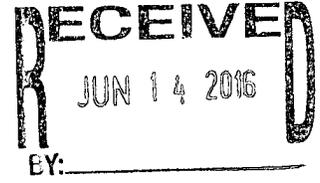


**ILLINOIS INDEPENDENT
TAX TRIBUNAL**

MillerCoors, LLC,)
)
 Petitioner,)
)
 v.)
)
 Illinois Department of Revenue,)
)
 Respondent.)

Case No. 16 TT 122



**AMENDED PETITION
(Use Tax)**

The Petitioner, MillerCoors, LLC, filed a petition with the Illinois Independent Tax Tribunal on June 7, 2016. Petitioner hereby amends that petition and petitions the Illinois Independent Tax Tribunal to review and modify or reverse the Notices of Tax Liability (“Notices”) issued by the Department of Revenue (“Department”), for the reasons stated below:

INTRODUCTION

1. Petitioner’s address is 3939 W. Highland Blvd., Milwaukee, Wisconsin 53208. Its phone number is (414) 931-4889 and its taxpayer identification number is 3921-5962.
2. Petitioner seeks relief from three Notices: The first is dated April 11, 2016 and concerns the period July 1, 2008 through June 30, 2009; the second is dated April 11, 2016 and concerns the period July 1, 2009 through December 31, 2010; the third is dated April 12, 2016 and concerns the period January 1, 2011 through December 31, 2013. The Notices raise identical issues. Copies of the Notices are attached to this Amended Petition.

3. The amounts claimed due on each Notice is in excess of \$15,000, exclusive of penalties and interest.

BACKGROUND FACTS

4. Petitioner is engaged in brewing Miller Lite, Coors Light, and other flagship brand beers.
5. Petitioner markets its beer throughout the United States using distributors, who market and sell the beer to grocery stores, bars, and other retailers, who in turn sell the beer to the ultimate consumers.
6. Petitioner supplies distributors with a wide variety of promotional merchandise, such as bar mats, bar towels, banners, table tents, tap handles, ball caps, t-shirts, aluminum bottle wraps, and other promotional items.
7. During the periods at issue, Petitioner purchased promotional items from, among others, Madden Communications, Inc., a privately-held company based in Illinois.
8. Petitioner normally resold these items to distributors, but in certain cases, it provided them to distributors free of charge.
9. In either instance, after Madden produced a quantity of promotional items, the items stayed in Madden's physical possession, at its facility in Bloomingdale, Illinois, until Madden received an order for shipment from Petitioner.
10. Upon receipt of the shipment order, Madden arranged for and completed shipping with third party carriers to deliver the items to the given distributor.
11. In the case of items provided free of charge, Petitioner paid use tax to each applicable state where the items were physically delivered to the distributor.

12. The Department audited Petitioner and determined that Petitioner owed Illinois Use Tax on all promotional items purchased from Madden and provided free of charge to distributors outside Illinois. No credit was given for tax accrued and paid to other taxing jurisdictions based on the final shipping destination.

ERRORS ALLEGED

COUNT I – The Department Erred In Proposing To Assess Use Tax On Promotional Items Given Free Of Charge To Distributors Outside Illinois

13. The Department proposes assessing Petitioner with Illinois Use Tax on promotional merchandise purchased from Madden and provided free of charge to distributors outside Illinois.

14. In section 3-65, the Use Tax Act provides that:

If the seller of tangible personal property for use would not be taxable under the Retailers' Occupation Tax Act despite all elements of the sale occurring in Illinois, then the tax imposed by [the Use Tax] Act does not apply to the use of the tangible personal property in this State.

35 ILCS 105/3-65.

15. As the result of this section, the Use Tax does not apply to Petitioner's "use" of the promotional items provided free of charge to distributors outside Illinois because, under the administrative code, Madden was not taxable under the Retailers' Occupation Tax Act in connection with the sale of these items to Petitioner.

16. Specifically, under 86 Ill. Admin. Code § 130.605(d), the Retailers' Occupation tax does not apply to:

[G]ross receipts from sales in which the seller, by carrier (when the carrier is not also the purchaser) or by mail, under the terms of his or her agreement

with the purchaser, delivers the goods from a point in this State to a point outside this State not to be returned to a point within this State. The fact that the purchaser actually arranges for the common carrier or pays the carrier that effects delivery does not destroy the exemption. However, it is critical that the seller is shown as the consignor or shipper on the bill of lading. If the purchaser is shown as either the consignor or the shipper, the exemption will not apply.

17. Under its agreements with Petitioner, the seller, Madden, arranged for carriers to deliver the promotional items from its facility in Illinois to distributors in other jurisdictions, not to be returned to this State.

18. The relevant bills of lading showed the seller, Madden, as the consignor or shipper.

19. Under 86 Ill. Admin. Code § 130.605(d), Madden was not subject to Retailers' Occupation Tax in connection with its sales of these items to Petitioner, with the result that under 35 ILCS 105/3-65, Petitioner was not subject to Use Tax on their "use" in Illinois.

20. The Department erred in concluding to the contrary.

WHEREFORE, Petitioner respectfully requests that this Tribunal enter an order:

(a) Finding that Petitioner is not subject to Use Tax on promotional merchandise purchased from Madden and provided free of charge to distributors outside Illinois; and

(b) Directing that the Notices be modified or withdrawn accordingly.

COUNT II – The Department Erred In Denying Requested Use Tax Refunds For Promotional Items Distributed Across the Country

21. Petitioner also purchased promotional merchandise from vendors, other than Madden, who shipped the merchandise directly to distributors across the country.

22. Petitioner accrued and paid Illinois Use Tax on this merchandise, even though a portion of the items were shipped from vendors in other states, to distributors located outside of Illinois.
23. Given the age of the transactions, Petitioner did not retain the records detailing the out-of-state shipment of this merchandise.
24. Petitioner also purchased promotional items from other out-of-state vendors, who shipped the items to Illinois, where the property was temporarily stored in Illinois, either at headquarters where the marketing function occurs or at the Madden warehouse in Bloomingdale, before its shipment to distributors in other states.
25. Petitioner did not retain records documenting the out-of-state shipment of these items either.
26. In the absence of such records, during the course of the audit, Petitioner requested a refund of the Use Tax accrued on the merchandise described in this Count based on its net sales per state.
27. In other words, because only 5.37% of Petitioner's net product sales were to purchasers in Illinois, it requested a refund of 94.63% of the Use Tax accrued on the merchandise described in this Count.
28. The Department disallowed this request in computing the amount proposed due on the Notices.

29. The Department erred in disallowing this request.

WHEREFORE, Petitioner respectfully requests that this Tribunal enter an order:

- (a) Finding that the Department erred in disallowing Petitioner's refund request; and
- (b) Directing that the Notices be modified or withdrawn accordingly.

COUNT III – The Department Erred In Proposing To Assess Late Payment Penalties

30. The Notices propose late payment penalties for the periods at issue.

31. Based on the results of the prior audit, Petitioner reasonably believed that there was no Use Tax on promotional merchandise purchased from Madden and provided free of charge to distributors outside Illinois.

32. Petitioner did not seek to avoid paying taxes on the promotional items, since it accrued and remitted taxes on these items in the states where physical delivery occurred to distributors.

33. Petitioner exercised ordinary business care and prudence in determining its Use Tax liability for the periods at issue.

WHEREFORE, Petitioner respectfully requests that this Tribunal enter an order:

- (a) Finding that Petitioner had reasonable cause for its nonpayment of the Use Tax at issue; and
- (b) Directing that the Notices be modified or withdrawn accordingly.

RELIEF REQUESTED

Petitioner respectfully requests modification or reversal of the Notices in accordance with the errors alleged.

Dated: June 9, 2016

MILLERCOORS, LLC

By: Brian Browdy

Brian L. Browdy
Ryan Law Firm LLP
311 S. Wacker Drive, Suite 4800
Chicago, IL 60606
(312) 980-1122 (Phone)
(847) 942-7318 (Mobile)
(312) 942-7318 (Fax)
brian.browdy@ryanlawllp.com

Petitioner's Representative

CERTIFICATE OF SERVICE

I hereby certify that on June 9, 2016, a copy of the foregoing Amended Petition was mailed to the Independent Tax Tribunal and Department of Revenue at the addresses below:

Illinois Independent Tax Tribunal
160 N. LaSalle Street, Room N506
Chicago, Illinois 60601

-and-

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

Courtney Selming
Courtney Selming

Notice of Tax Liability
for Form EDA-105-R, ROT Audit Report



April 11, 2016



Letter ID: CNXXXX8853X3X565

Account ID: 3921-5962

#BWNKMGV
#CNXX XX88 53X3 X565#
MILLERCOORS LLC
3939 W HIGHLAND BLVD
MILWAUKEE WI 53208-2816



We have audited your account for the reporting periods July 01, 2008, through June 30, 2009. As a result we have assessed the amounts shown below.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
Tax	460,002.00	0.00	460,002.00
Late Payment Penalty Increase	184,001.00	0.00	184,001.00
Late Filing Penalty Increase	492.00	0.00	492.00
Interest	197,455.99	0.00	197,455.99
Assessment Total	\$841,950.99	\$0.00	\$841,950.99

If you agree, pay the assessment total as soon as possible to minimize additional penalty and interest. Mail a copy of this notice and your payment with the voucher on the enclosed Taxpayer Statement. By including a copy of this notice, your payment will be properly applied to the audit liability.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax liability, exclusive of penalty and interest, is more than \$15,000, or if no tax liability is assessed but the total penalties and interest is more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).
- In all other cases that do not fall within the jurisdiction of the Illinois Independent Tax Tribunal, file a protest with us, the Illinois Department of Revenue, and request an administrative hearing within 60 days of the date of this notice, which is June 10, 2016. Submit your protest on Form AH-4, Protest and Request for Administrative Hearing with the Illinois Department of Revenue (available on our website at tax.illinois.gov). Mail form AH-4 along with a copy of this notice to the address on the form. If you do not file a protest within the time allowed, you will waive your right to a hearing, and this liability will become final. An administrative hearing is a formal legal proceeding conducted pursuant to the rules adopted by the Department and is presided over by an administrative law judge. A protest of this notice does not preserve your rights under any other notice.
- Instead of filing a petition with the Illinois Independent Tax Tribunal or a protest with us, the Illinois Department of Revenue, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the assessment total in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action to satisfy your liability.

If you have questions, write or call us weekdays between 8:00 a.m. and 4:00 p.m. Our contact information is listed below.

BUREAU OF AUDITS
TECHNICAL REVIEW SECTION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19012
SPRINGFIELD IL 62794-9012

217 785-6579

Taxpayer Statement



April 12, 2016 TDD 1 800 644-5304



Letter ID: CNXXXXX7495976X0

Account ID: 3921-5962
Total amount due: \$2,534,579.07

#BWNKMGV
#CNXX XXX7 4959 76X0#
MILLERCOORS LLC
3939 W HIGHLAND BLVD
MILWAUKEE WI 53208-2816



This statement lists our most recent information about your unpaid balance, available credits, or returns you have not filed. A payment voucher is included so you may pay the balance due.

Sales/Use Tax & E911 Surcharge		You have available credits of \$30,935.00				Account ID: 3921-5962	
Period	Tax	Penalty	Interest	Other	Payments/Credits	Balance	
30-Jun-2009	478,974.00	184,493.00	197,531.61	-	(18,972.00)	842,026.61	
• \$842,026.61 of this amount is subject to protest.							
31-Dec-2010	579,967.00	107,907.00	87,534.25	-	(38,473.00)	736,935.25	
• \$736,935.25 of this amount is subject to protest.							
31-Dec-2013	769,451.00	147,895.00	66,319.21	-	(28,048.00)	955,617.21	
• \$955,617.21 of this amount is subject to protest.							
31-May-2015	24,072.00	-	-	-	(28,008.00)	(3,936.00)	
30-Jun-2015	27,418.00	-	-	-	(27,872.00)	(454.00)	
31-Aug-2015	37,551.00	-	-	-	(47,352.00)	(9,801.00)	
30-Sep-2015	34,087.00	-	-	-	(36,972.00)	(2,885.00)	
31-Oct-2015	33,923.00	-	-	-	(37,236.00)	(3,313.00)	
31-Jan-2016	31,124.00	-	-	-	(35,532.00)	(4,408.00)	
29-Feb-2016	44,614.00	-	-	-	(50,752.00)	(6,138.00)	

SOA

Retain this portion for your records.

P-000053

Fold and detach on perforation. Return bottom portion with your payment.

Taxpayer Statement (R-12/08) (136)



Letter ID: CNXXXXX7495976X0
MILLERCOORS LLC

Total amount due: \$2,534,579.07

Write the amount you are paying below.

\$ _____
Write your Account ID on your check.

Mail this voucher and your payment to:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19006
SPRINGFIELD IL 62794-9006

\$2,534,579.07 is subject to protest.
Do not pay any Income Tax liability that you intend to protest.

000 006 019377014569 731 123199 5 0000253457907

Penalties and Fees

For detailed information on penalties and rates in effect for specific periods on or after January 1, 1994, see Publication 103.

- 1 **Late-filing or Nonfiling penalty** - You owe this penalty if you do not file a return by the due date, including any extended due date, or you file a return that is not processable and you do not correct it within 30 days of the date we notify you.
- 2 **Late-payment penalty for underpayment of estimated or quarter-monthly tax** - You owe this penalty if you were required to make estimated or quarter-monthly tax payments and failed to do so, or if you failed to pay the required amount by the payment due date.
- 3 **Late-payment penalty for regular tax payments** - You owe this penalty if you did not pay the tax you owed by the original due date of the return.
- 4 **Negligence penalty** - You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.
- 5 **Fraud penalty** - You owe this penalty if any part of a deficiency is due to fraud.
- 6 **Cost of collection fee** - You owe this fee if you do not pay the total amount you owe within 30 days after a bill has been issued.
- 7 **Bad check penalty** - You owe this penalty if you send a remittance to the Department that is not honored by your financial institution.
- 8 **Failure to disclose participation in a reportable transaction penalty** - You owe this penalty if you were required to disclose your participation in an abusive tax shelter transaction and did not do so by the required due date.
- 9 **Reportable transaction understatement penalty** - You owe this penalty if you do not report and pay the full amount of your tax liability as the result of participating in an abusive tax shelter transaction.
- 10 **100 percent interest penalty** - You owe this penalty if you
 - were contacted by the Internal Revenue Service or Illinois Department of Revenue regarding the use of a potentially abusive tax transaction for a taxable year;
 - are later found to have a deficiency in that taxable year that is the result of the tax avoidance transaction; and
 - did not report or pay that liability before we issued a Notice of Deficiency.
- 11 **Audit penalty** - You owe this penalty if you did not pay the tax you owed before the start of an audit or investigation.
- 12 **Nonfiling penalty for transaction return** - You owe this penalty if you are a retailer required to file a transaction return (ST-556, Sales Tax Transaction Return) by the due date, even if no tax is due on the return.

Are penalties ever abated?

If you were unable to either timely pay the required amount of estimated or quarter-monthly payments, pay the tax you owed by the due date, or file your tax return by the extended due date because of a casualty, disaster, or other similar circumstance, you may request a waiver of penalties due to reasonable cause. To request this waiver, send us a detailed explanation of the cause of the delay and any documentation you have to support your request. Reasonable cause will be determined on a case-by-case basis according to our rules and regulations.

How is interest figured?

Interest is calculated on your tax from the day after the original due date of your return through the date you pay the tax (for certain tax periods interest may also accrue on penalties). Interest accrues at simple rates established by the Internal Revenue Service. See Publication 103 for more information.

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other Department procedures, you may contact us. Our contact information is on the front of this notice.

Notice of Tax Liability
 for Form EDA-105-R, ROT Audit Report



#BWNKMGV
 #CNXX X181 1689 5524#
 MILLERCOORS LLC
 3939 W HIGHLAND BLVD
 MILWAUKEE WI 53208-2816

April 11, 2016



Letter ID: CNXXX18116895524

Account ID: 3921-5962



We have audited your account for the reporting periods July 01, 2009, through December 31, 2010. As a result we have assessed the amounts shown below.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
Tax	539,535.00	0.00	539,535.00
Excess Tax and Excess E911 Surcharge	1,959.00	0.00	1,959.00
Late Payment Penalty Increase	107,907.00	0.00	107,907.00
Interest	87,489.91	0.00	87,489.91
Assessment Total	\$736,890.91	\$0.00	\$736,890.91

If you agree, pay the assessment total as soon as possible to minimize additional penalty and interest. Mail a copy of this notice and your payment with the voucher on the enclosed Taxpayer Statement. By including a copy of this notice, your payment will be properly applied to the audit liability.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax liability, exclusive of penalty and interest, is more than \$15,000, or if no tax liability is assessed but the total penalties and interest is more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).
- In all other cases that do not fall within the jurisdiction of the Illinois Independent Tax Tribunal, file a protest with us, the Illinois Department of Revenue, and request an administrative hearing within 60 days of the date of this notice, which is June 10, 2016. Submit your protest on Form AH-4, Protest and Request for Administrative Hearing with the Illinois Department of Revenue (available on our website at tax.illinois.gov). Mail form AH-4 along with a copy of this notice to the address on the form. If you do not file a protest within the time allowed, you will waive your right to a hearing, and this liability will become final. An administrative hearing is a formal legal proceeding conducted pursuant to the rules adopted by the Department and is presided over by an administrative law judge. A protest of this notice does not preserve your rights under any other notice.
- Instead of filing a petition with the Illinois Independent Tax Tribunal or a protest with us, the Illinois Department of Revenue, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the assessment total in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action to satisfy your liability.

If you have questions, write or call us weekdays between 8:00 a.m. and 4:00 p.m. Our contact information is listed below.

BUREAU OF AUDITS
 TECHNICAL REVIEW SECTION
 ILLINOIS DEPARTMENT OF REVENUE
 PO BOX 19012
 SPRINGFIELD IL 62794-9012

217 785-6579

Penalties and Fees

For detailed information on penalties and rates in effect for specific periods on or after January 1, 1994, see Publication 103.

- 1 **Late-filing or Nonfiling penalty** - You owe this penalty if you do not file a return by the due date, including any extended due date, or you file a return that is not processable and you do not correct it within 30 days of the date we notify you.
- 2 **Late-payment penalty for underpayment of estimated or quarter-monthly tax** - You owe this penalty if you were required to make estimated or quarter-monthly tax payments and failed to do so, or if you failed to pay the required amount by the payment due date.
- 3 **Late-payment penalty for regular tax payments** - You owe this penalty if you did not pay the tax you owed by the original due date of the return.
- 4 **Negligence penalty** - You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.
- 5 **Fraud penalty** - You owe this penalty if any part of a deficiency is due to fraud.
- 6 **Cost of collection fee** - You owe this fee if you do not pay the total amount you owe within 30 days after a bill has been issued.
- 7 **Bad check penalty** - You owe this penalty if you send a remittance to the Department that is not honored by your financial institution.
- 8 **Failure to disclose participation in a reportable transaction penalty** - You owe this penalty if you were required to disclose your participation in an abusive tax shelter transaction and did not do so by the required due date.
- 9 **Reportable transaction understatement penalty** - You owe this penalty if you do not report and pay the full amount of your tax liability as the result of participating in an abusive tax shelter transaction.

10 100 percent interest penalty - You owe this penalty if you

- were contacted by the Internal Revenue Service or Illinois Department of Revenue regarding the use of a potentially abusive tax transaction for a taxable year;
- are later found to have a deficiency in that taxable year that is the result of the tax avoidance transaction; and
- did not report or pay that liability before we issued a Notice of Deficiency.

11 Audit penalty - You owe this penalty if you did not pay the tax you owed before the start of an audit or investigation.

12 Nonfiling penalty for transaction return - You owe this penalty if you are a retailer required to file a transaction return (ST-556, Sales Tax Transaction Return) by the due date, even if no tax is due on the return.

Are penalties ever abated?

If you were unable to either timely pay the required amount of estimated or quarter-monthly payments, pay the tax you owed by the due date, or file your tax return by the extended due date because of a casualty, disaster, or other similar circumstance, you may request a waiver of penalties due to reasonable cause. To request this waiver, send us a detailed explanation of the cause of the delay and any documentation you have to support your request. Reasonable cause will be determined on a case-by-case basis according to our rules and regulations.

How is interest figured?

Interest is calculated on your tax from the day after the original due date of your return through the date you pay the tax (for certain tax periods interest may also accrue on penalties). Interest accrues at simple rates established by the Internal Revenue Service. See Publication 103 for more information.

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other Department procedures, you may contact us. Our contact information is on the front of this notice.

Notice of Tax Liability
for Form EDA-105-R, ROT Audit Report



#BWNKMGV
#CNXX XX48 2217 36X9#
MILLERCOORS LLC
3939 W HIGHLAND BLVD
MILWAUKEE WI 53208-2816

April 12, 2016



Letter ID: CNXXXX48221736X9

Account ID: 3921-5962



We have audited your account for the reporting periods January 01, 2011, through December 31, 2013. As a result we have assessed the amounts shown below.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
Tax	739,476.00	0.00	739,476.00
Excess Tax and Excess E911 Surcharge	1,927.00	0.00	1,927.00
Late Payment Penalty Increase	147,895.00	0.00	147,895.00
Interest	66,319.21	0.00	66,319.21
Assessment Total	\$955,617.21	\$0.00	\$955,617.21

If you agree, pay the assessment total as soon as possible to minimize additional penalty and interest. Mail a copy of this notice and your payment with the voucher on the enclosed Taxpayer Statement. By including a copy of this notice, your payment will be properly applied to the audit liability.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax liability, exclusive of penalty and interest, is more than \$15,000, or if no tax liability is assessed but the total penalties and interest is more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, *et seq.*).
- In all other cases that do not fall within the jurisdiction of the Illinois Independent Tax Tribunal, file a protest with us, the Illinois Department of Revenue, and request an administrative hearing within 60 days of the date of this notice, which is June 13, 2016. Submit your protest on Form AH-4, Protest and Request for Administrative Hearing with the Illinois Department of Revenue (available on our website at tax.illinois.gov). Mail form AH-4 along with a copy of this notice to the address on the form. If you do not file a protest within the time allowed, you will waive your right to a hearing, and this liability will become final. An administrative hearing is a formal legal proceeding conducted pursuant to the rules adopted by the Department and is presided over by an administrative law judge. A protest of this notice does not preserve your rights under any other notice.
- Instead of filing a petition with the Illinois Independent Tax Tribunal or a protest with us, the Illinois Department of Revenue, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the assessment total in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action to satisfy your liability.

If you have questions, write or call us weekdays between 8:00 a.m. and 4:00 p.m. Our contact information is listed below.

BUREAU OF AUDITS
TECHNICAL REVIEW SECTION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19012
SPRINGFIELD IL 62794-9012

217 785-6579

Taxpayer Statement



April 12, 2016

TDD 1 800 544-5304



Letter ID: CNXXXX8361217443

Account ID: 3921-5962

Total amount due: \$1,578,961.86

#BWNKMGV
#CNXX XX83 6121 7443#
MILLERCOORS LLC
3939 W HIGHLAND BLVD
MILWAUKEE WI 53208-2816



This statement lists our most recent information about your unpaid balance, available credits, or returns you have not filed. A payment voucher is included so you may pay the balance due.

Sales/Use Tax & E911 Surcharge	You have available credits of \$30,935.00				Account ID: 3921-5962	
Period	Tax	Penalty	Interest	Other	Payments/Credits	Balance
30-Jun-2009	478,974.00	184,493.00	197,531.61	-	(18,972.00)	842,026.61
- \$842,026.61 of this amount is subject to protest.						
31-Dec-2010	579,967.00	107,907.00	87,534.25	-	(38,473.00)	736,935.25
- \$736,935.25 of this amount is subject to protest.						
31-May-2015	24,072.00	-	-	-	(28,008.00)	(3,936.00)
30-Jun-2015	27,418.00	-	-	-	(27,872.00)	(454.00)
31-Aug-2015	37,551.00	-	-	-	(47,352.00)	(9,801.00)
30-Sep-2015	34,087.00	-	-	-	(36,972.00)	(2,885.00)
31-Oct-2015	33,923.00	-	-	-	(37,236.00)	(3,313.00)
31-Jan-2016	31,124.00	-	-	-	(35,532.00)	(4,408.00)
29-Feb-2016	44,614.00	-	-	-	(50,752.00)	(6,138.00)

SOA

Retain this portion for your records.

P-000027

Fold and detach on perforation. Return bottom portion with your payment.

Taxpayer Statement (R-12/08) (136)



Letter ID: CNXXXX8361217443
MILLERCOORS LLC

Total amount due: \$1,578,961.86

Write the amount you are paying below.

\$ _____
Write your Account ID on your check.

Mail this voucher and your payment to:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19006
SPRINGFIELD IL 62794-9006

\$1,578,961.86 is subject to protest.
Do not pay any Income Tax liability that you intend to protest.

000 006 016992560161 731 123199 0 0000157896186

Penalties and Fees

For detailed information on penalties and rates in effect for specific periods on or after January 1, 1994, see Publication 103.

- 1 **Late-filing or Nonfiling penalty** - You owe this penalty if you do not file a return by the due date, including any extended due date, or you file a return that is not processable and you do not correct it within 30 days of the date we notify you.
- 2 **Late-payment penalty for underpayment of estimated or quarter-monthly tax** - You owe this penalty if you were required to make estimated or quarter-monthly tax payments and failed to do so, or if you failed to pay the required amount by the payment due date.
- 3 **Late-payment penalty for regular tax payments** - You owe this penalty if you did not pay the tax you owed by the original due date of the return.
- 4 **Negligence penalty** - You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.
- 5 **Fraud penalty** - You owe this penalty if any part of a deficiency is due to fraud.
- 6 **Cost of collection fee** - You owe this fee if you do not pay the total amount you owe within 30 days after a bill has been issued.
- 7 **Bad check penalty** - You owe this penalty if you send a remittance to the Department that is not honored by your financial institution.
- 8 **Failure to disclose participation in a reportable transaction penalty** - You owe this penalty if you were required to disclose your participation in an abusive tax shelter transaction and did not do so by the required due date.
- 9 **Reportable transaction understatement penalty** - You owe this penalty if you do not report and pay the full amount of your tax liability as the result of participating in an abusive tax shelter transaction.

- 10 **100 percent interest penalty** - You owe this penalty if you
 - were contacted by the Internal Revenue Service or Illinois Department of Revenue regarding the use of a potentially abusive tax transaction for a taxable year;
 - are later found to have a deficiency in that taxable year that is the result of the tax avoidance transaction; and
 - did not report or pay that liability before we issued a Notice of Deficiency.

- 11 **Audit penalty** - You owe this penalty if you did not pay the tax you owed before the start of an audit or investigation.

- 12 **Nonfiling penalty for transaction return** - You owe this penalty if you are a retailer required to file a transaction return (ST-556, Sales Tax Transaction Return) by the due date, even if no tax is due on the return.

Are penalties ever abated?

If you were unable to either timely pay the required amount of estimated or quarter-monthly payments, pay the tax you owed by the due date, or file your tax return by the extended due date because of a casualty, disaster, or other similar circumstance, you may request a waiver of penalties due to reasonable cause. To request this waiver, send us a detailed explanation of the cause of the delay and any documentation you have to support your request. Reasonable cause will be determined on a case-by-case basis according to our rules and regulations.

How is interest figured?

Interest is calculated on your tax from the day after the original due date of your return through the date you pay the tax (for certain tax periods interest may also accrue on penalties). Interest accrues at simple rates established by the Internal Revenue Service. See Publication 103 for more information.

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other Department procedures, you may contact us. Our contact information is on the front of this notice.