



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



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.



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.



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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