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Retailer's Overview of Sales and Use Tax

The information in this publication is current as of the date of the publication. Please visit our web site at www.Iltax.gov to verify you have the most current revision.

This publication is written in the plain English style so the tax information is easier to understand. As a result, we do not directly quote Illinois statutes or the Illinois Administrative Code. The contents of this publication are informational only and do not take the place of statutes, rules, or court decisions. For many topics covered in this publication, we have provided a reference to the applicable section or part of the Illinois Administrative Code for further clarification or more detail. All of the sections and parts referenced can be found in Title 86 of the Code.

About this publication

The focus of this publication is for retailers who file **Form ST-1, Sales and Use Tax Return**.

Knowing how Illinois Sales and Use Tax laws apply to your business can save you time, trouble, and money. The information included in this publication will supply you with the general sales tax information most retailers need, help you collect the proper amount of tax due, and help you file your returns correctly.

As a retailer, you are responsible for

- collecting the correct amount of sales tax on every taxable sale you make;
- properly documenting the tax-exempt sales you make;
- paying use tax on items used by your business if the items were purchased tax-exempt or removed from inventory and not resold;
- sending the sales tax you have collected and the use tax you owe with your completed Form ST-1, Sales and Use Tax Return, by the due date, to the Illinois Department of Revenue; and
- keeping complete and accurate books and records for all sales and purchases.

Publications that cover other sales taxes and fees, service occupation tax, and specific sales tax applications are or will soon be available on our web site.

Taxpayer Bill of Rights

You have the right to call the Department of Revenue for help in resolving tax problems.

You have the right to privacy and confidentiality under most tax laws.

You have the right to respond, within specified time periods, to department notices by asking questions, paying the amount due, or providing proof to refute the department's findings.

You have the right to appeal department decisions, in many instances, within specified time periods, by asking for department review or by taking the issue to court.

If you have overpaid your taxes, you have the right, within specified time periods, to a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other department procedures, you may write us at the following address:

Problems Resolution Office
Illinois Department of Revenue
PO Box 19014
Springfield, IL 62794-9014

Get forms and other information faster and easier at Iltax.gov

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Registering Your Business

Who must register as a retailer?

You must register with us as a retailer if you “do business” in Illinois and you sell “tangible personal property” at retail. You “do business” (See the *Illinois Administrative Code, Sections 150.201 (i) and 150.801.*) in Illinois if you

- have a business site in Illinois, such as a store,
- have, within Illinois,
 - an office or an agent or other representative operating in this state, even if it is occasionally, or
 - a place (e.g., a warehouse) from which you deliver or produce a product, or
- sell items at craft shows, fairs, seminars, conventions, etc. in Illinois.

“Tangible personal property” is property that can be used or consumed. Tangible personal property does not include real estate, or paper assets, such as stocks or bonds.

In addition, if you are a retailer and you purchase tangible personal property on which you did not pay Illinois sales or use tax to your supplier for use or consumption, you must pay use tax to the department.

If you make retail sales but not from an Illinois location, you are still required to register with us for use tax purposes if you have a salesperson who solicits orders in Illinois but the orders are accepted and filled outside Illinois. (See the *Illinois Administrative Code, Section 150.801.*)

Note → If you are a construction contractor and do not make retail sales, please refer to *Sections 130.2075 and 130.1940* of the Illinois Administrative Code. This subject will be covered in a separate publication to be published at a later date.

Note → A serviceperson, who is not a retailer, may or may not be required to register. Please refer to *Section 140.105* of the Illinois Administrative Code. This subject will be covered in a separate publication to be published at a later date.

Note → If you are in the business of leasing tangible personal property, please refer to *Section 130.2010* of the Illinois Administrative Code. This subject will be covered in a separate publication to be published at a later date.

Under what circumstances would I be registered as a reseller? (See the *Illinois Administrative Code, Section 130.1415.*)

You will be registered as a reseller - rather than a retailer - if all of your sales of tangible personal property are nontaxable (i.e., all sales are to exempt buyers or for resale) and you wish to buy your merchandise tax-free from registered Illinois suppliers.

How do I register?

Complete Form REG-1, Illinois Business Registration Application,

- by using our Illinois Business Gateway on our web site at www.Iltax.gov

- by filing a paper form with us at
CENTRAL REGISTRATION DIVISION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19476
SPRINGFIELD IL 62706-9476

- in person at one of the locations that appear on Page 8.

Note → There is no fee required to register as a retailer or reseller.

How will I know that I have successfully registered?

We will send you a Certificate of Registration. This certificate is your permit to engage in the business of selling tangible personal property. It lists your Illinois Business Tax (IBT) number, business name, address, effective date, the taxes you are registered for, and the date the certificate will expire.

You must display your certificate in the place of business for which it was issued and where it can be easily viewed by the public.

If you are in the business of operating vending machines, we will issue a vending machine decal (sub-certificate of registration) (See the *Illinois Administrative Code, Sections 130.701 and 130.715.*) for each vending machine you own based on the number you told us.

What if I have one business but have more than one site? (See the *Illinois Administrative Code, Section 130.715.*)

If your company sells merchandise at more than one location (site), we will supply a certificate of registration for each site you list on Form REG-1. We will print each individual site address on these certificates.

Will I need to renew my certificate? (See the *Illinois Administrative Code, Section 130.701.*)

If you are required to file sales tax returns, your certificate of registration will expire in five years. In most cases, we will automatically renew your certificate of registration. However, if you have an outstanding liability, we may not. We will notify you if this happens.

If you are a reseller, you must reapply every three years. We will send you a renewal packet that you must return before we send you a new certificate.

What if my certificate is lost, damaged, or destroyed? (See the Illinois Administrative Code, Section 130.730.)

If your certificate is lost, damaged, or destroyed, you must contact the Central Registration Division and request a new certificate.

What if I change the location of my business or one of my sites?

If you change the location of your business, or for multiple site filers, one of your sites, you must contact the Central Registration Division to update the location information. It is important for us to update this information so the correct tax rate is preprinted on your returns.

What if I discontinue my business or one of my sites? (See the Illinois Administrative Code, Section 130.735.)

If you discontinue your business, you must destroy all certificates related to that business.

If you discontinue one of your sites, you must destroy the certificate for that site.

In addition, you must contact the Central Registration Division to discontinue the business or site. It is important for us to update your registration information when you go out of business or discontinue a location.

What if I change my business structure? (See the Illinois Administrative Code, Section 130.735.)

If you change the structure of your business, (*for example*, changing from a sole proprietor to a corporation) you must

- tell us to discontinue the old business entity, and
- register the new business entity by completing a new Form REG-1, Illinois Business Registration Application.

Note → Certificates of registration cannot be transferred.

What if I sell any or all of my business?

If, outside your usual course of business, you sell or transfer

- the major part of the stock of goods that you are in the business of selling,
- the furniture or fixtures of your business,
- the machinery and equipment of your business, or
- the real property of your business

you must complete and file Form CBS-1, Notice of Sale or Purchase of Assets.

How do I contact the Central Registration Division?

To contact our Central Registration Division e-mail us at centreg@revenue.state.il.us, call 217 785-3707, or write to us at

CENTRAL REGISTRATION DIVISION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19030
SPRINGFIELD IL 62706-9030

Are there other types of sales taxes or fees for which I may need to register?

If you are registering as a retailer, you will not need to separately register for other sales taxes and fees; however, you may need to complete additional information on Form REG-1 depending on the nature and location of your business. Additional information is required for the taxes and fees below:

- Automobile Renting Occupation and Use Tax (ART)

You must be registered for this tax if you are in the business of renting automobiles for a period of one year or less. See PUB-114, Automobile Renting Occupation and Use Tax, for more information.

- County Motor Fuel Tax

You must be registered for this tax if you sell motor fuel at retail within DuPage, Kane, or McHenry County. See PUB-115, County Motor Fuel Tax, for more information.

- Chicago Soft Drink Tax

You must be registered for this tax if you sell canned or bottled (not fountain) soft drinks at retail in the city of Chicago. See PUB-116, Chicago Soft Drink Tax, for more information.

- Metropolitan Pier and Exposition Authority Food and Beverage Tax

You must be registered for this tax if you sell prepared food and beverages and you are located within the boundaries of the Metropolitan Pier and Exposition Authority (MPEA). See PUB-117, MPEA Food and Beverage Tax, for more information.

- Tire User Fee

You must be registered for this fee if you sell and deliver tires in Illinois at retail. See PUB-118, Tire User Fee, for more information.

What if I sell items that must be titled and/or registered? (See the Illinois Administrative Code, Section 130.540.)

When you tell us that you sell items that must be titled and/or registered (*for example*, vehicles, watercraft, aircraft, trailers, mobile homes, and ATV's), you will receive and must complete Form ST-556, Sales Tax Transaction Return. See the ST-9, A Guide for Reporting Sales Using Form ST-556, Sales Tax Transaction Return, for more information.

Note → Retailers that report transactions on Form ST-556 must also file Form ST-1.

Business Requirements for Retailers who file Form ST-1

On what sales must I collect and pay tax?

As a retailer, you must collect and pay tax on all receipts from sales of tangible personal property to purchasers for use or consumption unless the sales are exempt from tax by law. (See the *Illinois Administrative Code, Section 130.401.*)

You must keep documentation in your records to support every exempt sale you make.

What are some common types of sales that are exempt from tax?

Listed below are some of the most common sales tax exemptions. (See the *Illinois Administrative Code, Section 130.120* for a comprehensive list.)

- Sales made to exempt organizations** - not-for-profit organizations that have applied for and received an exemption identification "E" number. This is separate from a federal employer identification number (FEIN). (See the *Illinois Administrative Code, Section 130.2005*) - Examples of organizations that may qualify include units of government, churches, charities, schools, county fair organizations, and certain senior citizen organizations.
To document this exemption, you must obtain and keep in your records either a copy of the purchaser's exemption letter issued by the department or the purchaser's active "E" number.
- Sales made for resale** (See the *Illinois Administrative Code, Section 130.1405.*)
To document this exemption, you must obtain and keep in your records a certificate of resale containing the seller's name and address, the purchaser's name and address, an identification or description of the items purchased for resale, a statement from the purchaser that the items are being purchased for resale, the purchaser's signature and the date of signing, and the purchaser's active Illinois Business Tax (IBT) number or the purchaser's active resale number or a statement that the purchaser is an out-of-state purchaser who will always sell (and deliver) to his or her customers outside Illinois.
Purchaser's may either document their tax-exempt purchases by completing Form CRT-61, Certificate of Resale, or by making their own certificate.
- Sales made in interstate commerce** - sales made from Illinois businesses that are delivered outside Illinois and are not returned to Illinois for use (See the *Illinois Administrative Code, Section 130.605.*)

The way you document this exemption in your records depends on the manner in which the merchandise is delivered.

- If the item is shipped by common carrier, you must keep a waybill or bill of lading showing the delivery address outside Illinois.
- If the item is sent by mail, you must keep a receipt from the U.S. Postal Service showing the name of the addressee, the delivery address outside Illinois, and the date the item was mailed.

- If you will use your own transportation equipment to make delivery, you must keep a trip sheet containing the name, address, and signature of the out-of-state purchaser and the signature of the person making the delivery.

4. Sales of farm machinery and equipment (See the *Illinois Administrative Code, Section 130.305.*)

To document this exemption, you must obtain and keep in your records an exemption certificate containing the seller's name and address, the purchaser's name and address, an identification or description of items purchased, a statement from the purchaser that the items are being used primarily in production agriculture or in a state or federal agricultural program, and the purchaser's signature and date of signing.

Purchaser's may either document their tax-exempt purchases by completing Form ST-587, Equipment Exemption Certificate, or by making their own certificate.

5. Sales of manufacturing machinery and equipment (See the *Illinois Administrative Code, Section 130.330.*)

To document this exemption, you must obtain and keep in your records the purchaser's active Illinois Business Tax (IBT) number, or the purchaser's active resale number, or an exemption certificate containing the seller's name and address, the purchaser's name and address, an identification or description of the items purchased, a statement from the purchaser that the items are being used primarily in manufacturing or assembling items for wholesale or retail sale or lease, and the purchaser's signature and date of signing.

Purchaser's may either document their tax-exempt purchases by completing Form ST-587, Equipment Exemption Certificate, or by making their own certificate.

6. Sales of graphic arts machinery and equipment (See the *Illinois Administrative Code, Section 130.325.*)

To document this exemption, you must obtain and keep in your records an exemption certificate containing the seller's name and address, the purchaser's name and address, and a statement that the property purchased will be used primarily in graphic arts production.

Purchaser's may either document their tax-exempt purchases by completing Form ST-587, Equipment Exemption Certificate, or by making their own certificate.

7. Sales of newspapers and magazines (See the *Illinois Administrative Code, Section 130.2105.*)

Sales of newspapers and magazines are not subject to tax.

What factors determine the tax rate that applies to the sales I make?

Generally, it is the location of your Illinois business or, if a multiple location filer, your Illinois sites that determine the rate of tax.

The rate of sales tax that applies to retail sales made **within Illinois** varies based on the location of the sale.

For **out-of-state** retailers, if the tangible personal property sold at retail is shipped from an out-of-state location, Illinois use tax rates are 6.25% for general merchandise or 1% for qualifying food, drugs, and medical appliances. If an out-of-state retailer ships a product from an Illinois warehouse, distribution center, etc., the transaction is subject to sales tax rather than use tax and the (Illinois) location where the product is shipped from determines the rate of tax.

Note In Illinois, the delivery point does **not** determine the rate of tax.

Other types of sales have special circumstances that determine the taxable location (For example, the *Illinois Administrative Code, Section 270.115*). Some examples include the sales of coal and other minerals, long-term or blanket contracts, and sales from vehicles carrying stock that has not been sold.

If you have questions regarding the taxable location of a sale, please call us at 1 800 732-8866 or 217 782-3336; or call the TDD-telecommunications device for the deaf at 1 800 544-5304.

Is my tax rate preprinted on my return?

Yes, it will be preprinted on your Form ST-1 and if you make taxable sales from more than one site, the rate for each site will be printed on your Form ST-2, Multiple Site Form.

If the tax rate is not printed on your form, you may visit our web site at www.ILtax.gov to view the ST-25, Sales Tax Rate Reference Manual, or call us at 1 800 732-8866 or 217 782-3336 to obtain the correct rate for your location.

What taxes could be included in the preprinted rate?

If you sell **general merchandise**, your preprinted tax rate will consist of

- the statewide general merchandise tax rate of 6.25%, plus
- any locally-imposed and IDOR-administered taxes on general merchandise.

If you sell "qualifying" **food, drugs, and medical appliances**, your preprinted tax rate will consist of

- the statewide food, drugs, and medical appliances tax rate of 1.00%, plus
- any locally-imposed and IDOR-administered taxes on food, drugs, and medical appliances.

Note Local governments may also impose taxes on either general merchandise or food, drugs, and medical appliances that they administer themselves using a form of their own.

"Qualifying" food, drugs, and medical appliances (See the *Illinois Administrative Code, Section 130.310*.) include

- food that is not a restaurant meal and has not been prepared for immediate consumption, such as most food sold in grocery stores, **excluding** hot foods, alcoholic beverages, and soft drinks;
- prescription medicines and nonprescription items, whose label claims to have medicinal value; and
- prescription and nonprescription medical appliances that directly replace a malfunctioning part of the human body, such as corrective eyewear, contact lenses, prostheses, and dentures.

Depending on the location of your business, the following additional locally-imposed and IDOR-administered taxes may be included in your preprinted tax rate.

Regional Transportation Authority (RTA) tax rate - Taxpayers in Cook, DuPage, Kane, Lake, McHenry, and Will counties (See the *Illinois Administrative Code, Section 320.101*.)

If your business is located within the RTA region, the rate of mass transit tax imposed by the RTA will be included in your preprinted tax rate.

Metro-East Mass Transit District (MED) tax rate - Taxpayers in Madison and St. Clair counties (See the *Illinois Administrative Code, Section 370.101*.)

If your business is located within the MED region, the rate of mass transit tax imposed by the MED will be included in your preprinted tax rate.

DuPage County Water Commission (CWCT) tax rate - Certain taxpayers in Cook, DuPage, and Will counties (See the *Illinois Administrative Code, Section 630.101*.)

If your business is located within the CWCT district, the rate of tax imposed by the district will be included in your preprinted tax rate for general merchandise only.

Home-rule, non-home rule, County Public Safety Sales Tax, Metro-East Park and Recreation District Tax rate - Taxpayers within certain units of government

If your business is located within a unit of local government that imposes a home-rule (See the *Illinois Administrative Code, Section 270.101*.), non-home rule (Section 693.101.), county public safety sales tax (Section 670.101.), or metro-east park and recreation district tax (Section 395.101.), that rate will be included in your preprinted tax rate for general merchandise only.

Note The home-rule, non-home-rule, County Public Safety, and Metro-East Park and Recreation District taxes do not apply to the sales of food, drugs, and medical appliances or items that must be titled and/or registered.

Where can I get a list of sales tax rates?

The ST-25, Sales Tax Rate Reference Manual, lists tax rates for each municipality and county, and for units of local government that impose additional tax in the state of Illinois.

The manual is updated twice yearly, on January 1 and July 1, and is available on our web site at www.ILtax.gov or you may order it by calling our 24-hour Forms Order Line at 1 800 356-6302.

What is Illinois Use Tax? (See the *Illinois Administrative Code, Section 150.101*.)

Use tax is a form of sales tax designed to distribute the tax burden fairly among consumers and assure fair competition between in-state and out-of-state businesses.

When does an Illinois retailer owe use tax and how is it reported? (See the *Illinois Administrative Code, Sections 150.730 and 150.801*.)

For ST-1 filers, Illinois law requires you to pay Illinois Use Tax on purchases you made for use or consumption in Illinois and on which you did not pay Illinois Retailers' Occupation Tax (sales or use tax) to the seller. You must report use tax on Form ST-1.

Businesses that purchase items tax free for use or consumption in Illinois should pay use tax using the ST-1 return whose liability period corresponds to the purchase date of the items for which use tax is due.

Businesses that purchase items tax free for resale and later remove these items from inventory for use or consumption in Illinois should pay use tax using the ST-1 return whose liability period corresponds to the date the item was removed from inventory. The Illinois Use Tax rate is 6.25% for general merchandise and 1% for food, drugs, and medical appliances. If you paid the correct tax to another state but the tax you paid is lower than the Illinois rate, you must pay us the difference.

What form must I use to report sales and use tax?

All retailers must file Form ST-1, Sales and Use Tax Return, for each reporting period and pay the tax collected from retail sales made and any use tax owed for purchases made.

We include instructions with the forms we send you.

Note → If you are registered as a reseller, you are not required to file Form ST-1.

How do I file if I have more than one site?

If you make retail sales from more than one location (site), you will be registered accordingly and will receive a Form ST-2, Multiple Site Form. You must complete and file Form ST-2 to report specific tax information for each site.

We include instructions with the forms we send you.

Must I file Form ST-1 even if I have no sales or purchases to report?

Yes. You must file a processable (signed) Form ST-1 for each reporting period regardless of whether or not there are receipts to report. You may file a "zero" return.

When is my return and tax payment due?

You must file your Form ST-1 and pay any tax due on or before the 20th day of the month following the end of the reporting period. We will preprint the reporting period and due date on your Form ST-1.

For most taxpayers, the reporting period is over at the end of every month. (See the *Illinois Administrative Code, Section 130.501*.) For example, your November return is due on or before December 20.

Some taxpayers qualify to file only four times a year [quarterly (*Section 130.502*.)]. These taxpayers' returns are due on the 20th day of the month following the end of the calendar quarter. Still other taxpayers qualify to file only once a year [annually (*Section 130.510*.)]. These taxpayers' returns are due on the 20th day of January following the end of the calendar year.

Upon registration, you will be required to file monthly. We will notify you if you qualify to file your Form ST-1 quarterly or annually.

Taxpayers whose average tax due on Form ST-1 is at least \$10,000 a month must pay tax in four quarter-monthly payments (*Section 130.535*.) throughout the month. Payments are due on the 7th, 15th, 22nd, and last day of the month. We will

notify you if you meet this requirement. At the time of notification, we will send you information explaining specific filing requirements.

Note → Anytime a due date falls on a weekend or state-recognized holiday, we adjust the due date to the next working day.

Is there an incentive for paying the tax I have collected on time? (See the *Illinois Administrative Code, Section 130.501*.)

Yes. If you file your return and pay the tax on time, you are allowed to take a discount of 1.75 percent of the tax you collected on receipts from sales.

Where do I file my return?

The returns you receive from us will have the correct return address preprinted on them. If no address is available, mail your returns to:

ILLINOIS DEPARTMENT OF REVENUE
RETAILERS OCCUPATION TAX
SPRINGFIELD IL 62796-0001

Do not mail this return in combination with any other type of return.

What if I do not file and pay by the due date?

If you do not file your return and pay the tax due by the due date, you will be assessed for any tax due (including any portion of the discount for timely filing that we have disallowed) plus penalty and interest. For detailed information about the penalties and interest that may apply, see PUB-103, Uniform Penalties and Interest. (See the *Illinois Administrative Code, Part 700*.)

Note → When sent through the U.S. mail, items filed with and payments made to the Department of Revenue are considered to be filed and received by the department on the date of the post office cancellation mark. Private postage meters are not used to establish the date of receipt.

If items are filed with or payments made to the Department of Revenue but are not sent through the U.S. mail, they are considered to be filed on the date the department receives them.

Is there an electronic way to pay my tax due?

(See the *Illinois Administrative Code, Part 750*.)

Yes, the Electronic Funds Transfer (EFT) program allows you to make tax payments electronically. Instead of writing a check for the amount of tax due, financial institutions are instructed to transfer the funds from your account to ours. We then apply the transferred amount to your liability. Taxpayers whose average tax due on Form ST-1 is at least \$200,000 annually must file tax payments by EFT. We will notify you by August 1 if you are required to make payments by EFT. At the time of notification, we will send you information explaining specific filing requirements. All participants in the EFT program must complete and sign Form EFT-1, Authorization Agreement for Electronic Funds Transfer.

You may voluntarily participate in the EFT program. However, you must first complete Form EFT-1 and receive our approval to participate.

See the EFT-8, Electronic Funds Transfer Guide, for more information about this program.

Are alternative methods available for filing my sales tax return? (See the *Illinois Administrative Code*, Sections 770.100, 770.105, 760.200, and 760.210.)

Yes, we have electronic filing options that allow you to file your return using more technologically advanced methods than filing a paper return.

Internet filing

- You may file your return using Sales Tax Internet Filing if you
 - have on file with us a person who is responsible for filing your tax returns and paying your taxes;
 - do not have any prepaid sales tax from Form PST-2 to report on Line 17;
 - do not have more than 160 Illinois business locations;
 - do not have changes to the preprinted information on your ST-1 or ST-2 forms (*for example*, your tax rate is correct, you do not need to add or change a site); and
 - will not be filing Form STS-2-TS, Temporary Storage Multiple Site Form, or ST-2-DP, Direct Pay Multiple Site Form.

Voluntary TeleFile

- If you conduct business at one location (you are not required to attach Form ST-2, Multiple Site Form, to your return), you may be able to file your Form ST-1 using our TeleFile program. For more information, visit our web site at www.ILtax.gov or call 217 785-6672.

Mandatory TeleFile for certain retailers of alcoholic liquor

- We will review our records and determine if you must use TeleFile to file your Form ST-1. If so, we will send you a letter that explains this process or you may visit our web site at www.ILtax.gov.

Electronic filing by tax practitioners

- Form ST-1 and Form ST-2 can be electronically filed by certain tax practitioners. Visit our web site at www.ILtax.gov to discover what tax practitioners have been approved to electronically submit these forms for their customers. These practitioners may charge a transaction fee.

What if I make a mistake on my return? (See the *Illinois Administrative Code*, Section 130.1501.)

If, after you file your Form ST-1, you find you made a mistake that resulted in an overpayment or an underpayment, or you forgot to send any necessary attachments, you must file an amended return (Form ST-1-X). There is no alternative method for filing this form. **You must file a paper Form ST-1-X.** Amended returns are available

- on our web site at www.ILtax.gov; or
- by calling our 24-hour Forms Order Line at **1 800 356-6302**;

For help completing your amended return, please call the Sales Tax Processing Division at 217-782-7517.

For all other questions, you may visit our web site at www.ILtax.gov or contact our Taxpayer Assistance Division at 1 800 732-8866 or 217 782-3336.

Keeping Complete and Accurate Books and Records

What books and records must I keep?

(See the Illinois Administrative Code, Section 130.801.)

If you sell tangible personal property at retail in Illinois, you must keep

- books and records of all sales and purchases you make;
- documents about inventory changes, shipments, or other transactions;
- accounts receivable records;
- accounts payable records;
- summaries or ledger accounts;
- records or working papers that are used in the preparation of your tax returns; and
- a copy of the tax returns you file.

What records must I keep about the sales and purchases I make?

At minimum, you must keep

- the cash register tapes and other data that provide a daily record of the gross amount of sales;
- a record of the merchandise purchased, such as the vendor's invoices or purchase orders; and
- a yearly inventory of the value of the stock on hand.

These records must distinguish taxable from non-taxable sales. You must keep these records for all sales, whether you believe they are taxable or not.

What records are required to support a deduction taken for an exempt sale on my tax return?

(See the Illinois Administrative Code, Section 130.810.)

In order to support each deduction, your records must include

- the purchaser's name and address;
- the character (for example, a sale for resale or to an exempt organization, etc.) of each transaction;
- the date of each transaction;
- the amount of receipts from each transaction; and
- any other information that establishes the non-taxable nature of the transaction.

Information about the most common exemptions and specific record-keeping requirements that apply to them is provided on Page 3 of this publication.

Must I maintain my books and records on paper?

(See Section the Illinois Administrative Code, 130.805.)

No. You can also maintain books and records by microfilm, microfiche, or by using an Automated Data Processing System. In general, these records are acceptable as long as they are authentic, accessible, readable, and able to be reproduced.

How long must I keep books and records?

(See the Illinois Administrative Code, Section 130.815.)

In general, you must keep books and records that document receipts for the tax period covered by your return for three and one half years after you have filed an original or amended return.

If a Notice of Tax Liability or Notice of Assessment has been issued, you must keep books and records that document receipts for the tax period for which the notice was issued. Keep these records until the liability has been finalized or discharged.

Are there any other requirements?

Your books and records must

- be available for inspection by the Illinois Department of Revenue during normal business hours;
- be kept in the English language;
- be kept in Illinois unless you have received written permission from us to keep them in another location; and
- contain information regarding the deductions you claim.

Questions?

If you have questions or need more information, see the Uniform Penalty and Interest Act, 35 ILCS 735/3-1 *et seq.*, visit our web site, or call or write us. Our addresses and telephone numbers are listed on the last page of this publication.

Office locations

Maine North Regional Building
9511 Harrison Street FA 203
Des Plaines, Illinois 60016-1563
847 294-4200

200 South Wyman Street
Rockford, Illinois 61101-1237
815 987-5210

James R. Thompson Center
Concourse Level
100 West Randolph Street
Chicago, Illinois 60601-3274
312 814-5232

Willard Ice Building
101 West Jefferson
Springfield, Illinois 62702
800 732-8866
217 782-3336

15 Executive Drive
Business Center One, Suite 2
Fairview Heights, Illinois 62208-1331
618 624-6773

2309 W. Main
Suite 114
Marion, Illinois 62959-1196
618 993-7650

Out-of-state office location

Century Plaza
45 Eisenhower Drive
Suite 2
Paramus, New Jersey 07352-1416
201 845-0255

For information or forms

Visit our web site at www.Iltax.gov

Call us at **1 800 732-8866** or **217 782-3336**.

Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**.

Write us at Illinois Department of Revenue, P.O. Box 19044, Springfield, IL 62794-9044.

Call our 24-hour Forms Order Line at **1 800 356-6302**.