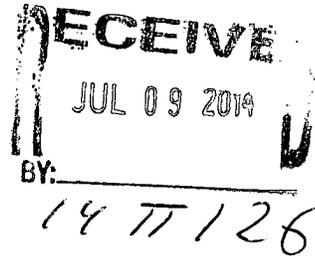


Illinois Department of Revenue
Office of Legal Services
100 W. Randolph St. 7-900
Chicago, IL 60601



Petitioner:

East Lynn Fertilizer, Inc.
PO Box 66
East Lynn, IL 60932
217-375-4225

Taxpayer's Representative:

Russell Leigh, CPA
Russell Leigh & Associates
228 E. Main St.
Hoopston, IL 60942
admin@russleigh.com
217-283-9336

Taxpayer Identification Numbers:

Federal - 37-1262360
Illinois - 4122-5341

Statutory Issue

Taxpayers were audited for sales and use tax for the period 2008-2013. They were auditing for use of the interstate commerce tax exemption and for sales tax on sales. They were assessed additional tax because the auditors determined they did not meet the requirements of the interstate commerce exemption.

Taxpayer was assessed sales tax on the sale of rock that was sold to farmers. They were assessed tax on the entire bill that was invoiced to the customer. Taxpayer believes some of these transactions would qualify for the agricultural use exemption. Also, part of the bill was for trucking, which should not have been taxed. We believe there should be an adjustment.

Years

January 2008 - September 30, 2013

Summary of Items in Dispute

1. Per ILCS 120/2-50
Rolling Stock Exemption. The rolling stock exemption applies to rolling stock used by interstate carrier for hire, even just between points in Illinois, if the rolling stock transports for hire property whose shipments originate or terminate outside Illinois. Taxpayer hauled products that were sometimes hauled in Illinois. Mileage on the semi tractors would indicate that these vehicles might qualify for the exemption including the parts that were purchased for the tractors. We believe the exemption would qualify.

2. Per ILCS - 120/2-35
Production agriculture means for the raising of crops for sale. Anything used toward the raising of the crop is provided an exemption under the statute for production agriculture. We believe the rock provided to Steiner Drainage Service is used solely in the production of raising crops for consumption. This rock is used for drainage areas on crop production acres that would be exempt under the code. Also under Code Section 120/2-5, Section 31, it speaks of any items sold for the use of infrastructure repairs. The rock that is sold to Steiner Drainage Service is used in production agriculture and to make infrastructure repairs.

Relief Sought

The taxpayers are seeking to reduce the amount of tax that was assessed from the audit. We believe there should be a reduction for the rock sales tax charged and for some of the interstate commerce exemption. The taxpayers are in agreement that some of the tax that was assessed is owed but seek relief on part of the tax.

The taxpayers would also like to seek relief on the penalties charged. The taxpayers believe they followed the laws properly under the interstate commerce exemption. They believe the law was unclear and they followed it properly. They would seek relief to have the penalties waived.



Keith Allen
East Lynn Fertilizer, Inc.

7-5-14

Date