



Tax Exemption for Certain Items Purchased for Lease Ends
Informational Bulletin

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Director of Revenue

For information
or forms...

- ◆ Call us at:
1 800 732-8866 or
217 782-3336
- ◆ Call our TDD
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- ◆ Write us at:
Illinois Department of Revenue
P.O. Box 19044
Springfield, IL 62794-9044
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- ◆ Call
"Illinois Tax Fax," our
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- ◆ Call
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Forms Order Line at:
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To:

All Lessors, Lessees, Retailers, and Servicepersons

Effective **January 1, 2001**, the sales and use tax exemptions for the following items expire:

- ◆ computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients when the equipment is purchased by a lessor and leased for a period of one year or more to a hospital to which the department has issued a tax exemption identification number
- ◆ personal property that is purchased by a lessor and leased for a period of one year or more to a governmental body to which the department has issued a tax exemption identification number

Lessors may no longer make tax-free purchases of these items. **Retailers** and **servicepersons** may no longer make tax-free sales of these items to lessors who will lease these items as previously described.

How are items that were purchased tax-free and are currently being leased affected?

At the time the property that qualified for these exemptions is no longer being leased under the qualifying leases (the property comes off lease), the lessor incurs either use tax or service use tax on the fair market value of the property.