

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/lett rulings/st/documents/2024/ST24-0036-GIL.pdf>

URL:
<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/legalinformation/lett rulings/st/documents/2024/ST24-0044-GIL.pdf>

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

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

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.