

**Illinois Department of Revenue
Regulations**

Title 86 Part 140 Section 140.127 Service Provided to Persons Who Lease Tangible Personal Property to Exempt Hospitals

**TITLE 86: REVENUE
PART 180
SERVICE OCCUPATION TAX**

Section 140.127 Service Provided to Persons Who Lease Tangible Personal Property to Exempt Hospitals

- a) Effective January 1, 1996 through December 31, 2000, and on and after August 2, 2001, computers and communications equipment utilized for any hospital purpose that are transferred incident to a sale of service to persons who lease those items to exempt hospitals are not subject to Service Occupation Tax. As noted in this subsection, the exemption is not available during the period January 1, 2001 through August 1, 2001 because it expired under the provisions of Section 3-55 of the Service Occupation Tax Act [35 ILCS 115/3-55] and was not reinstated until August 2, 2001. The exemption is otherwise available, provided that :
 - 1) the computers and communications equipment described above must be leased to a tax exempt hospital under a lease that has been executed or is in effect at the time of purchase;
 - 2) the lease must be for a period of one year or longer; and
 - 3) the lease must be to a hospital that has an active tax exemption identification number issued by the Department under Section 1g of the Retailers' Occupation Tax Act (see 86 Ill. Adm. Code 130.2007).

- b) Effective January 1, 1996 through December 31, 2000, and on and after August 2, 2001, equipment, other than that specified in subsection (a), used in the diagnosis, analysis, or treatment of hospital patients that is transferred incident to a sale of service to persons who lease that equipment to exempt hospitals is not subject to Service Occupation Tax. As noted in this subsection, the exemption is not available during the period January 1, 2001 through August 1, 2001 because it expired under the provisions of Section 3-55 of the Service Occupation Tax Act [35 ILCS 115/3-55] and was not reinstated until August 2, 2001. The exemption is otherwise available, provided that:
 - 1) the equipment described above must all be purchased for lease to a tax exempt hospital under a lease that has been executed or is in effect at the time of purchase;
 - 2) the lease must be for a period of one year or longer; and
 - 3) the lease must be to a hospital that has an active tax exemption identification

number issued by the Department under Section 1g of the Retailers' Occupation Tax Act (see 86 Ill. Adm. Code 130.2007).

- c) The serviceman must retain the certification described below in his books and records to properly document the exemption described in this Section.
 - 1) When this exemption may be properly claimed for computer or other communications equipment, the service customer must give the serviceman a certification stating that the computer or other communications equipment is for lease to a tax exempt hospital under a lease for a period of one year or longer executed or in effect at the time of the purchase.
 - 2) When this exemption may be properly claimed for equipment used in the diagnosis, analysis, or treatment of hospital patients, the service customer must give the serviceman a certification stating that the equipment is being purchased for lease to a tax exempt hospital under a lease for a period of one year or longer executed or in effect at the time of the purchase, and that the equipment is for use in the diagnosis, analysis, or treatment of hospital patients.
 - 3) The certification described in subsections (c)(1) and (c)(2) of this Section must also contain all of the following:
 - A) The serviceman's name and address;
 - B) The service customer's name and address;
 - C) A description of the tangible personal property being transferred incident to the sale of service;
 - D) The service customer's signature and date of signing;
 - E) The name and address of the hospital and its tax exemption identification number issued by the Department; and
 - F) The date the lease was executed and the lease period.
- d) For purposes of this Section, "hospital patients" means persons who seek any form of medical care including, but not limited to, medical treatment, testing, diagnosis, or therapy at a hospital or at another location under the control and supervision of a hospital. For example, persons who are sent by doctors for X-rays or other tests at qualifying hospitals, even though those persons are not admitted to those hospitals, are considered hospital patients.

(Source: Amended at 26 Ill. Reg. 4905, effective March 15, 2002)