Who is required to obtain a Building Materials Exemption Certificate?

- Each construction contractor, sub-contractor, or other entity that purchases building materials to be incorporated into real estate in an Enterprise Zone or River Edge Redevelopment Zone by rehabilitation, remodeling or new construction.
- Each construction contractor, sub-contractor, or other entity that purchases building materials that will be incorporated into a High Impact Business location as designated by the Department of Commerce and Economic Opportunity.

What information does IDOR require to apply for an exemption certificate?

- Name, address and e-mail address of the construction contractor, sub-contractor, or other entity seeking a certificate;
- Name of the Enterprise Zone or River Edge Redevelopment Zone (not necessary for High Impact Business locations);
- The name of the project;
- The address (or location) of the project;
- The estimated amount of the exemption based on the percentage of the contract that consists of qualified materials; and
- Federal Employer Identification Number (FEIN) or Applicant ID
How do I apply for a Building Materials Exemption Certificate?

• Construction contractors, sub-contractors, or other entities may obtain an Applicant ID through the Illinois Department of Revenue (IDOR) website to expedite the Building Materials Exemption Certificate application process. IDOR will provide an Applicant ID by email, which the applicant can bring to the Zone Administrator or High Impact Business project manager to complete the application. Select the “Proceed to the BMEC application” link on the “Business Incentives” page to get started.

• Construction contractors, sub-contractors, or other entities are required to set up an account on IDOR’s website. To begin the process, click on the link in the Applicant ID email that was sent to you. You will be prompted to enter the Social Security Number or Federal Employer Identification Number that you used to obtain your Applicant ID. Next it will require you to create a password and security questions for easy access in the future. Once your account has been set up, you will only need to enter the Applicant ID and your password to have access to all exemption certificates associated with your Applicant ID.

• Construction contractors, sub-contractors, or other entities must request exemption certificates from the Zone Administrator of the zone where the project is located or from the High Impact Business project manager. The Zone Administrator will then submit an application on behalf of the construction contractor, sub-contractor, or other entity for an exemption certificate from IDOR.

• IDOR will issue an exemption certificate within 72 hours of receiving an application.

How long is a certificate valid?
Zone Administrators determine the length of time that an exemption certificate is valid with a maximum of two years. However, exemption certificates may be renewed by the Zone Administrator upon request. Renewals can be submitted 30 days prior to expiration date. Contact your Zone Administrator or High Impact Business project manager for more details.

What are the penalties for misuse of an exemption certificate?
Certificate holders are responsible for ensuring that their certificates are used only to make qualified purchases. A certificate holder who uses the certificate or allows it to be used to improperly avoid tax will be assessed taxes and penalties on the purchase, an additional monetary penalty equal to the state and local sales taxes on the purchase, and may be barred from securing certificates for other projects.

Each contractor, sub-contractor, or other entity that purchases qualified building materials for a project must have their own exemption certificate. Contractors or sub-contractors may not use other contractors’ or other entities’ exemption certificates.

How will a retailer know when a purchaser has a valid exemption certificate?
When a certificate holder purchases tax exempt building materials, the certificate holder must submit a signed statement to the retailer that contains the certificate number, the zone, the project, and the qualified materials being purchased. Form EZ-1, Building Materials Exemption Certification, contains all necessary information and will be provided to certificate holders when they receive their certificates. Form EZ-1 is also available for download at tax.illinois.gov.

Note: It is the seller’s responsibility to verify that the certificate holder’s building materials exemption certificate number is valid and active. You can confirm this by visiting our website at tax.illinois.gov. Select the “Business Incentives Reporting ” link under the “Businesses” drop-down on our homepage and then select “Verify the validity of a Building Materials Exemption Certificate” link.

Are there reporting requirements if I have been issued an exemption certificate?
If you obtained a sales tax exemption certificate issued by IDOR, you are required to file a report with IDOR. You are required to report the dollar amount of exempt building materials that you purchased. Each contractor, sub-contractor, or other entity that is issued a certificate is liable to file, including filing a zero report when no purchases were made. For information on reporting requirements, see Publication 140, Reporting Requirements for Business Incentives.

For more information:
Find the most up-to-date information on the Illinois Department of Revenue’s website at tax.illinois.gov.

Frequently Asked Questions (FAQ) pages have been developed to provide more specific detail about each reporting type. Look for the “Business Incentives Reporting” link under the “Businesses” drop-down on our homepage to get started.