

**Illinois Department of Revenue
Regulations**

Title 86 Part 440 Section 440.90 Tax Stamps--Purchase of: Cost: Discount

**TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 440
CIGARETTE TAX ACT**

Section 440.90 Tax Stamps--Purchase of: Cost: Discount

- a) Sales of stamps shall be made by the Department, or any person authorized by the Department, to licensed distributors in proper denominations, subject to discounts as explained in subsection (b) of this Section, which discount shall be allowed at the time of purchase of the stamps, when purchase is required by the Act.
- b) The discount allowable to distributors at the time of purchasing stamps during any year commencing July 1 and ending the following June 30 *shall be equal to 1.75% of the amount of the tax payable under the Cigarette Tax Act up to and including the first \$3,000,000.00 paid by such distributor to the Department during any such year and 1.5% of the amount of any additional tax paid by such distributor to the Department during any such year.* (Section 2 of the Act)
- c) Two or more distributors that use a common means of affixing revenue tax stamps or that are owned or controlled by the same interests shall be treated as a single distributor for the purpose of computing the discount.
- d) *On and after December 1, 1985 and until July 1, 2003, the Department shall allow a distributor 30 days in which to make final payment of the amount to be paid for such stamps, by allowing the distributor to make payment for the stamps at the time of purchasing them with a draft which shall be in such form as the Department prescribes (i.e., a standard bank draft which the distributor may post-date), and which shall be payable within 30 days thereafter. Beginning January 1, 2003, such draft shall be payable by means of electronic funds transfers, as provided in 86 Ill. Adm. Code 750. A distributor's failure to pay any such draft, when due, shall also make such distributor automatically liable for a penalty equal to 25% of the amount of such draft.* (Section 3 of the Act)
- e) *On and after December 1, 1985 and until July 1, 2003, distributors making payment for stamps at the time of purchase by draft as explained in subsection (d) shall first file with the Department, and receive the Department's approval of, a bond (in a form provided for in this subsection), which is in addition to the bond required under Section 4 of the Act, payable to the Department in an amount equal to 100% of such distributor's average monthly tax liability under the Act during the preceding calendar year or \$750,000,*

whichever is less. The bond shall be joint and several and shall be in the form of a surety company bond or it may be in the form of a bank certificate of deposit or bank letter of credit. The bond shall be conditioned upon the distributor's payment of the amount of any 30-day draft which the Department accepts from that distributor for the delivery of stamps to that distributor under the Act. Prior continuous compliance taxpayers, as defined in Section 1 of the Act, are exempt from the bond requirements noted in this subsection. (Section 3 of the Act) For additional information concerning the exemption for prior continuous compliance taxpayers, see Section 3 of the Act.

f) Beginning January 1, 2003 and through June 30, 2003, *any taxpayer choosing not to make payment of tax by means of a draft payable within 30 days as provided in subsection (d) and who has an annual tax liability of \$200,000 or more shall make all payments of that tax by means of electronic funds transfer, as provided in 86 Ill. Adm. Code 750. [20 ILCS 2505/2505-210] On and after July 1, 2003, all payment for revenue tax stamps must be made by means of electronic funds transfer. (Section 3 of the Act)*

g) The Department may refuse to sell cigarette tax stamps to any person who does not comply with the provisions of the Cigarette Tax Act. (Section 3 of the Act)

(Source: Amended at 28 Ill. Reg. 3906, effective February 13, 2004)