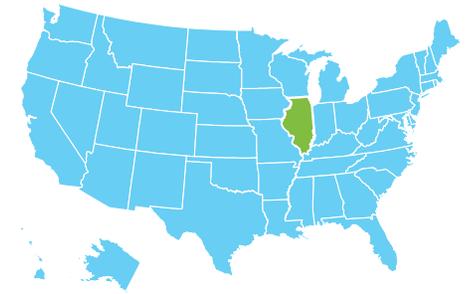




# Multistate tax controversy services

## Illinois controversy



### The Illinois landscape

- The State of Illinois faces complex budgetary issues.
- Political pressure and legislative changes have led to increased enforcement efforts by the Illinois Department of Revenue (“DOR”).
- The DOR has increased its scrutiny of taxpayer positions, including state income tax modifications and apportionment methodology.
- Considerable complexity surrounds the application of the sales and use tax for retailers of tangible personal property versus service occupations.



### Potentially complex issues

- From an income tax standpoint:
  - Sourcing of services.
  - Application of throw-back and throw-out provisions.
  - Combination methodologies.
- From a Retailer’s Occupation, Use, Service Occupation, and Service Use Tax standpoint:
  - Taxability of software based on delivery methods and differences between the state and the City of Chicago regulations.
  - Differences between the taxability of leases and rentals of tangible property at the State or the City of Chicago level.
  - Application of various available exemptions, including rolling stock, temporary storage, casual sales, and manufacturing machinery and equipment; and the manufacturer’s purchase credit.



### Navigating the complexities of Illinois tax controversy

Deloitte’s Illinois tax controversy specialists can help taxpayers explore and implement the various options for determining filing positions and contesting audit adjustments:

- Prior to audit finalization, taxpayers may voice disagreements regarding proposed audit findings by requesting an Informal Conference Board (“ICB”) review.
- In an ICB review, an Independent Conferee, who is a DOR employee with tax and audit expertise, will attempt to resolve disagreements before the audit enters the hearing process.
- Taxpayers may request Private Letter Rulings and General Information Letters from the DOR.
- Through the Illinois Appeals Board, taxpayers may request a penalty waiver for reasonable cause.



### Why Deloitte?

Deloitte’s Illinois tax controversy team can help you explore potential opportunities with:

- Audits and appeals
- Refund requests
- Private letter rulings
- Penalty and interest abatements
- Voluntary disclosure



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