

Illinois Department of Revenue
101 West Jefferson Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY85-27

TO: All Illinois Messages Tax Filers

SUBJECT: Resale of Service

Recent changes in the telecommunications industry have led to the emergence of both new message services and new systems of marketing message services. One result of these developments has been the growth in the sales of message services for resale. We believe that this is, therefore, an appropriate time to review the proper reporting of sales for resale on the messages tax return and to discuss the recordkeeping responsibilities of both sellers and purchasers of message services for resale.

Companies which purchase telephone services or facilities from suppliers for resale are not subject to messages tax on the value of these purchases. However, such purchasers must be registered taxpayers under the Messages Tax Act and must give their suppliers a Certificate of Resale in order to be relieved from the obligation of paying messages tax for the services which they are going to resell to their customers. (see the back of this bulletin for an example of an acceptable certificate.)

Companies which supply message services to other registered taxpayers for resale are not subject to tax on the value of these sales. They should deduct the sales on line 2b ("Receipts from service to be rebilled by others") on their monthly messages tax return. They should also keep in their records the Certificates of Resale presented to them by those companies which have purchased their services for resale.

J. Thomas Johnson
Director of Revenue

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