

**Illinois Department of Revenue
Regulations**

Title 86 Part 660 Section 660.30 Exempt Sales

TITLE 86: REVENUE

**PART 660
TOBACCO PRODUCTS TAX ACT OF 1995**

Section 660.30 Exempt Sales

- a) Sales of tobacco products, excluding little cigars, by distributors or wholesalers who will not sell the product to a retailer or consumer are exempt from the tax imposed by the Act. For example, sales by a distributor to another distributor as sales for resale are exempt from the tax imposed by the Act. Sales of tobacco products to retailers or consumers are not exempt sales (unless the retailer is a registered distributor; see subsection (f)).
- b) *The tax is not imposed upon any activity in the business as a distributor in interstate commerce or otherwise, to the extent to which that activity may not, under the Constitution and Statutes of the United States, be made the subject of taxation by this State.* (Section 10-10 of the Act) Sales of tobacco products, excluding little cigars, delivered by a distributor to persons located outside of Illinois are exempt from the tax imposed by the Act.
- c) Sales of tobacco products, excluding little cigars, to retailers who will deliver the tobacco products outside of Illinois are exempt.
- d) The tax imposed by the Act shall not apply to sales or other disposition of tobacco products to the United States Government or any entity of the United States government. For instance, sales of tobacco products to U.S. Veterans' Hospitals and U.S. Military personnel through officially recognized agencies physically located at military bases are exempt from the tax imposed by the Act.
- e) The tax imposed by the Act shall not apply to sales of tobacco products to penal institutions for use in a Correctional Industries program that makes, manufactures, or fabricates tobacco products for sale to residents incarcerated in penal institutions or resident patients of a State operated mental health facility. However, sales of tobacco products to a penal institution that will sell tobacco products through its commissary are taxable.
- f) Under certain circumstances, a blanket Certificate of Resale may be provided by a purchaser to a distributor. These circumstances include the following:
 - 1) Retailers who purchase tobacco products, excluding little cigars, for delivery outside of Illinois are exempt under subsection (c). However, when the retailer may deliver tobacco products, excluding little cigars, outside of Illinois but may deliver some within Illinois and when it is impracticable, at the time of purchasing the tobacco products, for the retailer to determine in which way he or she will

dispose of the tobacco products, the retailer may certify to the distributor that he or she is buying all of the tobacco products, excluding little cigars, for resale and provide a blanket Certificate of Resale to the distributor. A retailer may provide such a certificate only if he or she is registered as a distributor under the Act and agrees to assume responsibility for reporting and remitting tax on his or her taxable Illinois sales (e.g., sales to consumers or retailers).

- 2) Often times, a distributor registered under the Act will also sell tobacco products to consumers. This distributor may similarly find it impracticable, at the time of purchasing the tobacco products, to determine in which way he or she will dispose of the tobacco products. Consequently, except for little cigars, the distributor may provide the selling distributor with a blanket Certificate of Resale and assume responsibility for reporting and remitting tax on his or her taxable sales to consumers.
- g) A distributor making an exempt sale of tobacco products shall document this exemption by obtaining a certification of exemption or resale from the purchaser containing the distributor's name and address, the purchaser's name and address, the date of purchase, the purchaser's signature, the purchaser's tobacco products tax license number, if applicable, and a statement that the purchaser is purchasing for one of the purposes or activities identified in subsections (a) through (e) or is assuming responsibility for reporting and remitting tax as provided for under subsection (f).
- h) *A retailer must be a stamping distributor to make tax exempt sales of packages of little cigars containing 20 or 25 little cigars for use outside of this State. A retailer who is a stamping distributor making sales of stamped packages of little cigars for use outside of this State may file a claim for credit for such sales with the Department on forms and in the manner provided by the Department. [35 ILCS 143/10-27(a)] A retailer must be a stamping distributor to make tax exempt sales of packages of little cigars containing other than 20 or 25 little cigars for use outside of this State. A retailer who is a stamping distributor making sales of packages of little cigars containing other than 20 or 25 little cigars for use outside of this State on which the tax has been or will be paid by another stamping distributor or was paid by the retailer may file a claim for credit for those sales with the Department on forms and in the manner provided by the Department. [35 ILCS 143/10-27(b)]*
- i) *A wholesaler must be a stamping distributor to make tax exempt sales of packages of little cigars containing 20 or 25 little cigars for use outside of this State. A wholesaler who is a stamping distributor making sales of stamped packages of little cigars for use outside of this State may file a claim for credit for those sales with the Department on forms and in the manner provided by the Department. [35 ILCS 143/10-28(a)] A wholesaler must be a stamping distributor to make tax exempt sales of packages of little cigars containing other than 20 or 25 little cigars for use outside of this State. A wholesaler who is a stamping distributor making sales of packages of little cigars containing other than 20 or 25 little cigars for use outside of this State on which the tax has been or will be paid by another stamping distributor or was paid by the wholesaler may file a claim for credit for those sales with the Department on forms and in the manner provided by the Department. [35 ILCS 143/10-28(b)]*

(Source: Amended at 40 Ill. Reg. 10954, effective July 29, 2016)