

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 140 Section 140.110 Example of Methods Used by Servicemen to Determine Liability</b>
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**TITLE 86: REVENUE  
PART 140  
SERVICE OCCUPATION TAX**

**Section 140.110 Example of Methods Used by Servicemen to Determine Liability**

An auto mechanic contracts to repair a customer's automobile. In this example, the serviceman's entire bill to the customer is \$500. Labor costs account for \$300 of the total, and the serviceman's cost price of parts transferred totals \$100. The selling price of the parts, if separately stated, would be \$200. The following chart represents the manner in which this serviceman might incur tax under the different methods discussed in Sections 140.106, 140.108 and 140.109.

a) Registered Servicemen

	Cost Price	Selling Price	Gross Receipts	Service Occupa- tion Tax Base
Separately Stated	\$100	\$200	\$500	\$200 (Selling price)
Not Sepa- rately Stated	\$100	-0-	\$500	\$250 (1/2 of gross receipts)
De Minimis (paying SOT on cost price)	\$100	\$200	\$500	\$100 (Cost price)

b) De minimis serviceman not required to be registered as a retailer under Section 2a of the Retailers' Occupation Tax Act.

	Cost Price	Selling Price	Gross Receipts	Service Occupa- tion Tax Base
	\$ 100	\$ 200	\$500	**

\*\* (Not subject to Service Occupation Tax if not required to be registered as a retailer under Section 2a of the Retailers' Occupation Tax Act. Subject instead to Use Tax on \$100, see Section 140.108.)

(Source: Added at 25 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)