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Retailer's Overview of Sales and Use Tax, Prepaid Wireless E911 Surcharge, and Illinois Telecommunications Access Corporation (ITAC) Assessment

About this publication

The focus of this publication is for retailers who file Form ST-1, Sales and Use Tax and E911 Surcharge Return.

Knowing how Illinois Sales and Use Tax laws, the Prepaid Wireless 9-1-1 Surcharge Act, and Illinois Telecommunications Access Corporation (ITAC) Assessment apply to your business can save you time, trouble, and money. The information included in this publication will supply you with the general information most retailers need to collect the proper amount of tax, Prepaid Wireless E911 Surcharge, and ITAC Assessment due and to file returns correctly.

As a retailer, you are responsible for

- collecting the correct amount of sales tax on every taxable sale you make, the E911 Surcharge on transactions of prepaid wireless telecommunications service, and the assessment for ITAC on sales of prepaid wireless telecommunications service;
- 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;
- filing a completed Form ST-1, Sales and Use Tax and E911 Surcharge Return, either electronically or on paper by the due date, with the Illinois Department of Revenue (IDOR); and
- keeping complete and accurate records for all sales, leases, rentals and purchases.

Publications that cover other sales taxes and fees, service occupation tax, and specific sales tax applications are available on our website.

The information in this publication is current as of the date of the publication. Please visit our website at **tax.illinois.gov** to verify you have the most current revision.

This publication is written in the plain writing 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.

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, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.

If you have overpaid your taxes, you have the right, within specified time periods, to file for 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

For information or forms, visit IDOR's website at: tax.illinois.gov

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Statutory

Retailers' Occupation Tax Act - **35 ILCS 120/**

Service Occupation Tax Act- **35 ILCS 115/**

Service Use Tax Act - **35 ILCS 110/**

Use Tax Act - **35 ILCS 105/**

Leveling the Playing Field for Illinois Retail Act - **35 ILCS 185/**

Illinois Vehicle Code - **625 ILCS 5/**

Regulation

Retailers' Occupation Tax - **86 Ill. Adm. Code Part 130**

Service Occupation Tax - **86 Ill. Adm. Code Part 140**

Service Use Tax - **86 Ill. Adm. Code Part 160**

Use Tax - **86 Ill. Adm. Code Part 150**

Leveling the Playing Field for Illinois Retail Act - **86 Ill. Adm. Code Part 131**

Registering Your Business

Who must register as a retailer?

You must register as a retailer and remit Retailers' Occupation Tax (ROT) and any applicable local taxes administered by IDOR (sales tax) if you are engaged in the business of selling, leasing, or renting at retail tangible personal property in Illinois for use or consumption.

Beginning January 1, 2025, a retailer maintaining a place of business in this State* that makes retail sales of tangible personal property to Illinois customers from a location or locations outside of Illinois is engaged in the occupation of selling at retail in Illinois for purposes of ROT. Such retailers are liable for all applicable State and locally imposed retailers' occupation taxes administered by IDOR on retail sales made to Illinois customers from locations outside of Illinois.

Also, **Beginning January 1, 2025**, Public Act 103-592 amends the ROT Act to provide that a lease of tangible personal property, excluding items that must be registered with an agency of state government (other than trailers that are not semitrailers as defined in Section 1-187 of the Illinois Vehicle Code), is considered a sale at retail. You must file Form ST-1 if you are in the business of leasing or renting tangible personal property.

You are engaged in the business of selling, leasing, or renting at retail tangible personal property in Illinois for use or consumption and must remit ROT and any applicable local taxes administered by IDOR if:

- a) you make retail sales, leases, or rentals from a location in this State to purchasers located in this State;
- b) you are an out-of-State** retailer that maintains inventory in this State and fulfills a sale, lease, or rental to a purchaser located in this State from that inventory;
- c) you sell, lease, or rent items at craft shows, fairs, seminars, and conventions in this State;
- d) you are a remote retailer or a marketplace facilitator who meets the tax remittance threshold of \$100,000 or more in cumulative gross receipts from sales of tangible personal property to purchasers in Illinois, for the preceding four calendar quarters. See the Leveling the Playing Field for Illinois Retail Act Resource Page for additional information, including definitions of a "remote retailer" and "marketplace facilitator"; or
- e) you are a retailer maintaining a place of business in this State, and you make retail sales, leases, or rentals to Illinois customers from locations outside of Illinois and the property is shipped or delivered into Illinois. For purposes of this publication, IDOR will refer to these types of sales, leases, and rentals as "destination retail sales, leases, and rentals."

Beginning January 1, 2026, items (d) and (e) above apply to destination sales of service made by servicepersons maintaining a place of business in this State, marketplace servicepersons, and marketplace facilitators with respect to the tangible personal property transferred by sale, lease, or rental incident to a sale of service.

The following definitions are applicable for the purpose of determining if you are considered a retailer maintaining a place of business in this State

- a) you have or maintain within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within this State under your authority or a subsidiary of yours, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether you or your subsidiary is licensed to do business in this State;

* As used in this document, "State" refers to the State of Illinois. ** As used in this document, "out-of-State" refers to outside of the State of Illinois.

b) you have a contract with a person located in this State under which the person, for a commission or other consideration based upon the sale, lease, or rental of tangible personal property by you, directly or indirectly refers potential customers to you by providing to the potential customers a promotional code or other mechanism that allows you to track purchases referred by such persons. Examples of mechanisms that allow you to track purchases referred by such persons include but are not limited to the use of a link on the person's internet website, promotional codes distributed through the person's hand-delivered or mailed material, and promotional codes distributed by the person through radio or other broadcast media. The provisions of this paragraph apply only if the cumulative gross receipts from sales, leases, or rentals of tangible personal property by you to customers who are referred to you by all persons in this State under such contracts exceed \$10,000 during the preceding four quarterly periods ending on the last day of March, June, September, and December;

c) you have contract with a person located in this State under which:

- 1) you sell, lease, or rent the same or substantially similar line of products as the person located in this State and do so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and
- 2) you provide a commission or other consideration to the person located in this State based upon the sale, lease, or rental of tangible personal property by you.

The provisions of this paragraph apply only if the cumulative gross receipts from sales, leases, or rentals of tangible personal property by you to customers in this State under all such contracts exceed \$10,000 during the preceding four quarterly periods ending on the last day of March, June, September, and December.

Note: For sales before January 1, 2025, the out-of-State retailer maintaining a place of business in this State who makes sales from outside of this State to Illinois customers must remit Use Tax. **Effective January 1, 2025**, the out-of-State retailer maintaining a place of business in this State that makes sales, leases, or rentals to Illinois customers from a location or locations outside of Illinois must remit State and local ROT at the tax rate in effect at the location where the tangible personal property is shipped or delivered or at which possession is taken by the purchaser (destination rate).

Under what circumstances would I be registered as a reseller?

You will be registered as a reseller, rather than a retailer, if all of your sales, leases, or rentals of tangible personal property are nontaxable (*i.e.*, all sales, leases, or rentals are for resale).

If I am just starting my business, what do I do to register?

Register with IDOR electronically using **MyTax Illinois**:

If you are not already registered, select "Register a New Business (Form REG-1)" and complete the registration application.

If you choose to register using the paper application, complete and sign Form REG-1, Illinois Business Registration Application, allow 6-8 weeks for processing, and submit it via email, fax, or mail to:

CENTRAL REGISTRATION DIVISION 3-222

ILLINOIS DEPARTMENT OF REVENUE

PO BOX 19030

SPRINGFIELD IL 62794-9030

Fax: 217 785-6013

Email: rev.crd@illinois.gov

How do I activate a MyTax Illinois logon?

Once your business is registered, you can activate your MyTax Illinois logon. Please allow 24 hours from your registration confirmation email before activating a logon for MyTax Illinois. To activate a logon for business, go to **mytax.illinois.gov**, select the "Sign Up" link, and then select the taxpayer ID type. You can use one of the following options to validate the activation:

- Owner/Officer or Responsible Party Social Security Number
- PIN previously issued by IDOR (used for certain electronic filing methods, such as Webfile and third-party tax software, separate from MyTax Illinois)
- Account Activity validation

This activation process is to help ensure only individuals who are authorized by their organization are allowed to gain access to a business's tax information.

Once you have activated your MyTax Illinois logon, if you are a Corporation, S-Corp, Partnership, or LLC organization type and are registered for other tax accounts, you can register for new tax types through your existing MyTax Illinois logon account, by selecting “More...” and then selecting “Register for New Tax Accounts.”

Sole proprietorships can only register for new tax accounts by selecting “Register a New Business (Form REG-1)” and completing Form REG-1, the Illinois Business Registration Application, on the MyTax Illinois home screen.

How will I know that I have successfully registered?

IDOR will issue you a Certificate of Registration (Certificate). You are required to have this Certificate if you engage in the business of selling, leasing, or renting tangible personal property. The Certificate lists your Sales and Use Tax Account ID, your business name, address, the effective date, the tax type for which you are registered, and the date the Certificate will expire.

MyTax Illinois is the primary method you should use to obtain and print or download a copy of your Certificate. From your MyTax Illinois logon, the Certificate is located by selecting “View more account options” in the ST-1 Sales/Use Tax panel and then “View Account Letters” in the “Letters and Messages” panel. The Certificate is on the second page of the Business Authorization letter. If you are unable to print or download a copy of your business’s Certificate, you can also contact our Central Registration Division by email at rev.crd@illinois.gov or phone at 217 785-3707 to request a paper copy be mailed to you.

If you are in the business of operating vending machines, IDOR will issue a vending machine decal (sub-certificate) for each vending machine from which you sell items at retail, based on the number you provided in your registration.

What if my business has more than one location?

You must register all locations at which you make sales, leases, or rentals prior to filing your Form ST-1 for the reporting period. Retailers with multiple locations must register a permanent location tax site for each tax location. IDOR will supply a sub-certificate for each location you register. Sub-certificates for each permanent location will display the individual location address. Sub-certificates for changing locations will display the local tax jurisdiction.

Remote retailers and marketplace facilitators making destination retail sales, leases, or rentals as described above, are no longer required to add or remove sales locations before filing. All sales locations are available on one screen when the user files Forms ST-1 and ST-2 using MyTax Illinois. A changing location tax site will be used for each local tax jurisdiction (e.g., county, municipality, or business district within a municipality) where the customer is located.

How do I add, change, or discontinue one of my tax sites?

If you change the location of your business or, if you are a multiple location filer and one of your locations changes, you can update your registered locations using MyTax Illinois with the maintain locations request. It is important for you to keep this information up to date to ensure you are filing using the correct tax rate. This is also important to IDOR to ensure that the tax you collected is allocated to the proper jurisdiction.

Will I need to renew my Certificate?

If you are registered as a retailer and are required to file sales tax returns, your Certificate will expire after one year. Unless IDOR notifies you otherwise, your Certificate will renew automatically. If you are registered as a reseller, you must reapply every three years. IDOR will send you a renewal packet that you must return before a new Certificate will be issued.

What if my Certificate is lost, damaged, or destroyed?

If your Certificate is lost, damaged, or destroyed, you can print a replacement using MyTax Illinois. You can also contact our Central Registration Division to request a new Certificate.

What if I discontinue my business or one of my locations or change my business structure?

If you discontinue your business or one of your locations, you must update your registration information with IDOR. In addition, you must destroy all Certificates related to that business. If you discontinue one of your locations, you must destroy the Certificate for that location.

If you change the structure of your business (e.g., changing from a sole proprietorship 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 cannot be transferred.

MyTax Illinois allows you to close your existing business and register a new one or to maintain your registered locations. You also can contact our Central Registration Division or send us a completed paper **registration form** depending on the change or update needed. It is important that you update your registration information with us when you go out of business or discontinue a location.

You must complete and file **Form CBS-1**, Notice of Sale, Purchase, or Transfer of Business Assets, 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.

Form CBS-1 must be filed with IDOR at least ten (10) days prior to the sale or transfer date or it will not be processed. See **86 Ill. Adm Code 130.1701** for more information.

What if I need to update my business registration information?

Most general maintenance can be completed electronically using MyTax Illinois. MyTax Illinois allows you to change legal and mailing address information, update responsible party, update owners/officers and members/managers (for Limited Liability Companies), update contact information, and cease tax accounts. MyTax Illinois also allows you to add and cease locations by using the Maintain Locations link in your Sales and Use Tax (ST-1) account in MyTax Illinois.

Remote retailers and marketplace facilitators are no longer required to add or remove sales locations before filing; instead, all sales locations are available on one screen when the user files Forms ST-1 and ST-2 using MyTax Illinois.

Who do I contact if I have questions about registration?

For registration questions, see our Taxpayer Answer Center at tax.illinois.gov. If you cannot find an answer, you can email IDOR from the Taxpayer Answer Center. You can also contact our Central Registration Division at rev.crd@illinois.gov or **217 785-3707**.

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

If you are registering as a retailer, you will not need to file a separate registration application for other 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 sales-related taxes and fees listed here:

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 **Publication 114**, Automobile Renting Occupation and Use Tax, for more information. Taxpayers registered for ART file Form ART-1, Automobile Renting Occupation and Use Tax Return.

County Motor Fuel Tax (CMFT)

You must be registered for this tax if you sell motor fuel at retail within a county that has imposed a tax on such sales within that county. See **Publication 115**, County Motor Fuel Tax, for more information. Taxpayers registered for CMFT file Form CMFT-1, County Motor Fuel Tax Return.

Municipal Motor Fuel Tax (MMFT)

You must be registered for this tax if you sell motor fuel at retail within a municipality located completely or partially in Cook County that has imposed a tax on such sales. Municipalities partially in Cook County are authorized to impose the tax either in the entire municipality or in only the Cook County portion of their municipality. See **FY 2020-21**, New Municipal Motor Fuel Tax Allowed to be Imposed by Municipalities Located in Cook County, for more information. Taxpayers registered for MMFT file Form MMFT-1, Municipal Motor Fuel Tax Return.

Chicago Home Rule Municipal Soft Drink ROT

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 **Publication 116**, Chicago Soft Drink Tax, for more information. Taxpayers registered for the Chicago Home Rule Municipal Soft Drink ROT file Form ST-14, Chicago Soft Drink Tax Return.

Metropolitan Pier and Exposition Authority Food and Beverage Tax (MPEA)

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 **Publication 117**, MPEA Food and Beverage Tax, for more information. Taxpayers registered for the MPEA Food and Beverage Tax file Form ST-4, Metropolitan Pier and Exposition Authority Food and Beverage Tax Return.

Prepaid Sales Tax (PST)

You must be registered for this tax if you sell motor fuel in Illinois to retailers. See the **PST-1 Instructions** for more information. Taxpayers registered for PST file Form PST-1, Prepaid Sales Tax Return.

Rental Purchase Agreement Occupation Tax (RPAT)

You must be registered for this tax if, in the ordinary course of your business, you regularly lease, offer to lease, or arrange for the leasing of merchandise under a rental purchase agreement (commonly referred to as a “rent-to-own” agreement). See the **Rental Purchase Agreement Occupation Tax** webpage for more information. Taxpayers registered for RPAT file Form ST-201, Rental Purchase Agreement Occupation Tax Return.

Tire User Fee

You must be registered for this fee if you sell or deliver tires in Illinois at retail. See **Publication 118**, Tire User Fee, for more information. Taxpayers registered for the Tire User Fee file Form ST-8, Tire User Fee.

What if I sell items that must be titled and/or registered?

When you tell us that you sell items that must be titled and/or registered (for example, vehicles, watercraft, aircraft, trailers, mobile homes, and ATVs), you will be required to file an additional return for each of these sales — Form ST-556, Sales Tax Transaction Return. Effective January 1, 2015, items sold for lease that must be titled and/or registered are reported on Form ST-556-LSE, Transaction Return for Leases.

Retailers that report transactions on Form ST-556-LSE and Form ST-556 also must file Form ST-1.

Note: Leasing companies must file Form LSE-1, Tax Return for Vehicle Leasing Companies, if they offer for lease for a period of longer than one year a qualifying motor vehicle, titled or registered in Illinois, to report additional taxable amounts paid by the customer that were not included in the original selling price of the motor vehicle reported on the ST-556-LSE or RUT-25-LSE at the start of the lease. Qualifying motor vehicles are:

- all first division motor vehicles, including motorcycles; and
- the following second division motor vehicles:
 - those with a gross vehicle weight rating of 8,000 pounds or less;
 - those of a van configuration designed to transport not less than seven or more than 16 passengers; and
 - those which are self-contained and designed or permanently converted to provide living quarters for recreational, camping, or travel use and have direct walk-through access to the living quarters from the driver's seat.

Effective January 1, 2025, in addition to long-term motor vehicle lessors who are required to file Form LSE-1 as discussed above, if you rent or lease the limited types of titled or registered items that are subject to tax on lease receipts (e.g., trailers other than semitrailers, ATVs, and off-road motorcycles), you must register with IDOR and file Form LSE-1. For more information see **FY 2025-17**, Reporting Requirements for Certain Titled or Registered Property Subject to Tax on Lease or Rental Receipts.

Requirements for Retailers Who File Form ST-1

On what sales, leases, or rentals must I collect and pay Sales and Use Tax?

As a retailer, you must collect and pay tax on all receipts from sales, leases, or rentals you make of tangible personal property for use or consumption unless the sales, leases, or rentals are exempt from tax by law.

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

What are some common types of sales, leases, or rentals that are exempt from Sales and Use Tax?

Listed below are some of the most common sales, leases, or rentals that are exempt from Sales and Use Tax:

- resale;
- interstate commerce;
- manufacturing machinery and equipment;
- graphic arts machinery and equipment;
- supplemental nutrition assistance program or SNAP (formerly called food stamps);
- enterprise zone;
- high impact business;
- river edge redevelopment zone building materials;
- exempt organizations (e.g., exclusively charitable, religious or educational); and
- newspapers and magazines

For more information, see **PIO-101, Illinois Sales & Use Tax Matrix**.

What factors determine the rate that applies to the sales, leases, or rentals I make?

Generally, it is the location of your Illinois business from which you make sales, leases, or rentals, or, if you are a multiple location filer, the location from which the sale, lease, or rental is made that determines the rate of tax. The rate of sales tax that applies to retail sales, leases, or rentals made within Illinois varies based on the location of the sale, lease, or rental. If the sale, lease, or rental is made from a location in Illinois and if the taxing jurisdiction is determined to be in Illinois, the retailer must remit State and local ROT, as well as any additional required State or local taxes, on that sale, lease, or rental using the rates in effect at that location (origin rate). (86 Ill. Adm. Code 270.115)

If the sale, lease, or rental is made from a location outside of Illinois but inventory is located in Illinois at the time of the sale, lease, or rental, the location of the inventory determines the rate (origin rate).

Remote Retailers that meet the \$100,000 tax remittance threshold (\$100,000 or more in cumulative gross receipts from sales of tangible personal property to purchasers in Illinois for the preceding four calendar quarters) are deemed to be retailers engaged in the business of selling, leasing, or renting at the Illinois location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser (destination rate).

Beginning on January 1, 2025, a retailer maintaining a place of business in this State that makes retail sales, leases, or rentals of tangible personal property to Illinois customers from a location or locations outside of Illinois is engaged in the occupation of selling at retail in Illinois and is liable for all applicable State and locally imposed retailers' occupation taxes administered by IDOR using the rates in effect at the location where the sale, lease, or rental is shipped or delivered or at which possession is taken by the purchaser (destination rate).

Marketplace Facilitators that meet the \$100,000 tax remittance threshold (\$100,000 or more in cumulative gross receipts from sales of tangible personal property on its own behalf or on behalf of marketplace sellers to purchasers in Illinois for the preceding four calendar quarters) are deemed to be retailers engaged in the business of selling, leasing, or renting on behalf of their identified marketplace sellers at the Illinois location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser (destination rate).

Marketplace Facilitators will still be required to remit ROT for their own sales, leases, or rentals, at:

- the origin rate for sales, leases, or rentals that are sourced in Illinois or for sales, leases, or rentals that are not sourced in Illinois but the inventory is in Illinois (at the time of the sale, lease, or rental).
- the destination rate for sales, leases, or rentals that are sourced outside of Illinois.

Leases or rentals with recurring periodic payments **and** delivery to the customer will be sourced using the destination rate. For all other leases or rentals, including a lease or rental that does not require recurring periodic payments and any lease or rental in which the customer takes possession of the property at the lessor's place of business, the payment is sourced as otherwise provided under the ROT Act for sales at retail other than leases or rentals.

See our **Destination-Based Sales Tax Assistance** page for more information.

How do I know what rate to charge?

Taxpayers electronically filing Form ST-1, Sales and Use Tax and E911 Surcharge Return, using MyTax Illinois will have the rates populated for them based on the addresses where they make retail sales, leases, or rentals.

If you receive a paper return, the rate will be preprinted, and if you make taxable sales, leases, or rentals from more than one location, the rate for each location will be printed on your Form ST-2, Multiple Site Form.

If the rate is not shown, refer to the **Tax Rate Database** at tax.illinois.gov to verify your rate; call us at **1 800 732-8866** or **217 782-3336**; or call **1 800 544-5304 (TTY)**.

What taxes are included in the tax rate?

If you sell **general merchandise**, your tax rate consists of

- the statewide general merchandise tax rate of 6.25 percent (.0625), plus
- any locally imposed and IDOR-collected taxes on general merchandise.

If you sell "qualifying" **drugs and medical appliances**, your tax rate consists of

- the statewide drugs and medical appliances tax rate of 1 percent (.01), plus
- any locally imposed and IDOR-collected taxes on drugs and medical appliances.

Effective January 1, 2026, if you sell **groceries**,

- there is no statewide tax on groceries,
- the tax on groceries imposed in the Regional Transportation Authority (RTA)* and Metro-East Mass Transit District (MED) areas remains in effect, for sales made in those areas, and

- a one-percent (1%) municipal or county tax on groceries may be imposed and collected by IDOR; (as authorized by municipalities and by counties for unincorporated areas of that county).

***Note: Beginning June 1, 2026**, the RTA will be known as the Northern Illinois Transit Authority (NITA).

“Groceries” is defined as food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption). For more information, see **Local Government Grocery Tax Ordinance Information** webpage, **FY 2026-03**, Illinois Grocery Tax Changes Effective January 1, 2026, and **PIO-119**, Grocery Receipts Reporting on Form ST-1 and Form ST-2 Chart.

See 86 Ill. Adm. Code **130.310** for more information about what qualifies as “groceries” and 86 Ill. Adm. Code **130.311** for more information about what qualifies as drugs and medical appliances.

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

- RTA tax rate - taxpayers in Cook, DuPage, Kane, Lake, McHenry, and Will counties
- MED tax rate - taxpayers in Madison and St. Clair counties
- Home-rule, non-home rule, County School Facility, County Public Safety/Public Facilities/Transportation Sales Tax, Metro-East, Park and Recreation District Tax rate - taxpayers within certain units of government.
 - Home-rule, non-home-rule, County School Facility/County Public Safety/Public Facilities/Mental Health/Substance Abuse/Transportation Sales Tax, and Metro-East Park and Recreation District taxes do not apply to sales of drugs or groceries, or sales, leases, or rentals of medical appliances or items that must be titled and/or registered.
- Municipal or County Grocery Tax

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.

What taxes are not included in the taxable selling price when determining sales and use tax?

You should not include in the selling price subject to sales tax any tax reported and paid on Form CMFT-1 under the County Motor Fuel Tax Law (55 ILCS 5/5-1035.1) for motor fuel sold in DuPage, Kane, Lake, McHenry, or Will County and tax reported and paid on Form MMFT-1 under the Municipal Motor Fuel Tax Law (65 ILCS 5/8-11-2.3) for motor fuel sold in a municipality in Cook County.

Whether local taxes, including restaurant taxes, are deductible depends on the incidence of tax. If the tax is on the consumer it is deductible, but if it is on the retailer, it is not. You must review the local statute or code to determine the incidence of the tax. The Chicago Restaurant tax is an example of a local tax that is not deductible.

Where can I get a list of sales tax rates?

For a complete list of all sales tax rates, go to the Tax Rate Database at tax.Illinois.gov.

What is Illinois Use Tax?

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

When does an Illinois retailer owe use tax on its purchases and how is it reported?

For Form 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 ROT (sales or use tax) to the seller. You must report use tax on your Form ST-1.

Businesses that purchase items for use or consumption in Illinois should pay use tax using the Form ST-1 that has a reporting period corresponding 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 Form ST-1 that has a reporting period corresponding to the date the item was removed from inventory. The Illinois Use Tax rate is 6.25 (.0625) percent for general merchandise and 1 percent (.01) for 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.

Note: Beginning January 1, 2026, with the removal of the statewide grocery tax, hotels, restaurants, and other food vendors no longer owe Use Tax on the cost price of meals given away to employees or customers. They are still liable for Use Tax on general merchandise (high rate) items given away such as candy and soda.

What is the Prepaid Wireless E911 Surcharge?

If you make retail sales of prepaid wireless telecommunications service, you must collect and remit the Prepaid Wireless E911 Surcharge unless the sales are exempt from the E911 Surcharge by law. This charge is imposed on the consumer and you the retailer must collect and remit the surcharge.

What is prepaid wireless telecommunications service?

Prepaid wireless telecommunications service is a service that is paid for in advance and is sold in predetermined units or dollars. As the predetermined units are used, the amount remaining available for use declines in a known amount. Examples include prepaid calling cards and minutes added to “pay-as-you-go” phones.

When must I collect and pay the surcharge and how is it reported?

You are required to collect and remit the E911 Surcharge only on the portion of the receipt that is from the retail transaction of prepaid wireless telecommunications service. Receipts from sales of other tangible personal property are not subject to the surcharge. If you sell services subject to the E911 Surcharge that are bundled with other tangible personal property, but you do not separate those services from the other items on the receipt or invoice, or if you do not otherwise document the separation in your records, the entire sale is subject to the E911 Surcharge. Retailers must disclose the surcharge by separately stating the figure on the receipt or invoice or through other documentation. Retailers' records must clearly identify the surcharge for retail transactions. You must report the E911 Surcharge on Form ST-1 for each reporting period when a retail transaction of prepaid wireless telecommunications service takes place.

What E911 Surcharge rate will I collect?

The E911 rate can be found in the Tax Rate Database at tax.Illinois.gov under “**Other Miscellaneous Taxes, Fees, and Surcharges.**”

How am I notified of E911 Surcharge rate changes?

IDOR posts E911 Surcharge rate changes at tax.Illinois.gov no later than 30 days in advance of the effective date of the change.

What is the ITAC Assessment?

The ITAC Assessment is a competitively neutral amount (as established by the Illinois Commerce Commission) charged or assessed to subscribers of wireless telecommunications service and Interconnected VoIP service, as well as consumers of prepaid wireless telecommunications service. The ITAC Assessment allows the Commission to administer its program to assist persons having a hearing or speech disability to communicate with persons of normal hearing.

When must I collect and pay the ITAC Assessment and how is it reported?

Retailers must collect the ITAC Assessment when making sales at retail of prepaid wireless telecommunications service. Retailers of prepaid wireless telecommunications service shall collect and remit the ITAC Assessment to IDOR in the same manner in which they collect and remit the Prepaid Wireless E911 Surcharge. The ITAC Assessment also is reported with the Prepaid Wireless E911 Surcharge on Schedule B of Form ST-1.

What ITAC Assessment rate will I collect?

The ITAC Assessment rate for can be found in the Tax Rate Database at tax.Illinois.gov under “**Other Miscellaneous Taxes, Fees, and Surcharges.**”

How am I notified of ITAC Assessment rate changes?

IDOR posts ITAC Assessment rate changes at tax.Illinois.gov no later than 30 days in advance of the effective date of the change.

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

If you have one business but sell, lease, or rent items at more than one location (site), you must collect and remit sales and use taxes according to the rates of each particular location. You will be registered as a multiple location filer. You must complete and attach Form ST-2, Multiple Site Form, to your Form ST-1 to show the breakdown of taxes collected and paid from each site.

- A retailer who sells, leases, or rents tangible personal property to Illinois customers where the sale, lease, or rental
- is made outside Illinois and the property is shipped or delivered into Illinois (*i.e.*, remote retailers, marketplace facilitators, and retailers maintaining a place of business in this State, all as defined in Section 1 of the ROT Act (35 ILCS 120/1)) or
 - is made by a marketplace facilitator on its own behalf and the sale is either fulfilled from inventory located in Illinois or the selling activity otherwise occurs in Illinois,

must also complete and file Form ST-2, Multiple Site Form, to report sales, leases, and rentals made to Illinois customers. See **Form ST-1 Instructions** for more information.

Beginning January 1, 2026, the above provisions apply to destination sales of service made by servicepersons maintaining a place of business in this State, marketplace servicepersons, and marketplace facilitators with respect to the tangible personal property transferred by sale, lease, or rental incident to a sale of service. For more information, see FY 2026-13, Service Occupation Tax Changes.

Also **beginning January 1, 2026**, for sales subject to destination-based sales tax, if the taxpayer fails to provide the information, schedules, or supporting documents necessary to determine their sales' locations, the gross receipts of such sales will be taxed at the rate of 15%. Taxpayer records must support figures filed on Form ST-1 and Form ST-2, Multiple Site Form.

Note: As of January 1, 2026, the 15% undetermined location rate may be used during an audit by IDOR for any periods under audit, including reporting periods prior to January 2026. For more information, see **FY 2026-12**, Destination-Based Retailers' Occupation Tax Changes.

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

Yes. You must file a processable (signed) Form ST-1 for each reporting period regardless of whether there are receipts or purchases to report. If you have no receipts to report, you must file a "zero" return.

When is my return and payment due?

You must file your Form ST-1 and pay any tax, E911 Surcharge, and ITAC Assessment due on or before the 20th day of the month following the end of the reporting period. Due dates that fall on Saturdays, Sundays, and State of Illinois holidays are moved to the next business day.

For most taxpayers, the reporting period is over at the end of the month and the return is due on or before the 20th day of the month following the end of the reporting period.

Some taxpayers qualify to file only four times a year (quarterly). 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). 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 either monthly or quarterly. IDOR reviews accounts annually and will notify you if your filing status changes.

Taxpayers whose average tax due on Form ST-1 is at least \$20,000 a month must make four tax payments each month and must make them electronically. Payments are due on the 7th, 15th, 22nd, and last day of the month. IDOR will notify you if you meet this requirement. At the time of notification, IDOR will send you information explaining specific filing and payment requirements.

Is there an incentive for paying the Sales and Use Tax, E911 Surcharge, and ITAC Assessment I have collected on time?

Yes. If you file your return and pay the tax on time, you are allowed to take a discount. **Beginning with returns due on or after January 1, 2025**, the discount is capped at \$1,000 per month.

If you file your return and pay the E911 Surcharge and ITAC Assessment on time, you are allowed to take a discount of the E911 Surcharge and ITAC Assessment you collected from consumers. **Beginning with returns due on or after January 1, 2025**, the discount is capped at \$1,000 per month. The ITAC Assessment discount must be calculated separately and is not subject to the cap.

How do I file my return?

You can file Sales and Use Tax returns electronically using MyTax Illinois. MyTax Illinois allows taxpayers to file Forms ST-1, ART-1, CMFT-1, MMFT-1, PST-1, ST-4, ST-8, ST-14, ST-556, ST-556-LSE, ST-70, and LSE-1. MyTax Illinois also allows Form ST-1 filers to file electronically with special attachments, as well as special credits, such as prepaid sales tax credit from Form PST-2, Prepaid Sales Tax Statement of Tax Paid.

Forms ST-1 and ST-2 also can be electronically filed using software you write or that you buy or use from an accepted vendor (third party). Visit **tax.illinois.gov** for a list of vendors that have been approved to electronically submit these forms. These vendors may charge a transaction fee. If you electronically file using your own software, you must first obtain IDOR approval.

For paper forms, mail your return to the address on the form. If no address is available, mail your Form ST-1 to:

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

If you are required to file other tax returns than Form ST-1, do not mail these returns to the same address you use for your Form ST-1. Instead, you can file using MyTax Illinois or mail your other return separately, sending it to the appropriate address on the form. IDOR also provides a list of mailing addresses at **tax.illinois.gov**.

Note: You will be mandated to file Form ST-1 electronically if your annual gross receipts average \$20,000 or more. IDOR will notify you by mail if your filing status changes.

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

If you do not file your return and pay tax, E911 Surcharge, and ITAC Assessment due by the due date, you will be assessed for any tax, E911 Surcharge, and ITAC Assessment due (including any portion of the discount for timely filing that IDOR has disallowed) plus penalty and interest. For detailed information about the penalties and interest that may apply, see Publication 103, Penalties and Interest for Illinois Taxes.

Note: IDOR uses the U.S. Postal Service postmark date to determine whether a return and payment have been timely filed on items sent through the U.S. mail to IDOR. Private postage meters are not used to establish the date of receipt.

Can I pay electronically?

You can use MyTax Illinois or ACH Credit to make electronic payments. Taxpayers whose average tax due on Form ST-1 is at least \$20,000 annually must make payments electronically. IDOR will notify you by mail prior to August 1 if you are required to make your payments electronically. At the time of notification, IDOR will send you information explaining specific payment requirements. This notification will further explain the requirements and outline the payment options you may use.

What if I collect tax, E911 Surcharge, or ITAC Assessment at a higher rate than I am required to collect?

If you do not refund the over-collected tax, E911 Surcharge, or ITAC Assessment to your customer, you will need to report any over-collected tax, E911 Surcharge, and ITAC Assessment on the excess tax and excess surcharge collected line of Form ST-1. If you refund the over-collected tax, E911 Surcharge, and ITAC Assessment after you have filed your return, you will need to file **Form ST-1-X**, Amended Sales and Use Tax and E911 Surcharge Return, to receive your credit.

What if I make a mistake on my return?

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 Form ST-1-X. If you filed Form ST-1 electronically using MyTax Illinois, you can use that system to also file your Form ST-1-X. Otherwise, you must file a paper Form ST-1-X. Forms are available at **tax.illinois.gov**.

For help, visit **tax.illinois.gov** or call weekdays between 8:00 a.m. and 5:00 p.m. at **1 800 732-8866, 217 782-3336**, or **1 800 544-5304** (TTY).

If you have a specific question about an amended return you have already filed, call us at **217 782-5906**.

Where can I find additional information on service occupation tax, marketplace facilitators, destination-based sales tax, and proper filing practices?

For more information about service occupation tax, marketplace facilitators, destination-based sales tax, and filing requirements, refer to the following pages, available at **tax.illinois.gov**:

- **Sales & Use Tax Forms**
- **Sales & Use Taxes information page**
- **Out-of-State Sales Resource Page**
- **Destination-Based Sales Tax Assistance**
- **Sales and Use Tax Definitions**
- **PIO-125, Determining Physical Presence and Where a Sale is Sourced Help Guide**

Keeping Complete and Accurate Records

What records must I keep?

For a complete list of requirements see 86 Ill. Adm. Code Subpart H: Books and Records, Section 130.801-825.

As a retailer, you must keep

- records of all sales, leases, or rentals 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, leases, or rentals 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, leases, or rentals;
- 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 nontaxable sales, leases, or rentals. You must keep these records for all sales, leases, or rentals, regardless of whether you believe they are taxable.

Also **beginning January 1, 2026**, for sales subject to destination-based sales tax, if the taxpayer fails to provide the information, schedules, or supporting documents necessary to determine their sales' locations, the gross receipts of such sales will be taxed at the rate of 15%. Taxpayer records must support figures filed on Form ST-1 and Form ST-2, Multiple Site Form.

Note: As of January 1, 2026, the 15% undetermined location rate may be used during an audit by IDOR for any periods under audit, including reporting periods prior to January 2026. For more information, see **FY 2026-12**, Destination-Based Retailers' Occupation Tax Changes.

For destination-based transfers of tangible personal property incident to sales of service, you must maintain records that include:

- the name and address of the customer to whom the bill was issued,
- the customer name and exact address (street number, street address, city, county, state, zip code) to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser, and
- documentation to support the location from which the tangible personal property was shipped.

Failure to maintain proper books and records may cause delays in processing your returns and may result in IDOR assessing undetermined location tax of 15% on the gross receipts of such sales, which is subject to penalties and interest. Additional penalties may also be assessed.

What records are required to support a deduction taken on my return for an exempt sale, lease, or rental?

In general, in order to support each deduction, your records must include

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

Information about the most common exemptions and specific record keeping requirements that apply to them is provided in **PIO-101, Illinois Sales & Use Tax Matrix**.

Must I maintain my records on paper?

No. You can also maintain records electronically. Your system must include a method to produce legible and readable records necessary to verify liability. For more information, see 86 Ill. Adm. Code Section 130.805.

How long must I keep records?

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

If IDOR has issued you a Notice of Tax Liability or Final Notice of Tax Due, you must keep records that document receipts for the reporting period for which the notice was issued. Keep these records until the liability has been finalized or discharged.

Are there any other requirements?

Your records must

- be available for inspection by IDOR 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.

Are there any penalties for failing to keep books and records?

Any person who fails to keep books and records is liable to pay to IDOR a penalty of \$1,000 for the first failure to keep books and records and a penalty of \$3,000 for each subsequent failure to keep books and records. 86 Ill. Adm. Code 130.801(i). Any person who, or any officer or director of any corporation, partner or member of any partnership, or manager or member of a limited liability company, that fails to keep books and records as required by Section 130.801 is guilty of a Class A misdemeanor.

Contact Information: Visit tax.illinois.gov or scan the QR code provided.

For specific phone number and email contacts see our **Contact Us** page.

Call us at **1 800 732-8866**, **217 782-3336**, or **1 800 544-5304** (TTY).

Write us at Illinois Department of Revenue, PO Box 19001, Springfield, IL 62794-9001.

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



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