

ILLINOIS SALES TAX EXEMPTION FOR ARTS OR CULTURAL NOT-FOR- PROFIT ORGANIZATIONS

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CEDLP coordinates pro bono legal services
and education for community-based not for
profit organizations and small business
entrepreneurs who meet its eligibility
requirements. Visit www.cedlp.org for more
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This fact sheet can help determine if your arts or
cultural organization may be entitled to an
exemption from Illinois sales tax and how Illinois
sales tax exemption works. This information can
help you through the process. However assistance
also is available from the Community Economic
Development Law Project (CEDLP).

An organization with sales tax exemption receives
an "E:" number but obtaining an "E"-number is not
guaranteed, no matter how worthy your organization
may be.

This fact sheet only applies to arts and cultural not
for profits. If your organization is a charitable,
religious, or educational not for profit consult the
CEDLP fact sheets for those specific types of
organizations at www.clccrul.org/publications.

GENERAL INFORMATION

Your organization may be able to get an exemption
from Illinois sales tax for some or all of the things
your organization buys and sells. The following are
answers to some of the basic questions about how
the application process works and what an
exemption can do for your organization.

If the organization is already exempt from paying federal income tax, is the organization required to pay Illinois sales tax?

Yes. An exemption from federal income tax
does not mean the organization is exempt
from Illinois sales tax. In Illinois, an
organization must have an exemption
identification number, also known as an "E"-
number, from the Illinois Department of
Revenue to be exempt from sales tax.

What benefits does the "E"-number provide?

- Purchases by the organization are exempt
from Illinois sale tax. The organization must
give to its suppliers a copy of the letter from
the Department of Revenue providing the
"E"-number in order to obtain the benefit of
the exemption.
- Sales made by the organization are still
taxable.

REQUIREMENTS FOR ARTS OR CULTURAL ORGANIZATIONS

What must the organization prove to the Department of Revenue to be eligible for an Illinois Sales Tax Exemption?

The organization must show, among other things, that:

- The organization is organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services
- The organizing documents (e.g., articles of incorporation, constitution, etc.) reflect that the organization is organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services
- The organization is exempt from federal income taxes under section 501(c)(3)

What does it mean for an organization to be “organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services”

Examples of activities or services for the presentation or support of arts or culture include:

- Presenting or supporting artists and their works.
- Presenting or supporting musical performances, including instrumental and choral.
- Presenting or supporting the dramatic arts.
- Preserving and exhibiting to the general public objects, artifacts, or displays of historical, scientific or cultural value.
- Promoting and increasing the musical knowledge, appreciation, experience and performing ability of young people and of the general public, by establishing, maintaining and operating a youth symphony orchestra.
- Operating a school of dance, music, painting or sculpture.
- Conducting festivals on a regular basis to provide filmmakers with an opportunity to display their films.

- Educating young people and the general public about the arts or humanities through museum exhibits, classes, lectures and performances.
- Producing, presenting or distributing displays of visual or media arts such as photographs, paintings, sculptures, videos or films.
- Preparing, publishing and distributing a journal or other literature on a regular basis that provides an opportunity for authors to have their articles or stories published.

APPLICATION PROCESS

How does an organization apply for an Illinois Sales Tax Exemption?

There is no specific application form to use when requesting a sales tax exemption. Instead, you must send a letter describing why you believe that your organization is exempt along with documents that show that your organization satisfies the requirements for the exemption.

The letter must include the following documents:

- A description of your organization, including how it works and what it does, and why the organization meets the requirements for a sales tax exemption;
- A copy of your organization’s articles of incorporation or a copy of the organization’s constitution;
- A copy of your organization’s by-laws;
- A copy of the letter from the Internal Revenue Service granting your organization an exemption from federal income taxes under Internal Revenue Code Section 501(c)(3). Your organization must be exempt from federal income taxes before applying for an Illinois sales tax exemption. If your organization is not exempt from federal income tax, the CEDLP may be able to help your organization apply for a federal income tax exemption;
- A copy of your organization’s most recent financial statement¹; and

¹ The Department of Revenue is concerned in part with sources of funding for organizations seeking a sales tax exemption. Organizations that are not financed

- A copy of brochures or other printed materials explaining what your organization does and how it works. For example, newspaper clippings, or print outs from a website.

Address the letter to:

**Illinois Department of Revenue
Office of Local Government Services 3-520
101 West Jefferson Street
Springfield, IL 62702**

It is important that you provide as much information as possible to the Department in your initial letter. If the application is denied due to insufficient or incomplete information, the Department’s decision is difficult to overturn at an administrative hearing.

What happens after you submit your request?

- If the Department of Revenue grants your exemption request, you will receive a letter providing you with an “E”-number. You will need to provide copies of this letter to suppliers when claiming the exemption on purchases.
- If your request is denied, you will have the right to appeal the decision. The denial letter will explain these rights to you.

If you do need to appeal, legal assistance is very important at the hearing because the Department’s decision is difficult to overturn. Many lawyers will provide legal assistance to non-profit organizations on a pro bono basis. For more information contact the Community Economic Development Law Project.

USING THE E-NUMBER

How can an organization use its “E”-number to make exempt purchases or sales?

- Exempt purchases and sales may only be made by properly authorized members of the organization on behalf of the organization. The “E”-number belongs to the organization.

primarily from “public and private charity” may have more difficulty obtaining an exemption.

- Purchases and sales must be for the benefit of the organization. Members of the organization may not purchase or sell anything for their own purposes.

What happens if someone misuses the “E”-number?

- The organization could lose its exemption from Illinois sales and use taxes.
- The individual misusing the “E”-number could be liable for unpaid Illinois sales and use taxes as well as interest and penalties.
- In some circumstances, criminal penalties may also apply.

How may an organization obtain more information or help in applying for an Illinois sales tax exemption?

Please contact CEDLP at:
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