

ST 26-0029-GIL 07/27/2026 LEASING

The tax on leases and rentals of tangible personal property does not extend to real property. For instance, room rentals, locker rentals, and storage facility rentals would not be taxed under the Retailers' Occupation Tax Act. (This is a GIL.)

July 28, 2026

NAME
COMPANY
EMAIL

Dear NAME:

This letter is in response to your letter dated July 8, 2026, 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.

INQUIRY:

I have a sales tax question that I seem to get multiple and conflicting answers to, I am hoping you can clarify this for me. I want to do what is right and I just don't know what that is.

I have some storage containers that I am wanting to rent. They will be placed permanently on my property, they will not be leaving the property, or moved. They will be anchored down. Each container has four units measuring 8x10 feet each. We are not selling anything at this time. I have asked my accountant, my attorney, and local tax office. My accountant feels that when the units are rented that sales tax should be collected. I have called the tax office of illinois four times and have gotten different answers, three times I have been told, you're not selling anything, so no sales tax. Today I called

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again, feeling uneasy about the previous answers and this gentleman suggested for me to write a letter. I am attaching some photos to show you what I have. Please clarify this for me before we rent these out.

DEPARTMENT'S RULING:

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property at retail 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.

Effective January 1, 2025, persons engaged in the business of leasing tangible personal property at retail ("lessors") in Illinois are subject to State and local retailers' occupation tax on the gross receipts from leases of tangible personal property made in the course of business. See 35 ILCS 120/2. A "lease" is defined as a transfer of the possession or control of, the right to possess or control, or a license to use, but not title to, tangible personal property for a fixed or indeterminate term for consideration, regardless of the name by which the transaction is called, but does not include a lease entered into merely as a security agreement that does not involve a transfer of possession or control from the lessor to the lessee. On and after January 1, 2025, for purposes of State and local retailers' occupation taxes, the term "sale" includes a lease. See 35 ILCS 120/1. The tax applies to lease receipts received on or after January 1, 2025 for leases in effect, entered into, or renewed on or after that date. The lessor must remit for each tax return period the tax applicable to lease receipts received during that tax return period. See 35 ILCS 120/2.

The tax on leases and rentals of tangible personal property does not extend to real property. For instance, room rentals, locker rentals, and storage facility rentals would not be taxed under the Retailers' Occupation Tax Act. To the extent that property is installed as fixtures permanently attached to the realty on which they are located, such property is not considered tangible personal property and would not be subject to the tax on leases and rentals of tangible personal property.

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 Assistance Division at 800-732-8866.

Very truly yours,

COMPANY/NAME

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KAR:slc