

**Illinois Department of Revenue  
Regulations**

**Title 86 Part 140 Section 140.145 Multi-Service Situations**

**TITLE 86: REVENUE  
PART 140  
SERVICE OCCUPATION TAX**

**Section 140.145 Multi-Service Situations**

- a) Transactions between de minimis servicemen each paying Use Tax. Effective for sales made on and after August 14, 1996, *if a primary de minimis serviceman who incurs a Use Tax liability on his cost price (described in Section 140.108 of this Part) subcontracts service work to a secondary de minimis serviceman who also incurs a Use Tax liability on his cost price, the primary de minimis serviceman does not incur a Use Tax liability if the secondary de minimis serviceman has paid, or will remit, Illinois Use Tax on his cost price of any tangible personal property transferred to the primary serviceman and certifies that fact in writing to the primary de minimis serviceman.* (Section 2g of the Act). For example, a de minimis dentist paying Use Tax on his cost price who purchases dentures from a de minimis dental laboratory also paying Use Tax on its cost price will not incur Use Tax liability if the de minimis dental laboratory pays, or agrees to remit, Illinois Use Tax on its cost price of the items used to fabricate the dentures, and certifies this fact in writing to the de minimis dentist.
- b) The certification provided by the secondary de minimis serviceman described in subsection (a) shall contain the address of, and be signed and dated by, the secondary de minimis serviceman. It shall certify that the secondary de minimis serviceman has paid, or will remit, Illinois Use Tax on the cost price of the tangible personal property transferred to the primary de minimis serviceman. This certification may appear on the invoice to the primary de minimis serviceman. The primary de minimis serviceman shall retain this certification in his books and records as provided in Section 140.701 of this Part.
- c) Multi-service transactions between registered servicemen. Primary servicemen who are registered with the Department, regardless of whether they are de minimis servicemen paying Service Occupation Tax on their cost price or servicemen paying tax on their selling price, should provide Certificates of Resale to secondary servicemen who are also registered.
- d) Multi-service transactions between registered and unregistered servicemen each located in Illinois. If a registered primary serviceman located in Illinois farms out service work to a secondary serviceman located in Illinois who is not registered and has opted to incur Use Tax as described in Section 140.108 of this Part, tax will be incurred and remitted to the Department at two levels. The secondary de minimis serviceman will pay Use Tax to his supplier on the tangible personal property transferred to the primary serviceman. Normally, the primary serviceman would provide a Certificate of Resale to the secondary serviceman to whom he farms out work, for the

tangible personal property he transfers to his service customers. However, in this instance, the unregistered secondary serviceman is not authorized to accept Certificates of Resale from his customers (see Section 140.108 (a) of this Part). As a result, the registered primary serviceman cannot provide a Certificate of Resale to the unregistered secondary serviceman. When the registered primary serviceman makes a sale of service to his service customer, he will incur Service Occupation Tax on either his selling price or his cost price. Because, in these instances, the two servicemen are either not both registered or unregistered, tax will be paid twice to the Department.

- e) Servicemen engaging in multi-service transactions are urged to utilize one of the methods described in subsection (a) or (c) of this Section. Use of either of these methods prevents the likelihood of tax being incurred by both servicemen, as described in subsection (d) of this Section.
- f) Except as provided in subsection (a) of this Section, when a primary serviceman purchases tangible personal property from a secondary serviceman, the primary serviceman shall determine his cost price either by using the separately stated selling price of tangible personal property set forth on the invoice from the secondary serviceman or, if no selling price is separately stated, 50% of the total invoice including labor and service charges, in the absence of proof (e.g., the secondary serviceman's purchase invoices showing his cost price) of the consideration paid by the secondary serviceman for the purchase of such property.

(Source: Amended at 25 Ill. Reg. 4971, effective March 23, 2001)