DePaul University, as an entity organized exclusively for educational purposes, is exempt from the payment of Illinois sales tax on purchases it makes for property used for University purposes.

However, the University is not exempt from collecting and remitting Illinois sales tax on items of personal property it may sell at retail. **Departments that regularly sell tangible personal property should contact** University Tax Services **so that a determination of sales tax liability can be assessed.**

Illinois Sales Tax Background
The Illinois sales tax actually consists of two different taxes; Occupation Taxes and Use Taxes. Occupation Taxes are levied against sellers for the privilege of selling personal property in the State. Use Taxes are levied against purchasers for the privilege of using personal property in the State.

Occupation taxes are imposed on sellers' receipts, and use taxes are imposed on amounts paid by purchasers. Per Illinois law, sellers owe the occupation tax to the Illinois Revenue department, and they are permitted to reimburse themselves for this liability by collecting use tax from purchasers.

Exemptions: The following list contains some of the most common examples of transactions that are exempt from sales tax. The University may not need to collect and remit Illinois sales tax on the following transactions, however, Departments should contact University Tax Services if they make any sales they believe may be exempt from sales tax so that University Tax Services can document the exemption properly.

- Sales to state, local, and federal governments
- Sales to not-for-profit organizations that are exclusively charitable, religious, or educational, and received an exemption identification number from Illinois
- Sales to out-of-state buyers; sales made from the University that are delivered outside Illinois and are not returned to Illinois for use
- Sales for resale

Illinois Sales Tax Exemption Letter
As evidence of exemption from Illinois sales tax, the University is issued a sales tax exemption letter from the Illinois Department of Revenue. The letter is valid for a five year period from the date of issuance. After each five year period, the University must apply for a renewal of its sales tax exemption.

The University's current exemption letter was issued on October 10, 2014 and expires on November 1, 2019. University Tax Services is responsible for renewing and maintaining the University's sales tax exemption letter. Accounts Payable is responsible for administering the use of the University's sales tax exemption letter.

Since misuse of the University's sales tax exemption can result in its revocation, as a general rule, the letter is only provided directly to vendors. If a vendor contacts a department requesting a copy of the University's sales tax exemption letter, please direct them to Accounts Payable.

It should be noted that retailers are not required to accept the University's sales tax exemption letter and therefore, may impose sales tax on University purchases. Unfortunately, the University has no recourse in these situations. In such instances, departments are encouraged, if possible, to find a different vendor of the product who will accept the University's exemption letter. Otherwise, the tax will have to be paid.

City and Local Taxes: In addition to the state sales tax, there are a number of both Chicago and Cook County tax ordinances from which the University may or may not be exempt, depending on the provisions of each separate ordinance. For instance, the University is not exempt from Chicago's hotel tax because the City ordinance does not contain a specific exemption for educational organizations. Conversely, the University is exempt from the City restaurant tax, because a specific exemption for educational organizations is contained in that ordinance.

The above information is general in nature. Any specific questions regarding Illinois sales tax or any locally imposed tax should be directed to University Tax Services.