

## Sales/Use/Indirect:

### Illinois: Posted FAQs Address Taxation of Certain Receipts from Leases and Rentals of TPP

*Pub-113-L, Lease Tax FAQs*, Ill. Dept. of Rev. (4/25). The Illinois Department of Revenue (Department) posted some answers to frequently asked questions (FAQs) addressing legislation enacted in 2024 [see H.B. 4951 (2024), and previously issued Multistate Tax Alert for more details on this 2024 legislation] that generally imposes Illinois sales and use tax upon certain leases of tangible personal property entered into or renewed on or after January 1, 2025. Under Illinois law, as of January 1, 2025, if a business leases or rents tangible personal property in the ordinary course of its business, it is considered a retailer subject to Illinois' sales and use tax laws and must register with the Department and pay tax on its lease and rental receipts. Among the topics addressed in the FAQs are:

**URL:** <https://tax.illinois.gov/research/publications/pubs/lease-tax-faqs.html>

**URL:** <https://www.ilga.gov/legislation/BillStatus.asp?DocNum=4951&GAID=17&DocTypeID=HB&LegId=152864&SessionID=112&GA=103>

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-illinois-fiscal-year-2025-state-budget-tax-highlights.pdf>

- Which receipts from a rental or lease transaction are subject to the tax;
- Whether existing contracts for lease or rental entered into prior to January 1, 2025, are subject to the tax;
- Whether leases and rentals of computer software are subject to the tax;
- Whether manned (operated) rentals are taxable;
- Whether tangible personal property that is subject to an existing local lease transaction tax is subject to the State lease tax;
- When one company leases or rents an item to a related company, whether the lease is subject to the tax; and
- Whether service providers who lease or rent tangible personal property as part of their sales of service are subject to the tax.

Please contact us with any questions.

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