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Sales & Property Tax Exemptions (PIO-37)

Qualified organizations, as determined by the department, are exempt from paying sales taxes in Illinois. The exemption allows an organization to buy items tax-free. In addition, their property may be exempt from property taxes.

The state has its own criteria for determining eligibility and the rules differ for the sales tax and property tax exemptions. The criteria is governed by the state statutes that apply: the Retailers' Occupation Tax Act for sales tax exemptions and the Property Tax Code for property tax exemptions.

Note: A charitable organization isn't necessarily qualified because it has a charter from the Secretary of State's office designating it as a not-for-profit corporation, or an exemption from federal taxes under Section 501(c)(3) of the Internal Revenue Code. Although the information is relevant, it doesn't prove the charitable nature of the organization.

Sales Tax Exemptions

Who qualifies for a sales tax exemption?

Your organization must be

- not-for-profit, **and**
- organized and operated exclusively for charitable, religious, educational, or governmental purposes,

to qualify for the exemption from state and local sales tax.

Who receives sales tax exemptions?

Sales tax exemptions are given to

- Churches
- Exclusively charitable organizations
- Licensed not-for-profit day care centers
- Not-for-profit organizations that are operated primarily for arts or cultural purposes
- Qualifying senior citizen organizations
- Schools
- State, local, and federal governments

Do nursing homes and not-for-profit hospitals qualify for the exemption?

Not-for-profit hospitals and nursing homes that qualify as exclusively charitable institutions are not subject to sales tax when selling food or medicine to their patients. Hospital dining facilities that are not open to the general public are also exempt.

However, a hospital or hospital auxiliary incurs a sales tax liability when selling candy, chewing gum, tobacco products, and razor blades, since

these items aren't necessary for basic hospital service and place the hospital in competition with community businesses.

Who doesn't qualify for a sales tax exemption?

Some organizations do charitable work, but aren't primarily organized and operated for charitable purposes. Therefore, they don't qualify for this exemption. These include civic and fraternal organizations, such as

- American Legions,
- AmVets,
- Chambers of Commerce,
- Elks Clubs,
- Lions Clubs,
- Rotary Clubs,
- Veterans of Foreign Wars, and
- Unions and trade associations.

What if an exempt organization sells items?

If your organization is exempt from paying sales taxes on its purchases, it still must collect sales taxes on items it sells, except in the three instances below.

- The items are sold only to the organization's members, students, patients, or inmates.
- The sales are from occasional dinners open to the general public, no more than twice in any one year.
- The sales are not in direct competition with businesses in the community.

The money your organization raises from any of these instances must be intended to further the charitable purpose of the organization in order for the exemption to apply.

Note: Gift shops or rummage stores operated by exempt organizations are commercial enterprises that are in competition with community businesses and are ineligible for a sales tax exemption on the sales they make.

How does an organization apply for a sales tax exemption?

There is no application form. Your organization should submit their request to us at the address located at the end of this page. If eligible, the department will issue your organization a sales tax exemption number. The sales tax exemption may take up to 90 days to process and it is not retroactive. Your organization must give this number to a merchant in order to make purchases tax-free.

To apply, your organization should send a letter requesting the exemption, and include a copy of the minimal documentation including

- The articles of incorporation,
- The organization's constitution, if unincorporated,
- The by-laws,
- A detailed narrative that explains purposes, functions, and activities of your organization,
- The IRS letter, respecting federal tax-exempt status, if your organization has one,

- Brochures or other printed material explaining the purposes, functions, and activities of your organization,
- The most recent financial statement. If the organization is a religious organization, they do not need to submit a financial statement with the initial request, and
- Any other information that describes the purposes, functions, and activities of your organization.

Do you need additional sales tax exemption information?

Phone: 217 782-8881

ILLINOIS DEPARTMENT OF REVENUE
SALES TAX EXEMPTION SECTION 3-520
101 W JEFFERSON ST
SPRINGFIELD, IL 62702-5145

Property Tax Exemptions

Who qualifies for a property tax exemption?

Your organization must

- be an exclusively beneficent and charitable, religious, educational, or governmental organization, **and**
- own the property that is used exclusively for charitable, religious, educational, or governmental purposes and not leased or used for profit,

to qualify for a property tax exemption.

Who doesn't qualify for a property tax exemption?

Some organizations do charitable work, but aren't primarily organized and operated for charitable purposes. Therefore, they don't qualify for this exemption. These include civic and fraternal organizations, such as

- American Legions,
- AmVets,
- Chambers of Commerce,
- Elks Clubs,
- Lions Clubs,
- Rotary Clubs,
- Veterans of Foreign Wars, and
- Unions and trade associations.

How does an organization apply for a property tax exemption?

To apply, your organization should complete one of the following three applications, available from the chief county assessment officer (CCAO).

Charitable organizations should complete Form PTAX-300, Application for Non-homestead Property Tax Exemption. You **must** include copies of

- Proof of ownership, (deed, contract for deed, title insurance policy, condemnation order and proof of payment, etc.)
- A picture of the property,

- Any leases or contracts on the property, and
- A notarized affidavit of use of the property.

Educational and governmental organizations, other than federal and state agencies, should also complete Form PTAX-300. The required attachments are listed on that form.

Federal and state agencies should complete Form PTAX-300-FS, Application for Federal/State Agency Property Tax Exemption. The required attachments are listed on that form.

Religious organizations should complete Form PTAX-300-R, Application for Religious Property Tax Exemption. The required attachments are listed on that form.

Once you've completed the application, submit it, along with **all** required documents, to the county board of review. The board will hold a hearing and evaluate all of the information submitted before making a recommendation.

All of the documents are then forwarded to the department for a final determination. This decision is final unless a formal hearing is requested by the applicant or another party to the matter.

Do you need additional property tax exemption information?

Phone: 217 785-2252

ILLINOIS DEPARTMENT OF REVENUE
LOCAL GOVERNMENT SERVICES 3-520
101 WEST JEFFERSON STREET
SPRINGFIELD, IL 62702