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DEPARTMENT OF REVENUE

NOTICE OF PROPOSED AMENDMENTS

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AUTHORITY: Implementing the Illinois Retailers' Occupation Tax Act [35 ILCS 120] and authorized by Section 2505-25 of the Civil Administrative Code of Illinois [20 ILCS 2505/2505-25].

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SOURCE: Adopted July 1, 1933; amended at 2 Ill. Reg. 50, p. 71, effective December 10, 1978; amended at 3 Ill. Reg. 12, p. 4, effective March 19, 1979; amended at 3 Ill. Reg. 13, pp. 93 and 95, effective March 25, 1979; amended at 3 Ill. Reg. 23, p. 164, effective June 3, 1979; amended at 3 Ill. Reg. 25, p. 229, effective June 17, 1979; amended at 3 Ill. Reg. 44, p. 193, effective October 19, 1979; amended at 3 Ill. Reg. 46, p. 52, effective November 2, 1979; amended at 4 Ill. Reg. 24, pp. 520, 539, 564 and 571, effective June 1, 1980; amended at 5 Ill. Reg. 818, effective January 2, 1981; amended at 5 Ill. Reg. 3014, effective March 11, 1981; amended at 5 Ill. Reg. 12782, effective November 2, 1981; amended at 6 Ill. Reg. 2860, effective March 3, 1982; amended at 6 Ill. Reg. 6780, effective May 24, 1982; codified at 6 Ill. Reg. 8229; recodified at 6 Ill. Reg. 8999; amended at 6 Ill. Reg. 15225, effective December 3, 1982; amended at 7 Ill. Reg. 7990, effective June 15, 1983; amended at 8 Ill. Reg. 5319, effective April 11, 1984; amended at 8 Ill. Reg. 19062, effective September 26, 1984; amended at 10 Ill. Reg. 1937, effective January 10, 1986; amended at 10 Ill. Reg. 12067, effective July 1, 1986; amended at 10 Ill. Reg. 19538, effective November 5, 1986; amended at 10 Ill. Reg. 19772, effective November 5, 1986; amended at 11 Ill. Reg. 4325, effective March 2, 1987; amended at 11 Ill. Reg. 6252, effective March 20, 1987; amended at 11 Ill. Reg. 18284, effective October 27, 1987; amended at 11 Ill. Reg. 18767, effective October 28, 1987; amended at 11 Ill. Reg. 19138, effective October 29, 1987; amended at 11 Ill. Reg. 19696, effective November 23, 1987; amended at 12 Ill. Reg. 5652, effective March 15, 1988; emergency amendment at 12 Ill. Reg. 14401, effective September 1, 1988, for a maximum of 150 days, modified in response to an objection of the Joint Committee on Administrative Rules at 12 Ill. Reg. 19531, effective November 4, 1988, not to exceed the 150 day time limit of the original rulemaking; emergency expired January 29, 1989; amended at 13 Ill. Reg. 11824, effective June 29, 1989; amended at 14 Ill. Reg. 241, effective December 21, 1989; amended at 14 Ill. Reg. 872, effective January 1, 1990; amended at 14 Ill. Reg. 15463, effective September 10, 1990; amended at 14 Ill. Reg. 16028, effective September 18, 1990; amended at 15 Ill. Reg. 6621, effective April 17, 1991; amended at 15 Ill. Reg. 13542, effective August 30, 1991; amended at 15 Ill. Reg. 15757, effective October 15, 1991; amended at 16 Ill. Reg. 1642, effective January 13, 1992; amended at 17 Ill. Reg. 860, effective January 11, 1993; amended at 17 Ill. Reg. 18142, effective October 4, 1993; amended at 17 Ill. Reg. 19651, effective November 2, 1993; amended at 18 Ill. Reg. 1537, effective January 13, 1994; amended at 18 Ill. Reg. 16866, effective November 7, 1994; amended at 19 Ill. Reg. 13446, effective September 12, 1995; amended at 19 Ill. Reg. 13568, effective September 11, 1995; amended at 19 Ill. Reg. 13968, effective September 18, 1995; amended at 20 Ill. Reg. 4428, effective March 4, 1996; amended at 20 Ill. Reg. 5366, effective March 26, 1996; amended at 20 Ill. Reg. 6991, effective May 7, 1996; amended at 20 Ill. Reg. 9116, effective July 2, 1996; amended at 20 Ill. Reg. 15753, effective December 2, 1996; expedited correction at 21 Ill. Reg. 4052, effective December 2, 1996; amended at 20 Ill. Reg. 16200, effective December 16, 1996; amended at 21 Ill. Reg. 12211, effective August 26, 1997; amended at 22 Ill. Reg. 3097, effective January 27, 1998; amended at 22 Ill. Reg. 11874, effective June 29, 1998; amended at 22 Ill. Reg. 19919, effective October 28, 1998; amended at 22 Ill. Reg. 21642, effective November 25, 1998; amended at 23 Ill. Reg. 9526, effective July 29, 1999; amended at 23 Ill. Reg. 9898, effective August 9, 1999; amended at 24 Ill. Reg. 10713, effective July 7, 2000; emergency amendment at 24 Ill. Reg. 11313, effective July 12, 2000, for a



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maximum of 150 days; amended at 24 Ill. Reg. 15104, effective October 2, 2000; amended at 24 Ill. Reg. 18376, effective December 1, 2000; amended at 25 Ill. Reg. 941, effective January 8, 2001; emergency amendment at 25 Ill. Reg. 1792, effective January 16, 2001, for a maximum of 150 days; amended at 25 Ill. Reg. 4674, effective March 15, 2001; amended at 25 Ill. Reg. 4950, effective March 19, 2001; amended at 25 Ill. Reg. 5398, effective April 2, 2001; amended at 25 Ill. Reg. 6515, effective May 3, 2001; expedited correction at 25 Ill. Reg. 15681, effective May 3, 2001; amended at 25 Ill. Reg. 6713, effective May 9, 2001; amended at 25 Ill. Reg. 7264, effective May 25, 2001; amended at 25 Ill. Reg. 10917, effective August 13, 2001; amended at 25 Ill. Reg. 12841, effective October 1, 2001; amended at 26 Ill. Reg. 958, effective January 15, 2002; amended at 26 Ill. Reg. 1303, effective January 17, 2002; amended at 26 Ill. Reg. 3196, effective February 13, 2002; amended at 26 Ill. Reg. 5369, effective April 1, 2002; amended at 26 Ill. Reg. 5946, effective April 15, 2002; amended at 26 Ill. Reg. 8423, effective May 24, 2002; amended at 26 Ill. Reg. 9885, effective June 24, 2002; amended at 27 Ill. Reg. 795, effective January 3, 2003; emergency amendment at 27 Ill. Reg. 11099, effective July 7, 2003, for a maximum of 150 days; emergency expired December 3, 2003; amended at 27 Ill. Reg. 17216, effective November 3, 2003; emergency amendment at 27 Ill. Reg. 18911, effective November 26, 2003, for a maximum of 150 days; emergency expired April 23, 2004; amended at 28 Ill. Reg. 9121, effective June 18, 2004; amended at 28 Ill. Reg. 11268, effective July 21, 2004; emergency amendment at 28 Ill. Reg. 15193, effective November 3, 2004, for a maximum of 150 days; emergency expired April 1, 2005; amended at 29 Ill. Reg. 7004, effective April 26, 2005; amended at 31 Ill. Reg. 3574, effective February 16, 2007; amended at 31 Ill. Reg. 5621, effective March 23, 2007; amended at 31 Ill. Reg. 13004, effective August 21, 2007; amended at 31 Ill. Reg. 14091, effective September 21, 2007; amended at 32 Ill. Reg. 4226, effective March 6, 2008; emergency amendment at 32 Ill. Reg. 8785, effective May 29, 2008, for a maximum of 150 days; emergency expired October 25, 2008; amended at 32 Ill. Reg. 10207, effective June 24, 2008; amended at 32 Ill. Reg. 17228, effective October 15, 2008; amended at 32 Ill. Reg. 17519, effective October 24, 2008; amended at 32 Ill. Reg. 19128, effective December 1, 2008; amended at 33 Ill. Reg. 1762, effective January 13, 2009; amended at 33 Ill. Reg. 2345, effective January 23, 2009; amended at 33 Ill. Reg. 3999, effective February 23, 2009; amended at 33 Ill. Reg. 15781, effective October 27, 2009; amended at 33 Ill. Reg. 16711, effective November 20, 2009; amended at 34 Ill. Reg. 9405, effective June 23, 2010; amended at 34 Ill. Reg. 12935, effective August 19, 2010; amended at 35 Ill. Reg. 2169, effective January 24, 2011; amended at 36 Ill. Reg. 6662, effective April 12, 2012; amended at 38 Ill. Reg. 12909, effective June 9, 2014; amended at 38 Ill. Reg. 17060, effective July 25, 2014; amended at 38 Ill. Reg. 17421, effective July 31, 2014; amended at 38 Ill. Reg. 17756, effective August 6, 2014; amended at 38 Ill. Reg. 19998, effective October 1, 2014; amended at 39 Ill. Reg. 1793, effective January 12, 2015; amended at 39 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_.

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**Section 130.410 Cost of Doing Business Not Deductible**

In computing Retailers' Occupation Tax liability, no deductions shall be made by a taxpayer from gross receipts or selling prices on account of the cost of property sold, the cost of materials used, labor or service costs, idle time charges, incoming freight or transportation costs, overhead costs, processing charges, clerk hire or ~~salesmen's~~ salesmen's commissions, interest paid by the seller, or any other expenses whatsoever. Costs of doing business are an element of the retailer's gross receipts subject to tax even if separately stated on the bill to the customer.

- a) For example, a retailer may choose to accept payment from a customer through the use of a credit or debit card, and the retailer may not receive the full amount of payment due to the service charges or fees charged by the credit or debit card company. These charges or fees are part of the retailer's cost of doing business and are not deductible from the gross receipts subject to tax.
- b) To determine whether outgoing shipping and handling charges are deductible from gross receipts that are subject to tax, see Section 130.415 of this Part.
- c) Handling charges represent a retailer's cost of doing business, and are not deductible from the gross charges subject to tax. However, such charges are often stated in combination with shipping charges. In this case, charges designated as "shipping and handling" as well as delivery or transportation charges ~~in general, are not taxable if it can be shown that they are both separately contracted for and that such charges are actually reflective of the costs of shipping. To the extent that shipping and handling charges exceed the costs of shipping, the charges are subject to tax as provided in~~ (See Section 130.415 of this Part.)

(Source: Amended at 39 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Section 130.415 Transportation and Delivery Charges**

- a) Until November 19, 2009
  - 1) Transportation and delivery charges are considered to be freight, express, mail, truck or other carrier, conveyance or delivery expenses. These charges are also many times designated as shipping and handling charges.
  - ~~b2)~~ The answer to the question of whether or not a seller, in computing his Retailers' Occupation Tax liability, may deduct, from his gross receipts from sales of tangible personal property at retail, amounts charged by him to his customers on account of his payment of transportation or delivery charges in order to secure delivery of the property to such customers, or on account of his incurrence of expense in making such delivery himself,

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depends not upon the separate billing of such transportation or delivery charges or expense, but upon whether the transportation or delivery charges are included in the selling price of the property which is sold or whether the seller and the buyer contract separately for such transportation or delivery charges by not including such charges in such selling price. In addition, charges for transportation and delivery must not exceed the costs of transportation or delivery. If those charges do exceed the cost of delivery or transportation, the excess amount is subject to tax.

- e3) If such transportation or delivery charges are included in the selling price of the tangible personal property which is sold, the transportation or delivery expense is an element of cost to the seller within the meaning of Section 1 of the Retailers' Occupation Tax Act, and may not be deducted by the seller in computing his Retailers' Occupation Tax liability.
- d4) If the seller and the buyer agree upon the transportation or delivery charges separately from the selling price of the tangible personal property which is sold, then the cost of the transportation or delivery service is not a part of the "selling price" of the tangible personal property which is sold, but instead is a service charge, separately contracted for, and need not be included in the figure upon which the seller computes his Retailers' Occupation Tax liability. Delivery charges are deemed to be agreed upon separately from the selling price of the tangible personal property being sold so long as the seller requires a separate charge for delivery and so long as the charges designated as transportation or delivery or shipping and handling are actually reflective of the costs of such shipping, transportation or delivery. To the extent that such charges exceed the costs of shipping, transportation or delivery, the charges are subject to tax. The best evidence that transportation or delivery charges were agreed to separately and apart from the selling price, is a separate and distinct contract for transportation or delivery. However, documentation which demonstrates that the purchaser had the option of taking delivery of the property, at the seller's location, for the agreed purchase price, or having delivery made by the seller for the agreed purchase price, plus an ascertained or ascertainable delivery charge, will suffice.
- e5) Incoming Transportation Costs Transportation or delivery charges paid by a seller in acquiring property for sale are merely costs of doing business to the seller and may not be deducted by such seller in computing his Retailers' Occupation Tax liability, even though he passes such costs on to his customers by quoting and billing such costs separately from the selling price of tangible personal property which he sells. The same is true of transportation or delivery charges paid by the seller in moving property to

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some point from which the property (when delivery charges paid by the seller in moving property to some point from which the property (when subsequently sold) will be delivered or shipped to the purchaser.

- b) On and after November 19, 2009,
  - 1) Outgoing Transportation and Delivery Charges (e.g., Shipping and Handling).
    - A) Applicability.
      - i.) Outgoing transportation and delivery charges are charges for the final transport or delivery of tangible personal property from the possession and control of the seller to the possession and control of the purchaser. Outgoing transportation and delivery charges include, but are not limited to, charges for freight, express, mail, truck or other carrier, conveyance or delivery expenses, and shipping and handling.
      - ii.) Costs incurred by the retailer in moving property to some point from which the property will be delivered or shipped to the customer, or picked up by the customer, are not outgoing transportation and delivery charges; they are part of the retailer's costs of doing business, and any amounts the retailer charges a customer for moving the property cannot be deducted from gross receipts from that sale.
    - B) Taxability of Outgoing Transportation and Delivery
      - i.) Outgoing transportation and delivery charges are part of the gross receipts subject to Retailers' Occupation Tax when there is an inseparable link between the sale of tangible personal property and the outgoing transportation and delivery of the property. *Kean v. Wal-Mart Stores, Inc.*, 235 Ill. 2d 351(2009).
      - ii.) An inseparable link exists when (a) the transportation and delivery charges are not separately identified to the purchaser on the contract or invoice or (b) the transportation and delivery charges are separately identified to the purchaser on the contract or invoice, but the seller does not offer the purchaser the option to receive the

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tangible personal property in any manner except by delivery from the seller (e.g., the seller does not offer the purchaser the option to pick up the tangible personal property). *Kean v. Wal-Mart Stores, Inc.*, 235 Ill. 2d 351, 375 (2009) (“Can the product that the customer has agreed to buy be sold to the customer without rendering the service? If ‘yes,’ then the service should not be included in the selling price of the sale of tangible personal property.”) (quoting *Airco Industrial Gas Division, The BOC Group, Inc. v. Department of Revenue*, 223 Ill. App. 3d 386, 392 (4th Dist. 1991).

iii.) Except as provided in (ii), outgoing transportation and delivery is considered a service separate and distinct from the sale of tangible personal property that is being transported or delivered and should be excluded from the gross receipts subject to the Retailers’ Occupation Tax.

C) Safe Harbor: If a seller of tangible personal property offers the purchaser the option to pick up the property and charges the same price for the property regardless of whether the property is delivered or picked up, then the transportation and delivery charges separately identified as such by the seller to the purchaser on the contract or invoice will not be subject to Retailers’ Occupation Tax. However, if the selling price of the tangible personal property increases or decreases depending on whether the purchaser chooses to pick up the property or have it delivered, the transportation and delivery charges will be subject to Retailers’ Occupation Tax to the extent such charges exceed the actual cost of outgoing transportation and delivery as described in subsection (b)(1)(A)(i).

D) Examples.

i.) Internet purchase by an Illinois customer from a retailer who also has brick-and-mortar stores. A customer selects property from a retailer’s website on the Internet, clicks the “add to shopping cart” button and proceeds to “check out”. The online retailer adds the price of the items in the shopping cart, for a total price of \$200. The online retailer then prompts the customer to click on the box corresponding to the method by which the customer prefers to obtain the merchandise (e.g., USPS or other common

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ground carrier for \$12.99, two-day delivery for \$18.50, Next Day Air for \$33.50, or the option to pick up the property for no extra charge at the retailer's store). The customer clicks on the ground carrier box for delivery to the purchaser's home. The retailer then calculates the total price of the order (\$200 + \$12.99 = \$212.99). The cost of the property and the cost of shipping are separately identified on the invoice when the property is delivered. Because the delivery charge is separately identified on the purchaser's invoice, and the purchaser had the option to pick up the property rather than having it shipped, there is no inseparable link between the purchase of the property and the outgoing transportation and delivery charges. Therefore, the delivery is a service separate and distinct from the sale of the items and is not part of the retailer's gross receipts subject to the Retailers' Occupation Tax. The taxable amount is \$200.00.

- ii.) Internet purchase from retailer without a brick-and-mortar store. Assume the same facts as the example in subsection (b)(1)(D)(i), except, because the retailer has no brick-and-mortar store, the customer is not given the option of picking up the item. Because the tangible personal property could not be sold to the customer without including delivery, there is an inseparable link between the purchase and the delivery, and the charges for delivery are included in taxable gross receipts. The taxable amount is \$212.99.
- iii.) Internet purchase from retailer with out-of-state pick up option. Assume the same facts as the example in subsection (b)(1)(D)(i), above. However, the retailer's only eligible pick up location is in San Diego, California. Because the retailer offers an option to pick up the property, there is no inseparable link between the sale of tangible personal property and the delivery of that property. The transportation and delivery charges are not taxable. The taxable amount is \$200.
- iv.) Delivery Charges Need Not Reflect Actual Costs. Assume the same facts as the example in subsection (b)(1)(D)(i), above. However, the actual cost to ship the goods to the customer by ground carrier is \$11.00. The transportation

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charge exceeds the actual cost of shipping. However, because the customer has an option to pick up the property and avoid the transportation cost, and because the price of the property is the same regardless of whether the customer picks up the property or has it delivered, the charges identified as transportation and delivery are nontaxable. Therefore, the taxable amount is \$200.00.

- v.) Price Includes Delivery. A customer telephones a retailer who sells propane. The retailer offers to sell propane to the customer for \$2 per pound if the retailer delivers the propane or \$1 per pound if the customer picks up the propane or arranges for the delivery with a third party. If a customer chooses to have the retailer deliver the propane for \$2/pound, then the gross receipts for the delivered propane are \$2/pound, and the retailer may not make any deductions for transportation and delivery. There is an inseparable link between the purchase of the propane and its delivery because the retailer charges a single indivisible price. The taxable amount is \$2/pound.
  
- vi.) A transportation company offers to purchase material from a quarry and sell it to a customer for \$15/metric ton, including delivery. The purchaser accepts the offer and orders three metric tons of gravel. The transportation company purchases three metric tons of gravel from a quarry for \$10/metric ton and delivers it to the customer. The transportation company is a retailer responsible for the ROT on the material it sells. Because it offered to sell and deliver gravel for a single indivisible price, there is an inseparable link between sale and delivery. The taxable amount is \$15/metric ton.
  
- vii.) Delivery by a retailer's affiliated business. A customer purchases \$1,500 worth of furniture from a local furniture retailer. The retailer has no trucks of its own to make any deliveries. There is a delivery company affiliated with the furniture retailer that frequently delivers furniture to customers who make purchases from the furniture retailer. The furniture retailer offers to arrange for the delivery of the furniture through its affiliated company for an additional cost of \$100, which is identified separately as the delivery cost of the affiliated company. In the alternative,

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the customer may arrange to pick up the furniture or to have it delivered at his or her own cost. Because the customer can pick up the furniture or separately arrange for its delivery by a company of his or her choosing, the delivery of the furniture is a service separate and apart from the sale of tangible personal property. The \$100 delivery fee is not part of gross receipts and is not taxable. The taxable amount is \$1,500.

viii.) Assume the same facts as in the example in subsection (b)(1)(D)(vii), above, except that the retailer does not permit customers to pick up their purchases and requires that its affiliated delivery company makes all deliveries. When a retailer requires the customer to contract for shipping with a specific delivery company (or to choose one company among several with whom to contract), the retailer is deemed to be the provider of the shipping service. Because the tangible personal property could not be sold to the customer without including delivery, there is an inseparable link between the sale and delivery of the tangible personal property, and the delivery charge is taxable. The taxable amount is \$1,600.

E) Taxable Shipping: Exemptions and Rates. If a retailer has determined that the delivery charges are part of its gross receipts, then the retailer must determine if any exemptions apply and, if not, determine the appropriate tax rate for that transaction by observing the following rules:

i.) Exempt tangible personal property. If the retailer determines that either the purchaser or all of the tangible personal property being sold is tax exempt, then the entire gross receipts from the sale are not taxable, including the delivery charge.

EXAMPLE:

A church with an active exemption identification number purchases new choir robes for \$600. The retailer charged the church \$20 to deliver the robes. All amounts the retailer charged the church, including for delivery, are not taxable because the sale to the church was a tax-exempt sale.



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- ii.) Exempt tangible personal property with taxable tangible personal property. If a retailer makes a sale of multiple items of tangible personal property, some of which are exempt and some of which are taxable, the outgoing transportation or delivery charges are exempt if the total selling price of the exempt tangible personal property is greater than the selling price of the taxable tangible personal property.

EXAMPLE:

A customer places an order for subscriptions to 3 magazines for a total of \$36 and purchases 2 children's books for a total of \$12 through an online retailer. The retailer charges \$4 for shipping and handling. The magazines qualify for the newsprint and ink exemption, but the books do not. As a result, the selling price of the exempt tangible personal property (\$36) is greater than the selling price of the taxable tangible personal property (\$12). The shipping and handling charges (\$4) are exempt.

- iii.) Delivery of tangible personal property taxed entirely at the low rate of tax or entirely at the high rate of tax. If a retailer makes a sale of multiple items of tangible personal property that are either all taxable at the high rate of tax or all taxable at the low rate of tax, it must apply that rate to all the gross receipts from the sale, including delivery charges.

EXAMPLE:

A customer purchases a wheelchair on-line for \$500. The retailer charges \$40 for delivery. The \$40 delivery charge is taxed at the low rate of tax.

- iv.) Delivery of multiple items of tangible personal property some of which are taxed at the high rate and some of which are taxed at the low rate. In order to qualify for the low rate, the selling price of the tangible personal property that is taxed at the low rate must be greater than the total selling price of the tangible personal property that is taxed at the high rate.

EXAMPLE:

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A customer orders crackers, cheese and fruit for \$200 and 6 bottles of wine at \$75 per bottle (\$450). The retailer charges the customer \$20 for delivery. The retailer's outgoing transportation and delivery charges are part of the retailer's costs of doing business and may not be deducted from its gross receipts from that sale. The transportation and delivery charges are taxable at the high rate of tax because the total selling price for tangible personal property taxed at the high rate (\$450) is greater than the total selling price for the tangible personal property taxed at the low rate (\$200).

- v.) Delivery of multiple items of tangible personal property some of which are taxed at the high rate, some of which are taxed at the low rate, and some of which are exempt.

The outgoing transportation or delivery charges are exempt if the total selling price of the exempt tangible personal property is greater than the selling price of the taxable tangible personal property.

If the total selling price of the exempt tangible personal property is not greater than the selling price of the taxable tangible personal property, the transportation and delivery charges will qualify for the low rate if the total selling price of the tangible personal property that is taxed at the low rate is greater than the total selling price of the tangible personal property that is taxed at the high rate.

2) Incoming Transportation and Delivery Costs.

- A) Applicability. Incoming transportation and delivery costs are costs incurred by a retailer in acquiring tangible personal property for sale or moving tangible personal property from one location to another location, up to and including transportation to a point from which the property will be delivered or shipped to the customer, or picked up by the customer.
- B) General Rule. Incoming transportation and delivery costs are a business expense to the retailer and may not be deducted from the gross receipts from sales of tangible personal property at retail, even though the retailer may pass such costs on to its customers by

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quoting and billing such costs separately from the price of the tangible personal property which he sells.

C) Examples.

i.) A customer purchases \$25 worth of books on the internet. The retailer is advertising a \$10 transportation and delivery charge special on orders over \$20 or a \$1 transportation and delivery charge special on orders shipped to its brick-and-mortar store for in-store pick up by the customer. The customer chooses the in-store pickup option. The incoming transportation and delivery costs incurred by the retailer for the customer's order shipped to its brick-and-mortar store for in-store pickup are part of the retailer's costs of doing business. Any amounts the retailer charges the customer for shipping the books to its brick-in-mortar store are part of the retailer's gross receipts from that sale and cannot be deducted. The taxable amount on the sale of the books to the customer is \$26.00.

ii.) A customer goes to an appliance store (Store A) to purchase an oven for \$300. The store only has the display model at that location, but there are several in stock at a second store at another store location (Store B). The retailer offers to have Store B ship the oven to Store A for \$25, and the customer accepts. Any transportation costs to move the merchandise from Store B to Store A are part of the retailer's costs of doing business, and any amounts the retailer charges the customer for moving that merchandise cannot be deducted from the retailer's gross receipts from that sale. The taxable amount on the sale of the appliance is \$325.00.

(Source: Amended at 39 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)