

**Illinois Department of Revenue
Regulations**

Title 86 Part 420 Section 420.110 Sales to Governmental Bodies

**TITLE 86: REVENUE
PART 420
LIQUOR CONTROL ACT**

Section 420.110 Sales to Governmental Bodies

a) Sales to Governmental Bodies for Beverage Purposes:

In general, manufacturers and importing distributors are liable for gallonage taxes with respect to alcoholic liquors sold by them to governmental bodies (foreign, Federal, State or local), their departments, agencies and instrumentalities, for beverage purposes, if such alcoholic liquor is delivered in Illinois (including any Federal area located within the external boundaries of the State of Illinois) to the purchaser. However, direct sales of beer, wine, alcohol or spirits to the United States Navy, Army or Air Corps may be made by manufacturers and importing distributors tax-free, provided that such sales are made to officially recognized agencies physically located at military bases.

b) Sales to Governmental Bodies for Non-Beverage Purposes:

1) Manufacturers or importing distributors selling alcoholic liquor to the United States or to a Foreign Government, their departments, agencies or instrumentalities, for non-beverage purposes, are liable for liquor gallonage taxes in the absence of proper evidence covering such sales. However, when making such sales, manufacturers and importing distributors are not liable for liquor gallonage tax if they comply with the following requirements: To claim exemption from the tax when selling alcoholic liquor to the United States or to a Foreign Government, their departments, agencies or instrumentalities, for non-beverage purposes, the manufacturer or importing distributor making such sale should obtain a written statement, signed by an authorized officer or employee of the purchaser and showing the name and address of the seller, the name and address of the purchaser, the date of the purchase and the kind and quantity of alcoholic liquor covered by the statement, and certifying that the alcoholic liquor so purchased is purchased by the named Federal or Foreign governmental body for non-beverage use (describing the alleged non-beverage use with particularity). The manufacturer or importing distributor making the sale should obtain such statement in duplicate, forward one of the statements to the Department upon request and retain one among his books and records. The manufacturer or importing distributor is further required to show the transaction in his monthly return in Schedule "E"--Tax-Free Alcoholic Liquor Sales for Non-beverage Purposes (see Section 420.80(b)(2)(F)).

2) Sales of alcoholic liquor to State and local governmental bodies for non-

beverage purposes are treated the same as sales to other licensed non-beverage users (see Section 420.50 and Section 420.80(b)(2)(F)).

(Source: Amended at 27 Ill. Reg. 830, effective January 3, 2003)