



Informational

Bulletin

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New Application Process to Obtain Sales Tax Exemption Certificates for Building Materials

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

Contractors and other entities participating in a real estate construction, rehabilitation, or renovation project in an Enterprise Zone or a River Edge Redevelopment Zone – or for a state-certified High Impact Business – may purchase building materials for the project exempt from sales tax.

Beginning July 1, 2013, the building materials exemption will be available only to those contractors or other entities with a certificate issued by the Illinois Department of Revenue.

This bulletin provides a brief description of the requirements. For complete information about what you need, visit our website at tax.illinois.gov and click on the “Business Incentives Reporting and Building Materials Exemption Certification” link.

For information or forms
Visit our website at:
tax.illinois.gov

Who is eligible for a Building Materials Exemption Certificate?

- Each construction 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 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

How do I apply for a Building Materials Exemption Certificate?

- Construction contractors or other entities seeking exemption certificates must go through the Zone Administrator of the zone where the project is located or through the High Impact Business project manager.
- Zone Administrators must submit applications for those construction contractors or other entities purchasing materials to incorporate into real estate in an Enterprise Zone or River Edge Redevelopment Zone.
- High Impact Businesses must submit applications for those construction contractors or other entities purchasing materials to be incorporated into a High Impact Business location.

- All applications must be submitted through the “Business Incentives Reporting and Building Materials Exemption Certification” link at the Department of Revenue’s website, at tax.illinois.gov.
- The Department of Revenue will issue an exemption certificate within 72 hours of receiving an application.

What information does a Zone Administrator or High Impact Business project manager have to provide to apply for an exemption certificate?

- Name, address and e-mail address of the construction 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 address (or location) of the project;
- The estimated amount of the exemption based on the percentage of the contract that consists of materials; and
- Federal Employer Identification Number (FEIN) or Applicant ID

IMPORTANT: If you are a sole proprietor using a Social Security Number (SSN) as your business identification number, you must first obtain an “Applicant ID” through the Building Materials Exemption Certificate program and bring your Applicant ID to the Zone Administrator or High Impact Business project manager for them to complete your application.

How will a retailer know when a purchaser has a valid exemption certificate?

When purchasing tax exempt building materials, the purchaser must submit a signed statement to the retailer that contains the certificate number, the zone, the project, and the 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 and using the Verify Building Materials Exemption Certificates tool.

How long is a certificate valid?

A maximum of two years.

When will contractors and other entities have to begin using Department of Revenue-issued certificates?

July 1, 2013

Are unexpired certificates issued by Zone Administrators before July 1, 2013 still valid after July 1, 2013?

No. Only certificates issued by the Illinois Department of Revenue are valid beginning July 1, 2013. Any contractor or other entity possessing a valid building materials exemption certificate issued by a Zone Administrator, must apply for a new certificate from the Department of Revenue for the project.

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.