

General Information Letter: Illinois does not tax compensation of U.S. military or Illinois National Guard.

October 26, 2006

Dear:

This is in response to your letter dated October 4, 2006 in which you ask us to review sections of your reference books for military personnel on matters relating to military compensation, benefits and other important subjects.

According to the Department of Revenue ("Department") regulations, the Department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). The regulations explaining these two types of rulings issued by the Department can be found in 2 Ill. Adm. Code §1200, or on the website <http://www.tax.illinois.gov/LegalInformation/regs/part1200>.

Due to the nature of your inquiry and the information presented in your letter, we are required to respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the Department.

Enclosed is a copy of the pages you sent us to review. Please note the change under Special Provisions Applicable to Armed Services Personnel. The sentence should read as follows: all service pay is exempt for members of the Armed Forces of the United States and/or the Illinois National Guard.

As stated above, this is a general information letter which does not constitute a statement of policy that either applies, interprets or prescribes tax law. It is not binding on the Department. Should you have additional questions, please do not hesitate to contact our office.

Sincerely,

Heidi Scott  
Staff Attorney -- Income Tax