

Income/Franchise:

Illinois DOR Considers Bitcoin Treatment as Intangible Property for Apportionment Purposes

General Information Letter IT-21-0004-GIL, Ill. Dept. of Rev. (8/31/21). Responding to a taxpayer's request regarding the state corporate income tax treatment of "bitcoin" for apportionment purposes, the Illinois Department of Revenue (Department) concludes that for purposes of 35 ILCS 5/304 and 86 Ill. Adm. Code 100.3370, bitcoin generally is considered an item of "intangible personal property," but is *not* a "patent, copyright, trademark, or similar item of intangible property" for such purposes. The pertinent Illinois apportionment statute and accompanying regulations provide specific sourcing rules for items of intangible personal property. However, under these sourcing provisions, "[g]ross receipts from the license, sale, or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property...may be included in the numerator or denominator of the sales factor only if gross receipts from licenses, sales, or other disposition of such items comprise more than 50% of the taxpayer's total gross receipts included in gross income during the tax year and during each of the immediately preceding tax years[.]" Please contact us with any questions.

URL: <https://www2.illinois.gov/rev/research/legalinformation/letterulings/it/Documents/2021/IT21-0004-GIL.pdf>

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