



Illinois Department of Revenue

ST-48 Information for Retailers Who Sell To Direct Payment Program Participants

Direct Pay Permit program participants should give you, the retailer, a copy of this information (ST-48), which briefly explains the Direct Payment program and how it affects you as the participating entity's vendor.

What is the Direct Payment Program?

The Direct Payment Program is an arrangement between the Illinois Department of Revenue and taxpayers that represents a cost-saving alternative to traditional sales and use tax compliance methods. The Direct Payment Program applies only to retailers' occupation tax, applicable local taxes, and use tax. The Department's Audit Bureau administers the program and addresses all related inquiries.

Under this program, a participant will provide its vendor a copy of its direct pay permit (ST-46) to show that the permit holder is purchasing goods using the direct payment method. This allows the permit holder to make purchases from you and pay all applicable state and local taxes due on those purchases directly to the Department. Once a permit holder designates its choice of method in purchasing goods from you, all purchases (except those types identified below*) must be made using this method. A direct pay permit holder cannot request that you collect tax on some purchases but allow other purchases to be made tax-free.

* The direct pay permit must be presented to you and is only valid for qualifying purchases. It cannot be used for purchases of the following:

- food or beverages,
- tangible personal property required to be titled or registered by an agency of state government (e.g., vehicles, boats, airplanes, etc.),
- any transactions subject to the Service Occupation Tax Act or Service Use Tax Act, or
- telecommunications and other utility taxes.

If you have questions regarding the Direct Payment Program, please contact our Audit Bureau at REV.IllinoisDirectPaymentProgram@Illinois.gov.

How do I, the retailer, report purchases from a Direct Pay Permit holder?

The permit holder must provide you with a copy of its ST-46, Direct Payment Permit. Only the business identified on the permit is authorized to use the permit. The permit cannot be assigned or transferred, and it also has no expiration. By presenting the signed permit to you, the permit holder certifies that it will pay all applicable sales and use taxes directly to the Department. You must keep the copy of the permit in your records to support the deduction. You must show these transactions as exempt sales on Line 16 of Schedule A on Form ST-1 and identify the deduction claimed as "direct pay."

Permit holders may inquire whether you meet a tax remittance threshold (\$100,000 in receipts or 200 transaction in the previous 12 months) and are therefore considered a marketplace facilitator or remote retailer under Illinois law. The permit holder will require this information to correctly pay the Illinois tax due on its purchases.