

ST 26-0036-GIL 08/11/2026 TEMPORARY STORAGE

The temporary storage exemption at 35 ILCS 105/3-55(e) applies only when the tangible personal property is acquired outside Illinois by the purchaser in a manner that results in no Retailers' Occupation Tax liability for the seller in the same transaction. The temporary storage exemption in subsection 105/3-55(f) applies only to sales to a person registered with the Department as a combination retailer-construction contractor under the Retailers' Occupation Tax Act. See 86 Ill. Adm. Code 150.310, 86 Ill. Adm. Code 130.2075. (This is a GIL).

August 11, 2026

NAME
COMPANY
ADDRESS
EMAIL

Dear NAME:

This letter is in response to your letter dated June 25, 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:

My company is registered to collect Illinois Sales Tax, and we have a situation where one of our customers is requesting that we ship some material to the state of Illinois for temporary storage until their STATE jobsite is ready.

August 11, 2026

The material will ultimately be sent to a jobsite in **STATE**, but we are trying to verify that we are not required to collect Illinois sales tax on material that is only being temporarily stored there.

Below, I've included references in the law that lead me to believe that this is a tax-exempt situation:

35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

Sec. 3-55. Multistate exemption. To prevent actual or likely multistate taxation, the tax imposed by this Act does not apply to the use of tangible personal property in this State under the following circumstances:

(e) The temporary storage, in this State, of tangible personal property that is acquired outside this State and that, after being brought into this State and stored here temporarily, is used solely outside this State or is physically attached to or incorporated into other tangible personal property that is used solely outside this State, or is altered by converting, fabricating, manufacturing, printing, processing, or shaping, and, as altered, is used solely outside this State.

(f) The temporary storage in this State of building materials and fixtures that are acquired either in this State or outside this State by an Illinois registered combination retailer and construction contractor, and that the purchaser thereafter uses outside this State by incorporating that property into real estate located outside this State.

Thank you very much for your time,

DEPARTMENT'S RULING:

The 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. 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. If the purchases occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. The retailers are then allowed to retain the amount of Use Tax paid to reimburse themselves for their Retailers' Occupation Tax liability incurred on those sales. If the purchases occur outside Illinois, purchasers must self-assess their Use Tax liability and remit it directly to the Department.

Generally, Use Tax is imposed on tangible personal property that is acquired outside this State and brought into this State for use or consumption. A temporary storage

exemption from the imposition of Use Tax is available where tangible personal property is “acquired outside this State and which, subsequent to being brought into this State and stored here temporarily, is used solely outside this State or is physically attached to or incorporated into other tangible personal property that is used solely outside this State, or is altered by converting, fabricating, manufacturing, printing, processing or shaping, and, as altered, is used solely outside this State.” See 86 Ill. Adm. Code 150.310(a)(4).

The temporary storage exemption from Use Tax in Section 150.310(a)(4), however, does not have a corresponding exemption in the Retailers’ Occupation Tax Act. As a result, the temporary storage exemption applies to cases in which the only tax liability that could be involved is Use Tax liability. See 86 Ill. Adm. Code 150.310(b). It does not apply to cases in which Retailers’ Occupation Tax is owed by the seller.

As of January 1, 2021, an out-of-State retailer without sufficient physical presence in this State who meets either tax remittance threshold as set out in 86 Ill. Adm. Code 131.115(a) (i.e., 200 transactions or \$100,000 in sales into Illinois per year) is liable for all applicable State and locally imposed retailers’ occupation taxes administered by the Department of Revenue on all sales made to Illinois purchasers. See 86 Ill. Adm. Code 131.125. Purchases from such sellers, even purchases that otherwise meet the requirements of the temporary storage exemption (i.e., stored here temporarily and thereafter used solely outside this state), are not eligible for the temporary storage exemption. That is because Use Tax is not the only tax liability that could be involved since such sellers owe Retailers’ Occupation Tax.

Please note that beginning January 1, 2025, a retailer maintaining a place of business in this State is liable for all applicable State and local retailers’ occupation taxes administered by the Department on all retail sales made to Illinois purchasers from the retailer’s out-of-State locations. See 35 ILCS 120/2(b-2). Again, because the temporary storage exemption at 35 ILCS 105/3-55(e) applies only to cases in which the only tax liability that could be involved is Use Tax, purchases from such sellers, even purchases that otherwise meet the requirements of the temporary storage exemption, are not eligible for the temporary storage exemption. See 86 Ill. Adm. Code 150.310(b). Thus, the temporary storage exemption in subsection 105/3-55(e) would only apply when the tangible personal property is acquired outside Illinois by the purchaser in such a way that there is no Retailers’ Occupation Tax liability on the part of the seller in the same transaction (e.g. the purchaser traveled outside of this State to purchase tangible personal property from a retailer and brought that property back to Illinois on her own to temporarily store in this State). See 86 Ill. Adm. Code 150.310(c).

The temporary storage exemption in subsection 105/3-55(f) applies only to sales to a person registered with the Department as a combination retailer-construction contractor (“retailer-contractor”) under the Retailers’ Occupation Tax Act. In such a case, the registered retailer-contractor would provide its registration number to suppliers in

COMPANY/NAME

Page 4

August 11, 2026

connection with certifying that the purchase is for resale or for incorporation into real estate located outside this State. However, if the retailer-contractor converts the property into real estate in this State, the retailer-contractor must pay the State and any applicable locally imposed retailers' occupation tax. See 86 Ill. Adm. Code 130.2075.

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,

Thomas Grudichak
Associate Counsel

TG:slc