
Compliance Alert to Local Governments -

Clarification issued to municipalities with business districts regarding proper reporting of addresses



June 2021

Compliance Problem

The Business District Development and Redevelopment Law (65 ILCS 5/11-74.3-1 et seq.) requires that municipalities provide the boundaries of a business district to the Illinois Department of Revenue (IDOR) when they want to impose a business district retailers' occupation ("sales") tax. A list of the individual addresses within that district is also required. Previously, the municipality would have potentially only provided the addresses of the retail businesses located within the business district, not the residential addresses. Due to Leveling the Playing Field legislation, business district sales tax now applies to remote retailers who ship items to an address within a business district.

Background

Public Acts (P.A.) 101-31 and 101-604 amended the Retailers' Occupation Tax Act and enacted the Leveling the Playing Field for Illinois Retail Act to implement a series of structural changes to the Illinois sales tax laws, requiring "remote retailers" to remit State and local retailers' occupation taxes beginning January 1, 2021. The changes are intended to "level the playing field" between Illinois-based retailers and remote retailers by imposing State and local retailers' occupation taxes on Illinois retailers and remote retailers alike. As a result, the Department will need to have all addresses within a business district on file so that when remote retailers ship items to an address within the business district the proper retailers' occupation tax rate will be applied, including business district retailers' occupation tax.

Solution

Municipalities with existing business districts need to provide IDOR with a detailed list of *all* addresses registered with the USPS located within the business district boundary, including residential addresses. If your municipality did not previously include all addresses located within the business district, a list of the additional addresses within your business district boundary is required. This list must be submitted by October 1, 2021, to take effect January 1, 2022. The list of addresses must be sent to the address below.

**LOCAL TAX ALLOCATION DIVISION
ILLINOIS DEPARTMENT OF REVENUE MC 3-500
101 WEST JEFFERSON STREET
SPRINGFIELD IL 62702**

If you are uncertain if your municipality has submitted a detailed list of all addresses, you may view your complete address list by logging into your MyLocalTax account then choosing "View Business District Addresses" from the list of "I Want To's." Failure to submit this detailed address list to IDOR may result in a loss in sales tax allocations for your municipality.

Questions

For further information, see the Resource Page for the Leveling the Playing Field for Illinois Retail Act at <https://www2.illinois.gov/rev/research/taxinformation/sales/Pages/Level-the-Playing-Field.aspx>.

If you have additional questions, email IDOR's Local Tax Allocation Division at REV.LocalTax@illinois.gov or call 217 785-6518.

The content of this Compliance Alert is informational only and does not take the place of statutes, rules and regulations, and court decisions.