**Section 130.445 Federal Taxes**

a) When Deductible

1) In computing retailers' occupation tax liability, a person making such computation may deduct an amount equivalent to taxes which the person pays to the Federal Government if the person is required by the Federal law to collect such taxes from customers and to remit such taxes directly to the Federal Government.

2) Also, in computing retailers' occupation tax liability, a person making such computation may deduct an amount equivalent to Federal excise tax which the person pays directly to the Federal Government if such Federal tax is an excise tax imposed upon tangible personal property when sold at retail as distinguished from tangible personal property sold by a wholesaler, an importer, a manufacturer or other producer. Such taxes include the Federal taxes upon luxury passenger vehicles and special fuels. These taxes also include the taxes imposed by Section 4051 of the Internal Revenue Code (26 U.S.C. 405) upon the first retail sale of automobile truck chassis and bodies for use with a vehicle that has a gross vehicle weight of more than 33,000 pounds; truck trailer and semitrailer chassis and bodies suitable for use on a trailer or semitrailer that has a gross vehicle weight of more than 26,000 pounds, and tractors regardless of weight of the kind chiefly used for highway transportation in combination with a trailer or semitrailer.

b) When Not Deductible

1) Federal excise taxes imposed upon the manufacture or production of tangible personal property, and Federal processing taxes, compensating taxes, importation taxes and taxes on floor stocks are not deductible, in computing retailers' occupation tax liability, from the gross receipts of persons who sell such tangible personal property at retail. Such taxes include the Federal taxes upon manufacturers of tobacco products and alcoholic liquors.

2) Also, Federal taxes which are imposed on tangible personal property when sold by a wholesaler, an importer, a manufacturer or other producer (such as the Federal taxes on gasoline, diesel, tires or other tangible personal property when sold by a wholesaler, an importer, a manufacturer or other producer), are not deductible from gross receipts by anyone in computing retailers' occupation tax liability.

3) The taxes referred to under this subheading ("When Not Deductible") are merely costs of doing business to the person who pays such taxes or to persons to whom the economic burden of such taxes may be shifted by those who pay such taxes to the Federal Government.

(Source: Amended at 47 Ill. Reg. 19349, effective December 12, 2023)