

Illinois – Enterprise zone sales tax exemption certificates expire, new certificates required on July 1, 2013

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In brief

Beginning July 1, 2013, the sales and use tax enterprise zone building materials exemption will be available only to those contractors with a certificate issued by the Department of Revenue. Taxpayers building in an enterprise zone or into a High Impact Business location should ensure that they have secured the new certification in order to claim the exemption. [[Illinois Department of Revenue Informational Bulletin FY2013-16](#) (June 2013)]

In detail

Building materials sales and use tax exemption

Illinois provides a sales and use tax exemption for construction contractors (or other entities) purchasing building materials that are to be incorporated: (1) into real estate in an Enterprise Zone or River Edge Redevelopment Zone; or (2) into a High Impact Business location.

Prior to July 1, 2013, qualified purchasers document an exemption by providing a retailer with a Certificate of Eligibility for Sales Tax Exemption issued by the enterprise zone administrator.

New building materials exemption certification application process

Effective July 1, 2013, a qualified purchaser documents an exemption by providing to a retailer an Enterprise Zone Building Materials Exemption Certificate (Form EZ-1) issued by the Illinois Department of Revenue. The Department recently issued Informational Bulletin FY 2013-16 to provide guidance regarding the new application process to obtain sales tax exemption certificates for building materials.

Qualified entities must provide applications to the zone's administrator or the High Impact Business' project manager (collectively, Administrators). The Administrator submits the

application to the Department electronically. The Bulletin provides that the Department will issue an exemption certificate within 72 hours of receiving the application. The certificate is good for two years.

Information required to be provided to the Administrator for the application includes:

- Name, address, and email of the construction contractor seeking a certificate
- Name of the Enterprise Zone or River Edge Redevelopment Zone (not necessary for High Impact Business locations)
- Address or location of the project

- Estimated amount of the exemption based on the percentage of the contract that consists of materials.

The takeaway

Illinois taxpayers receiving, or planning to receive, the building material sales tax exemption should be aware of the many certification

changes in effect starting July 1, 2013, or they risk losing their exemptions. Notably, existing certificates issued by local zone administrators, even those certificates that remain unexpired, will no longer be valid starting July 1, 2013. Only Department issued certificates will properly document exempt sales. Taxpayers building in an enterprise zone or into a High

Impact Business location should ensure that they have secured the new certification in order to claim related benefits.

The online website where Administrators electronically file applications is not currently available.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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