

Illinois Department of Revenue
1500 South Ninth Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY84-11

TO: All Retailers in the Following Cities and Counties

City of Canton	City of Peoria
City of Chicago	City of Rockdale
City of Decatur	City of Rockford
City of East St. Louis	Unincorporated Areas of Will
City of Joliet	Unincorporated Areas of Fulton
City of Lockport	

SUBJECT: Sales Tax Relief Available Under the Illinois Enterprise Zone Act (Public Act 82-1019)

The Illinois Department of Commerce and Community Affairs has certified an area in your city or county as an "enterprise zone." As a retailer in a city or an unincorporated area of a county that has a designated zone, you may be eligible for certain sales tax relief.

The Enterprise Zone Act provides:

1. that eligible cities counties (that is, those which have enterprise zones) may, by passing an ordinance, allow retailers to RECOVER LOCAL SALES TAXES PAID to the Department of Revenue on sales of building materials which will be incorporated into real estate in an enterprise zone;

2. that the State of Illinois will allow retailers to RECOVER STATE SALES TAXES PAID on sales of building materials IF the local government passes the ordinance described above;

3. that each local government (or group of local governments) in which an enterprise zone is located must, in its ordinance and within certain guidelines contained in the Act, establish what local criteria must be met in order for a retailer to be granted the tax relief.

We will send you specific information regarding the locally established criteria for your area as soon as it becomes available to us.

Here are the general guidelines which are set forth in the Act regarding who is eligible to receive "enterprise zone sales tax relief." To be eligible you (as a retailer) must:

1. be located in a city or unincorporated area of a county which has a designated enterprise zone;

2. sell building materials which will be incorporated into real estate in an enterprise zone remodeling, rehabilitation, or new construction;

3. report gross receipts from all such sales in Item 1 on your sales tax return (Form RR-1-A);

4. pay all taxes due;

5. unconditionally refund tax to the purchaser or otherwise prepare to show you bore the burden of the tax; and,

6. file appropriate claims for credit with us (Form RCF-21 for state tax, Form RCR-22 for municipal tax, Form RCF-23 for county tax).*

Please note that the statute authorizes the filing of claims for credit. It does not authorize an exemption or deduction. You may not reduce your gross receipts (in Item 1) or take a deduction (in Item 2k, 2l, or 2m) on your sales tax return.

When we approve you claims for credit, we will issue you a separate credit memorandum for each type of tax you are recovering (i.e., state tax, municipal tax, county tax). DO NOT attempt to offset any taxes due by the amount of your claim until you receive the credit memoranda. Such an attempt could result in our imposing penalty and interest charges on your account.

If you have any questions regarding claims for credit, please contact the Department at (217) 782-7517.

J. Thomas Johnson
Director of Revenue

*The Acct does not authorize claims to recover mass transit sales taxes (imposed by the Regional Transportation Authority or the Metro-East Transit District). You are still liable for these taxes.

Issued: August, 1983

•