

**Illinois Department of Revenue
Regulations**

Title 86 Part 130 Section 130.210 Sales of Tangible Personal Property to Purchasers for Resale

**TITLE 86: REVENUE
PART 130
RETAILERS' OCCUPATION TAX**

Section 130.210 Sales of Tangible Personal Property to Purchasers for Resale

- a) The sale of tangible personal property to a purchaser for the purpose of resale in any form as tangible personal property, to the extent not first subjected to a use for which it was purchased, is not subject to Retailers' Occupation Tax.
- b) Sales of tangible personal property, which property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, goes into and forms a part of tangible personal property subsequently the subject of a "sale at retail", are not sales at retail as defined in the Act, provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or byproduct of manufacturing. For this purpose, slag produced as an incident to manufacturing pig iron or steel and sold is considered to be an intentionally produced byproduct of manufacturing.
- c) However, such sales for resale cannot be made tax-free unless the purchaser (except in the case of an out-of-State purchaser who will always resell and deliver the property to his customers outside Illinois) has an active registration number or active resale number from the Department and gives such number to suppliers in connection with certifying to any supplier that any sale to such purchaser is nontaxable because of being a sale for resale. Failure to present an active registration number or resale number and a certification to the seller that a sale is for resale creates a presumption that a sale is not for resale. This presumption may be rebutted by other evidence that all of the seller's sales are sales for resale, or that a particular sale is a sale for resale.
- d) Except to the extent stated in subsection (b) of this Section, tangible personal property, even though it is essential to the process of manufacturing or otherwise producing other tangible personal property that will be sold is, nevertheless, sold at retail (and not for resale within the meaning of the Act) if it is sold to a manufacturer or other producer who uses or consumes such property in the manufacturing or other production process, but does not physically incorporate such property into the tangible personal property which he manufactures or otherwise produces and sells.
- e) Divisible Type of Sale. There can also be a divisible type of sale where the tangible personal property is bought partly for "use" and partly for "resale" in the first place. An example of this is the sale of coal and coke to a steel manufacturer who buys coal and coke partly to produce heat for "use" in the manufacturing operation, and partly to

provide carbon as an ingredient of the steel as well as various byproducts which the purchasing manufacturer will sell. In this case, the coal and coke bought for "use" in the manufacturing operation are taxable, and the sale of the coal and coke which the purchaser bought to provide carbon is a nontaxable sale for resale.

(Source: Amended at 15 Ill. Reg. ____, effective _____)