



August 2009

On July 1, 2008, the state sales tax rate increased from 5% to 6%. School Local Option Sales Tax (SILO) no longer exists as a separate tax. Local Option Sales Tax (LOST) remains in effect where enacted. The total sales tax rate cannot exceed 7%.

**Why am I getting this letter?**

How a utility company reports local option sales and sales by county on the quarterly sales tax return depends on the type of customer and whether or not a franchise fee applies. Some utility companies are reporting incorrectly.

**Why does proper reporting make a difference?**

This ensures correct distribution of sales tax to local governments and school districts.

**What do I need to do?**

Determine how your company needs to report utility sales on the Sales Tax Quarterly Return Screen and on the Local Option Tax and Sales Entry Screen. Use the chart below.

Type of Customer	Tax Rates for Utility Sales Effective July 1, 2008	Report Utility Sales on Line 1, Gross Sales, Quarterly Return Screen	Report Utility Sales on Line 4, Exemptions, Quarterly Return Screen	Report Utility Sales Subject to Local Option Tax on the Local Option Tax and Sales Entry Screen	Report Utility Sales by County on the Local Option Tax and Sales Entry Screen
Residential – located in a franchise fee jurisdiction	0% - state sales tax 0% - LOST	Yes	Yes	No	No
Residential – All Others	0% - state sales tax + LOST, if applicable	Yes	Yes	Yes	Yes
Non-Residential – located in a franchise fee jurisdiction	6% - state sales tax 0% - LOST	Yes	No*	No	No
Non-Residential – All Others	6% - state sales tax + LOST, if applicable	Yes	No*	Yes	Yes

\*Unless another sales tax exemption applies.

**When reporting Sales by County**, be aware that the amount may exceed the taxable sales amount reported on line 5 of the quarterly return.

**Questions About eFiling?**

Contact eFile Service Unit, 515-281-8453 or 866-503-3453, Mon. – Fri., 8 a.m. to 4:15 p.m. CT.

Thank you for your attention to this important matter.

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