

Equipment which is used for the primary purpose of reducing or eliminating pollution can qualify for the Pollution Control Facilities exemption. Equipment which is used primarily to provide an economic benefit cannot qualify for the exemption. See 86 Ill. Adm. Code 130.335. (This is a GIL.)

December 31, 1998

Dear Ms. Xxxxx:

This letter is in response to your letter that was received in our office on October 5, 1998. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

I need information for a client regarding septic systems being non-taxable.

The client is considering manufacturing and installation the aeration septic systems. He has been told this is non-taxable. He has tried calling your department several times but cannot get thru to a person, he was cut off after going thru the instructions on the answering system. I would like information sent to me regarding the procedure needed to qualify the aeration septic systems to be non-taxable.

We have enclosed a copy of 86 Ill. Adm. Code 130.335 concerning Pollution Control Facilities. The pollution control facilities exemption extends to "any system, method, construction, device or appliance appurtenant thereto sold or used or intended for the primary purpose of eliminating, preventing, or reducing air and water pollution as the term "pollution" is defined in the Environmental Protection Act (415 ILCS 5/1 et seq.), or for the primary purpose of treating, pretreating, modifying or disposing of any potential solid, liquid or gaseous pollutant which if released without such treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property." This exemption includes not only the pollution control equipment itself, but also replacement parts therefor.

In general, sewage treatment systems that use a combination of aeration and aerobic bacterial action to treat household wastewater and thereby reduce or eliminate pollutants contained in household wastewater may qualify as pollution control facilities. These systems typically contain three separate treatment chambers. Purchasers of pollution control facilities must comply with the

certification requirements set forth at Section 130.335(a), otherwise the sale of such pollution control facilities is subject to tax.

I hope this information is helpful. The Department of Revenue maintains a Web site which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Karl Betz  
Associate Counsel

KB:msk  
Enc.