

Income/Franchise:

Illinois DOR References Caselaw Addressing Nexus for Out-of-State Insurance Companies

General Information Letter IT 23-0004-GIL, Ill. Dept. of Rev. (5/31/23). Responding to an out-of-state insurance agency's general information letter inquiry about whether it has nexus and would be required to file an Illinois corporate income tax return, the Illinois Department of Revenue (Department) stated that because nexus determinations are inherently fact specific, it does not issue letter rulings on nexus. However, the Department commented that pursuant to an Oklahoma Supreme Court decision from 2012, merely receiving payments from an in-state customer with no other contacts in the taxing jurisdiction was insufficient to constitute nexus under the Due Process Clause in that case. The Department also commented that pursuant to a US Supreme Court decision from 1962, "insuring risk on property located in the state without more is not a valid basis to assert nexus." Please contact us with any questions.

URL:
<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/legalinformation/lett rulings/it/documents/2023/it23-0004-gil.pdf>

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