

## Sales/Use/Indirect:

### Illinois: Letter Rulings Address Taxation of Video Games, In-Game Items and Virtual Currency

*General Information Letter ST 24-0036-GIL*, Ill. Dept. of Rev. (11/6/24); *General Information Letter ST 24-0044-GIL*, Ill. Dept. of Rev. (12/16/24). Recently posted Illinois Department of Revenue (Department) general information letters generally explain that the sale of computer software – including online video games, game extras, and “in-game currency” downloaded on to a customer’s computer in Illinois – constitutes the sale of tangible personal property subject to Illinois retailers’ occupation tax (ROT) and clarify that Illinois does not tax subscriptions of software as a service (SaaS). In this context, the rulings explain that the nature of any “extras” and how they are used by a video game purchaser determine whether such items are taxable. If the sale of video game extras merely “unlocks” content that was preloaded on the initial download or purchase of the game, then that would constitute a taxable sale of tangible personal property. Similarly, “a purchaser buying an extra item that is downloaded to the game would also be a sale of tangible personal property (canned computer software).” However, the Department explains that if the purchase merely allows the player to access the item on the company’s server through online play and nothing is ever downloaded or unlocked in the original, downloaded game, “then such transaction would not be a sale of tangible personal property.” Please contact us with any questions.

**URL:**  
<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/legalinformation/letterrulings/st/documents/2024/ST24-0036-GIL.pdf>

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— Mary Pat Kohberger (Chicago)  
Managing Director  
Deloitte Tax LLP  
mkohberger@deloitte.com

Robyn Staros (Chicago)  
Managing Director  
Deloitte Tax LLP  
rstaros@deloitte.com

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