

In general, the Telecommunications Excise Tax, 35 ILCS 630; Simplified Municipal Telecommunications Tax, 35 ILCS 636; and Telecommunications Infrastructure Maintenance Fee, 35 ILCS 635; are imposed on units of local government. (This is a GIL).

October 24, 2025

NAME
MUNICIPALITY
EMAIL

Dear NAME:

This letter is in response to your emails dated October 2, 2025, and October 7, 2025, in which you requested 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 <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. In your email dated October 2, 2025, you have stated and made inquiry as follows:

We are a tax exempt local government providing internet in STATE only. We pay a vendor for a data center connection in Illinois. That vendor is charging us taxes for that data center connection. When we asked them to remove the taxes because we are tax exempt (I've attached our STATE tax exempt certificate), we are told we must provide an IL tax exempt certificate, not our STATE one. But, since we only do business in STATE, and we're a STATE municipality, we only have a STATE tax exempt certificate.

I was told on the phone to ask you, are we are legally obligated to pay any taxes to IL for our data center connection located in Illinois? We do not provide any services in Illinois, only in STATE. If not, can you give us a

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certificate or any type of notification that would let them know we are tax exempt?

In your email dated October 7, 2025, you have stated and made inquiry as follows:

Good morning,

I have attached an invoice we received from one of our vendors with the tax breakdown shown. For your convenience, I have also attached another copy of our tax exempt certificate.

Again, the question is whether or not we are legally obligated to pay these taxes, as we are a tax exempt local government providing internet service only in our area of STATE.

Thank you,

DEPARTMENT'S RESPONSE:

The Illinois Telecommunications Excise Tax Act imposes a tax on the act or privilege of originating or receiving intrastate or interstate telecommunications by persons in Illinois at the rate of 8.65%, effective July 1, 2025, of the gross charges for such telecommunications purchased at retail by such persons. 35 ILCS 630/3(c) and 4(c), as amended by Public Act 104-0006; 86 Ill. Adm. Code 495.140.

The Simplified Municipal Telecommunications Tax Act allows municipalities to impose a tax on the act or privilege of originating in such municipality or receiving in such municipality intrastate or interstate telecommunications by persons in Illinois at a rate not to exceed 6% for municipalities with a population of less than 500,000, and at a rate not to exceed 7% for municipalities with a population of 500,000 or more, of the gross charges for such telecommunications purchased at retail by such persons. 35 ILCS 636/5-10 and 5-15.

The incidence of the tax is on the person who originates or terminates intrastate or interstate telecommunications in Illinois, and the tax is collected and remitted to the Department by the retailer of the telecommunications. Moreover, a "sale at retail" means the transmitting, supplying or furnishing of telecommunications and all services and equipment provided in connection therewith for a consideration to persons other than the Federal and State governments, and State universities created by statute and other than between a parent corporation and its wholly owned subsidiaries or between wholly owned subsidiaries for their use or consumption and not for resale. 35 ILCS 630/2; 35 ILCS 636/5-7. Generally, local governments are not exempt from either the State or a municipal telecommunications excise tax.

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The Telecommunications Infrastructure Maintenance Fee Act imposes a State infrastructure maintenance fee upon telecommunications retailers equal to 0.5% of all gross charges charged by the telecommunications retailer to service addresses in this State for telecommunications, other than wireless telecommunications, originating or received in this State. 35 ILCS 635/15(b). A telecommunications retailer shall charge each customer an additional charge equal to the State infrastructure maintenance fee attributable to that customer's service address. Such additional charge shall be shown separately on the bill to each customer. 35 ILCS 635/25(a).

The Telecommunications Infrastructure Maintenance Fee Act does not contain an exemption for retailers selling telecommunications to federal, state, or local governments. 35 ILCS 635/10(f). Retailers are liable for the infrastructure maintenance fee upon all gross charges by the telecommunications retailer to federal, state, and local governments. 35 ILCS 635/10(a).

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Information Division at 800-732-8866.

Very truly yours,



George L. Encarnacion Jr.
Associate Counsel

GLE:sce