

General Information

Manufacturer's Purchase Credit (MPC) may be earned for tax-exempt purchases of manufacturing or graphic arts machinery and equipment. The MPC is equal to 50 percent of the 6.25 percent state tax that would have been owed if the purchase were not otherwise exempt.

Note: After August 30, 2014, you can no longer earn Manufacturer's Purchase Credit on purchases of tax-exempt manufacturing or graphic arts machinery and equipment. However, Manufacturer's Purchase Credit earned on or before that date, if properly reported, may be used through December 31, 2016.

MPC may be applied toward state sales or use tax on future purchases of production-related tangible personal property. This production-related tangible personal property includes tangible personal property

- incorporated into real estate within a manufacturing or graphic arts facility;
- used or consumed in activities such as preproduction material-handling, receiving, quality control, inventory control, storage, staging, and packaging for shipping and transportation purposes;
- used or consumed by the purchaser for research and development.

MPC may **not** be transferred to another party.

To report the amount of MPC earned, purchasers must complete and file Form ST-16, Annual Report of Manufacturer's Purchase Credit Earned, no later than June 30 of the year following the calendar year in which the original purchase of exempt manufacturing or graphic arts machinery and equipment was made. If Form ST-16 is not filed within this period, the MPC is forfeited.

All unused MPC expires the last day of the second calendar year following the year in which the purchase was made.

To report the amount of MPC used, purchasers must complete and file Form ST-17, Annual Report of Manufacturer's Purchase Credit Used, no later than June 30 of the year following the calendar year in which the credit was used.

Instructions for Form ST-16-C

Purchasers — You must complete and give the top part of Form ST-16-C (or equivalent certificate) to the registered seller to certify that you have MPC to apply towards the 6.25 percent state sales or use tax liability on the purchase. You must pay any locally imposed taxes (*e.g.*, home rule, mass transit) directly to the supplier. If you overstate your credit, you will be subject to tax, penalty, and interest charges.

Keep the bottom part of this certificate to use when you complete Form ST-17, Annual Report of Manufacturer's Purchase Credit Used. **Do not** attach this certificate to any form.

Note: If you are using Manufacturer's Purchase Credit towards the state use or service use tax you owe on qualifying purchases from out-of-state sellers not registered in Illinois, you may complete and keep this certificate to document your use of the credit. Use the information from this certificate to complete Line 16a of your Form ST-1, Sales and Use Tax and E911 Surcharge Return, to reduce the amount of use tax you owe when you report the purchase.

Sellers — Your customer must give you the top part of Form ST-16-C or an equivalent certificate to use MPC. You must give the purchaser your account ID number so that the bottom part of this certificate can be completed and to provide documentation in the purchaser's books and records.

Use the information from this certificate to complete Line 16a of your Form ST-1, Sales and Use Tax and E911 Surcharge Return, to reduce the amount of tax you owe when you report the sale.

Do not attach this certificate to any form. You must keep this certificate in your records to document the use of the credit by your customer or, when appropriate, by yourself.

Where can I get help?

You may get help by visiting our website at tax.illinois.gov or calling weekdays between 8 a.m. and 5 p.m. at **1 800 732-8866** or **217 782-3336**. Call **1 800 544-5304**, our TDD (telecommunications device for the deaf).

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