

Illinois Department of Revenue
2015 Practitioners Meeting
2014 Sales and Excise Tax Legislation/Regulations

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LEGISLATION

Vehicle Leasing – P.A. 98-0628 and P.A. 98-1080 (eff. January 1, 2015)

These acts amend the Retailers' Occupation Tax Act and the Use Tax Act to provide a new method for calculating the "selling price" of certain motor vehicles sold for leasing purposes. The Department's website contains additional information and related forms. See Informational Bulletin FY 2015-03. FAQs to come.

Definition of "Retailer Maintaining a Place of Business in this State" – P.A. 98-1089 (eff. January 1, 2015)

Amends the definition of "Retailer Maintaining a Place of Business in this State" in the Use Tax Act and Service Use Tax Act in response to issues raised in *Performance Marketing Ass'n v. Hamer*, 2013 IL 11496, that invalidated existing "click-through" nexus provisions. See Informational Bulletin FY 2015-07.

Sourcing legislation/auditor funding/Use and Occupation Tax Reform Task Force – P.A. 98-1098 (eff. August 26, 2014)

Creates the Use and Occupation Tax Reform Task force to conduct a study on the modernization of state and local use and occupation taxes in Illinois; amends provisions in the State Finance Act, sales tax acts and telecom acts mandating a specific transfer of funds into the Tax Compliance and Administration Fund for purpose of funding additional auditors and compliance personnel at the Department; amends provisions in the Retailers' Occupation Tax to provide sourcing rules for specific types of selling (generally, over-the-counter sales, internet or phone sales, vending machine sales and sales of minerals); provides additional restrictions and penalties for counties and municipalities entering into agreements to share or rebate occupation taxes.

Cigarette Retailer Licensing P.A. 98-1055 (eff. January 1, 2016)

Effective January 1, 2016, provides that retailers selling tobacco and tobacco products obtain a license from the Department; new penalties, restrictions and recordkeeping requirements are also added.

Confidentiality of Tax Information – Information Sharing With Municipalities – P.A. 98-1058 (eff. January 1, 2015)

Amends confidentiality provisions of Retailers' Occupation Tax Act to authorize sharing of specific information with all municipalities (deletes references to home rule and non-home rule units and villages); provides for a fine not to exceed \$7500.00 for unauthorized disclosure of confidential information.

Chicago Prepaid Wireless E911 Surcharge, P.A. 98-0634 (eff. June 6, 2014)

Amends the Prepaid Wireless 9-1-1 Surcharge Act to authorize Chicago, until July 1, 2015, to raise its surcharge to 9% of each retail transaction of prepaid wireless services; beginning July 1, 2015, creates

the Division of the Statewide 9-1-1 Administrator within the Department of State Police to develop, implement and oversee a statewide 9-1-1 system for all areas of the State outside Chicago; makes changes to other 911 statutes not administered by the Department. See Informational Bulletin FY 2015-02.

Department administrative fee for collection and enforcement of the County Motor Fuel Tax –P.A. 98-1049 (eff. August 25, 2014)

Changes statutory provisions governing the Department's administrative fee for administering and enforcing the tax.

Motor Fuel IFTA changes – interest rate/bond – P.A. 98-0964 (eff. August 15, 2014)

Amends provisions in the Motor Fuel Tax Law governing determination of interest rates to conform to the International Fuel Tax Agreement; makes other technical changes.

Changes in Notice Requirements for Denials of Registration – P.A. 98-0974 (eff. January 1, 2015)

Amends the Retailers' Occupation Tax Act to provide that the Department shall give notice 60 days (instead of 120 days) before the expiration of a certificate of registration if the certificate will not be renewed because the taxpayer is in default for delinquent returns or moneys due under any State tax law or municipal or county ordinance administered or enforced by the Department.

Tire User Fee – P.A. 98-0962 (eff. August 15, 2014)

Makes a technical correction regarding the fees due from suppliers of tires who agree to collect and remit the fee (instead of retailers of tires).

REGULATIONS ADOPTED IN 2014

Sourcing Regulations implementing the Hartney decision (emergency/permanent rules for following parts; Illinois Register citations are to the permanent rules):

Section 220.115 – Home Rule County Retailers' Occupation Tax; 38 Ill. Reg. 14292

Section 270.115 – Home Rule Municipal Retailers' Occupation Tax; 38 Ill. Reg. 14307

Section 320.115 – Regional Transportation Authority Retailers' Occupation Tax; 38 Ill. Reg. 14322

Section 370.115 – Metro East Mass Transit District Retailers' Occupation Tax; 38 Ill. Reg. 14337

Section 395.115 – Metro-East Park & Recreation District Retailers' Occupation Tax; 38 Ill. Reg. 14353

Section 630.120 – County Water Commission Retailers' Occupation Tax; 38 Ill. Reg. 14368

Section 670.115 – Special County Retailers' Occupation Tax For Public Safety; 38 Ill. Reg. 14383

Section 690.115 – Salem Civic Center Retailers' Occupation Tax; 38 Ill. Reg. 14398

Section 693.115 – Non-Home Rule Municipal Retailers' Occupation Tax; 38 Ill. Reg. 14413

Section 695.115 – County Motor Fuel Tax; 38 Ill. Reg. 14428

Retailers' Occupation Tax Act

Section 130.321 – Exemption for Fuel Used by Air Common Carriers in Flights Engaged in Foreign Trade or Engaged in Trade Between the United States and any of its Possessions; 38 Ill. Reg. 17756

Section 130.350 - Coal Exploration and Mining exemption reinstated and updated; 38 Ill. Reg. 17421

Section 130.351 – Aggregate Exploration and Mining exemption reinstated and updated; 38 Ill. Reg. 17421

Section 130.311 - makes changes to drug provisions to clarify the tax rate on medical marijuana; 38 Ill. Reg. 17060

Section 130.745 – amends provisions regarding revocation of certificates of registration to implement provisions of the Compassionate Use of Medical Cannabis Pilot Program Act; 38 Ill. Reg. 17060

Section 130.801 – amends provisions regarding recordkeeping requirements to implement provisions of the Compassionate Use of Medical Cannabis Pilot Program Act; 38 Ill. Reg. 17060

Section 130.605 – provisions amended to conform the rule to the Hartney decision; 38 Ill. Reg. 19998

Section 130.601 – Section repealed due to the Hartney decision; 38 Ill. Reg. 19998

Section 130.610 – Section repealed due to the Hartney decision; 38 Ill. Reg. 19998

Section 130.120 – updates the summary listing of sales tax exemptions to reflect current law; 38 Ill. Reg. 12909

Motor fuel Tax

Sections 500.100, 500.200 and 500.335 – establishes a formula to convert CNG sold in pounds or cubic feet to gallons for purposes of calculating the Motor Fuel Tax; 38 Ill. Reg. 18586

Medical Cannabis Cultivation Privilege Tax (410 ILCS 130)

New Part 429 implements the tax on cannabis cultivators; associated changes were made to Sections 130.311, 130.745 and 130.801 of the to clarify the applicable tax rate on cannabis sales and to add new recordkeeping requirements for dispensing organizations; 38 Ill. Reg. 17084

Live Adult Entertainment Facility Surcharge Act (35 ILCS 175)

Part 900 implements the Live Adult Entertainment Facility Surcharge Act; 38 Ill. Reg. 6691

Automobile Renting Occupation Tax

Section 180.101 – updates the rule to reflect the change in type of vehicle subject to tax; 38 Ill. Reg. 12934

Service Use Tax

Section 160.105 – amends the regulation to conform to the Hartney decision; 38 Ill. Reg. 20034

Use Tax

Section 150.201 amends the regulation to conform to the Hartney decision; 38 Ill. Reg. 20034