that will be incorporated into real estate as part of a building project for which a Certificate of Eligibility for Sales Tax Exemption has been issued by the administrator of the Enterprise Zone in which the building project is located. Beginning July 1, 2013, a “qualified sale” is a sale of building materials that will be incorporated into real estate as part of a building project for which an Enterprise Zone Building Materials Exemption Certificate has been issued to the purchaser by the Department. A construction contractor or other entity cannot make tax-free purchases unless it has an active exemption certificate issued by the Department at the time of the purchase. [ILCS Chapter 35 §120/5k(a); Ill. Admin. Code 86 §1951(d) (2).]

*Documenting the exemption:* Before July 1, 2013, in order to document the exemption, the retailer must obtain from the purchaser a copy of the Certificate of Eligibility for Sales Tax Exemption issued by the administrator of the Enterprise Zone into which the building materials will be incorporated. [ILCS Chapter 35 §120/5k(b); Ill. Admin. Code 86 §130-1951(a)(5).]

Effective July 1, 2013, to document the exemption, the retailer must obtain from the purchaser the certification required under ILCS Chapter 35 §120/5k(c), which must contain the Enterprise Zone Building Materials Exemption Certificate number issued to the purchaser by the Department. Upon request from the Enterprise Zone administrator, the Department must issue an exemption certificate for each construction contractor or other entity identified by the Enterprise Zone administrator. [ILCS Chapter 35 §120/5k(b).]

For Enterprise Zone projects, already in existence and for which construction contracts are already in place on July 1, 2013, the request for Enterprise Zone Building Materials Exemption Certificates from the Enterprise Zone administrator to the Department for these pre-existing construction contractors and other entities must include some of the information specified in ILCS Chapter 35 §120/5k(b). For any new construction contract entered into on or after July 1, 2013, all of the information in ILCS Chapter 35 §120/5k(b) must be provided. [ILCS Chapter 35 §120/5k(e).]

*Penalty for ineligible tax-exempt purchases:* If the Department of Revenue determines that a construction contractor or other entity that was issued an Exemption Certificate made a tax-exempt purchase that was not eligible for exemption or allowed another person to make a tax-exempt purchase that was not eligible for exemption, then, in addition to any tax or other penalty imposed, the construction contractor or other entity is subject to a penalty equal to the tax that would have been paid by the retailer as well as any applicable local retailers' occupation tax on the purchase that was not eligible for the exemption. [ILCS Chapter 35 §120/5k(b).]

*Municipalities may limit deduction:* The deduction may be limited, to the extent authorized by ordinance by the municipality or county that created the Enterprise Zone into which the building materials will be incorporated. The ordinance, however, may neither require nor prohibit the purchase of building materials from any retailer or class of retailers in order to qualify for the exemption. [ILCS Chapter 35 §120/5k(d); Ill. Admin. Code 86 §130.1951(a)(3)]

*Location of the retailer:* There is no requirement that the retailer be located in a municipality or county that created the Enterprise Zone into which building materials will be incorporated for the exemption to apply. [Ill. Admin. Code 86 §130-1951(a)(5).]

A retailer who sells building materials that will be incorporated into a *High Impact Business (HIB)* location (as designated by the DCEO) can deduct receipts from such sales when calculating state and local taxes [ILCS Chapter 35§120/51(a); Ill. Admin. Code 86 §130.1952(b); ILCS Chapter 20 §655/5.5(b).]

Effective August 7, 2012, the retailer must obtain from the purchaser the purchaser's High Impact Business Building Materials Exemption Certificate number. A construction

contractor or other entity cannot make tax-free purchases unless it has an active exemption certificate issued by the Department at the time of purchase. [ILCS Chapter 35 §120/51(b).]

Effective August 7, 2012, upon request from the designated HIB, the Department must issue a High Impact Business Building Materials Exemption Certificate for each construction contractor or other entity identified by the designated HIB. The Department must issue the High Impact Business Building Materials Exemption Certificates within three business days after receipt of request from the designated HIB, unless the Department has reasonable cause not to do so. The exemption certificate must contain an expiration date, which must be no more than two years after the date of issuance. The certificate can be renewed at the request of the designated HIB. [ILCS Chapter 35 §120/51(b).]

A retailer that is eligible for the Enterprise Zone exemption under ILCS Chapter 35 §120/5k(a) (see above) is not eligible for this exemption. [ILCS Chapter 20 §655/5.5(b); ILCS Chapter 35 §120/51(a).]

For HIBs for which projects are already in existence and for which construction contracts are already in place on July 1, 2013, the request for a HIB Building Materials Exemption Certificates from the HIB to the Department for these pre-existing construction contractors and other entities must include some of the information specified in ILCS Chapter 35 §120/51(b). For any new construction contract entered into on or after July 1, 2013, all of the information in ILCS Chapter 35 §120/51(b) must be provided. [ILCS Chapter 35 §120/51(c).]

**Additional Resource Information Used in Preparation of the General Information Letter:**

- Illinois Department of Revenue (IDOR) Informational Bulletin “New Application Process to Obtain Sales Tax Exemption Certificates for Building Materials”, FY 2013-16, June 2013.
- ST 13-0007-GIL, 02/05/2013 Enterprises Zones
- ST 13-0010-GIL, 02/19/2013 Construction Contractors
- ST 13-0012-GIL, 03/26/2013 Construction Contractors
- ST 13-0018-GIL, 04/23/2013 Sale of Resale
- ST 13-0002-PLR, 07/31/2013 Construction Contractors

**Issues / Questions:**

1. Does COMPANY’s tax policy comply with Illinois statutes, regulations and official pronouncements in cases where COMPANY’s customer is a construction contractor whose project involves an exempt entity or a project located in a designated enterprise zone?
2. Does Illinois law provide a “pass-through” exemption from an exempt entity to the construction contractor and all of its suppliers? Or alternatively, is the active exemption identification number (“E” number) considered a pass-through exemption to the construction contractors and all of it [sic] suppliers?

3. What recourse does COMPANY have if Illinois construction contractors are refusing to provide documentation and are refusing to pay the invoiced sales tax?
4. Is COMPANY liable for the Illinois sales tax when a construction contractor refuses to pay the invoiced sales tax?
5. Should COMPANY require an additional statement / affidavit from the construction contractor that Illinois use tax will be paid by the contractor if sales tax is not paid to COMPANY?

We are seeking a General Information Letter opinion as authorized by 2 Ill. Adm. Code 1200.120 based on the facts and circumstances discussed above and guidance as to whether our tax policy, analysis, and conclusions are accurate. We appreciate your time and prompt response on this matter. Should you have any additional questions or require additional information, please call me at.

#### **DEPARTMENT'S RESPONSE:**

In Illinois, construction contractors are deemed end users of tangible personal property purchased for incorporation into real property. As end users of such tangible personal property, contractors incur Use Tax liability for such purchases based upon their cost price of the tangible personal property. See 86 Ill. Adm. Code 130.1940 and 86 Ill. Adm. Code 130.2075. Therefore, any tangible personal property that a construction contractor purchases that will be permanently affixed to or incorporated into real property in this State will be subject to Use Tax.

If a contractor does not pay the Use Tax liability to his/her suppliers, the contractor must self assess Use Tax liability and pay it directly to the Department. If the contractor has already paid a tax in another state regarding the purchase or use of such property, he/she will be entitled to a credit against his/her Illinois Use Tax liability to the extent that he/she has paid tax that was properly due to another state. See 86 Ill. Adm. Code 150.310. The Illinois Use Tax rate incurred by an out-of-State construction contractor on purchases of materials from an unregistered supplier located outside of this State is generally 6.25% as described in subsection (c) of Section 130.2075.

It is important to note that since construction contractors are the end users of the materials that they permanently affix to real estate, their customers incur no Use Tax liability, and the construction contractors have no legal authority to collect the Use Tax from their customers. However, many construction contractors pass on the amount of their Use Tax liabilities to customers in the form of higher prices or by including provisions in their contracts that require customers to "reimburse" the construction contractor for his or her tax liability. Please note that this reimbursement cannot be billed to a customer as "sales tax," but can be listed on a bill as a reimbursement of tax. The choice of whether a construction contractor requires a tax reimbursement from the customer or merely raises his or her price is a business decision on the construction contractor's part.

In the specific case of installers of audio visual equipment, Section 1 of the Retailers' Occupation Tax Act, in an attempt to ease the burden of administration, provides specifically that "[c]onstruction contracts for the improvement of real estate consisting of engineering, installation, and maintenance of voice, data, video, security, and all telecommunication systems do not constitute engaging in a business of selling tangible personal property at retail within the meaning of this Act if they are sold at one specified contract price." The Department's administrative rules elaborate on this further by stating "[t]his provision applies to all of the items . . . even if they are not incorporated into real estate."

See 86 Ill. Adm. Code 130.1940(c)(3).

As a result of the statutory and regulatory language, installers of such systems described in subsection (c)(3) of Section 130.1940 are authorized to pay Use Tax to their providers on all equipment and supplies they purchase related to the security systems they sell and install, even if some of those supplies are not technically incorporated into real estate. This provision applies only if the sale and installation of the systems are packaged for one specified contract price.

Sales to exempt organizations (organizations that qualify as exclusively religious, charitable, or educational) and governmental entities are subject to tax unless the exempt organization or governmental entity has obtained an active exemption identification number ("E" number) from the Department. See 86 Ill. Adm. Code 130.2007 and 130.2080. Persons or businesses selling tangible personal property to these organizations or governmental entities must be provided with an "E" number for the sales to be tax exempt, unless another exemption can be documented. It is important to note that only sales of tangible personal property invoiced to the organization or governmental entity itself are exempt. Sales made to an individual member or client of an exempt organization or entity are generally subject to tax. Purchases of tangible personal property by a construction contractor for incorporation into the real estate owned by an exempt organization or governmental entity that possesses a valid "E" number at the time of sale may be made free of Illinois Retailers' Occupation Tax and Use Tax under the provisions of 86 Ill. Adm. Code 130.2075(d).

In claiming the exemption from tax, the construction contractor must provide his/her supplier with a certification stating that his/her purchases are for conversion into real estate under a contract with an exempt organization or governmental entity, identifying the organization or entity by name and address and stating on what date the contract was entered into. The construction contractor must also provide the "E" number issued by the Department to the organization or entity for which the purchasing contractor is acting. See 86 Ill. Adm. Code 130.2075(d)(4).

The requirements for purchases of building materials for incorporation into real estate in an Illinois enterprise zone are set out in Section 5k of the Illinois Retailers' Occupation Tax Act. If the qualifying building materials are purchased from an Illinois retailer, the retailer must obtain a purchaser's certification containing the following:

- i) a statement that the building materials being purchased are being purchased for incorporation into real estate located in an Illinois enterprise zone,
- ii) the location or address of that real estate,
- iii) the name of the enterprise zone in which that real estate is located,
- iv) a description of the building materials being purchased
- v) the purchaser's Enterprise Zone Building Materials Exemption Certificate number issued by the Department, and
- vi) the purchaser's signature and date of purchase

To the extent that you have construction contractor customers who believe that they can refuse to pay tax on equipment which they will use in an Enterprise Zone without proper documentation, or will use in performing a contract with an exempt entity, you may provide a copy of this letter as general guidance. However, the fact that a customer refuses to pay tax to you does not relieve you of the liability. If a customer refuses to pay you the tax, your remedy is a private one.

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,

Cara Bishop  
Associate Counsel

CB:lk

