Illinois Department of Revenue

Form MC-1, Medical Cannabis Cultivation Privilege Tax Return Instructions

General Information

What is the Medical Cannabis Cultivation Privilege Tax?

The Medical Cannabis Cultivation Privilege Tax is a tax imposed on taxable receipts of the first sale of medical cannabis by a cultivator or craft grower for the privilege of cultivating cannabis.

The Cannabis Cultivation Privilege Tax is authorized by the Cannabis Cultivation Privilege Tax Law (see 410 ILCS 705/60-1 et seq.). See 86 Illinois Administrative Code Part 429 for more information about medical cannabis products.

Who must file Form MC-1?

You must file Form MC-1, Medical Cannabis Cultivation Privilege Tax Return, if you are a medical cannabis **cultivation center**. Do **not** file form MC-1 to report adult use cannabis sold. These sales must be reported on Form CC-1, Adult Use Cannabis Cultivation Privilege Tax Return.

If you have more than one cultivation center, you must attach Schedule MC-2, Medical Cannabis Sales, to your MC-1 return to identify each cultivation center from which you made sales of medical cannabis during the reporting period.

Who must file Schedule MC-2?

If you have one business, but sell medical cannabis from more than one cultivation center, you must complete Schedule MC-2 to report sales from each cultivation center. You will need to complete Schedule MC-2 before completing Form MC-1. See Schedule MC-2 instructions.

When must I file Form MC-1?

You must file this return, along with any payment you owe, on or before the 20th day of the month following the end of the reporting period.

Note: If the due date falls on a weekend or holiday, your return and payment are due the next business day.

How can I file and pay electronically?

Illinois law requires Form MC-1 to be filed electronically and the tax to be paid electronically. You must use MyTax Illinois at **mytax.illinois.gov** to file your Form MC-1 and pay any tax due. To request a waiver of the electronic payment mandate, complete Form IL-900-EW, Electronic Waiver Request, which is available from the Illinois Department of Revenue by request at 217-782-6045 or by email at **rev.atp-mfr@Illinois.gov**. If granted this waiver shall not exceed two years, unless renewed.

How do I make a payment?

Payments must be made electronically through one of the following options:

- Easily make your payment online through **MyTax Illinois** at **mytax.illinois.gov**. Electronic payments can be made through **MyTax Illinois**. For your initial payment through **MyTax Illinois**, you must set up your account and follow the instructions provided.
- Submit your payment through ACH credit (payments authorized through your financial institution). If you wish to set up or make changes to this option, you must first contact IDOR's Electronic Funds Transfer Division at **217-782-6257** for additional information.

Note: Businesses that **cannot** pay electronically are required to make cash payments. Additional instructions for submitting cash payments to IDOR will be provided upon request.

What if I fail to file or pay the amount I owe?

You owe a **late-filing penalty** if you do not file a processable return by the due date, a **late-payment penalty** if you do not pay the amount you owe by the original due date of the return, a **bad check penalty** if your remittance is not honored by your financial institution, and a **cost of collection fee** if you do not pay the amount you owe within 30 days of the date printed on a bill. Interest is calculated the tax from the day after the original due date of your return through the date you pay the tax. We will bill you for penalty and interest. For more information, see Publication 103, Penalty and Interest for Illinois Taxes, which is available on our website at **tax.illinois.gov**.

What if I need help?

Visit our website at **tax.illinois.gov**, or call us weekdays between 8:00 a.m. and 4:00 p.m. at **217-782-6045** or email us at: **rev.atp-mfr@Illinois.gov.**

Specific Instructions

When completing this form, please round to the nearest dollar by dropping amounts of less than 50 cents and increasing amounts of 50 cents or more to the next dollar.

For multiple site businesses, you must use Schedule MC-2, Medical Cannabis Sales, to report sales from each cultivation center. You will need to complete Schedule MC-2 before completing Form MC-1. See Schedule MC-2 instructions. Submit Schedule MC-2 when you file form MC-1.

Step 1: Figure the taxable receipts

Line 1 - Enter the total receipts from medical cannabis sold before any deductions. If you have multiple cultivation centers, this amount will be the total of all taxable receipts from each cultivation center reported on Schedule MC-2.

Line 2 - Deductions from medical cannabis sold.

Line 2a - Enter the amount you refunded for returned medical cannabis products.

Line 2b - Enter the total receipts from sales of medical cannabis in which the Medical Cannabis Cultivation Privilege Tax has been previously paid.

Line 2c - Enter the amount of tax reimbursement collected on receipts of medical cannabis sold.

Line 2d - Describe any other deductions that you are claiming and enter the amount you are deducting.

Line 2 - Add Lines 2a, 2b, 2c, and 2d. This is your total deductions from medical cannabis sold. This amount cannot exceed the amount you entered on Line 1.

Line 3 - Subtract Line 2 from Line 1. This is your taxable receipts from medical cannabis sold.

Step 2: Figure your Medical Cannabis Cultivation Privilege tax due

Line 4 - Multiply Line 3 by the tax rate. This is your Medical Cannabis Cultivation Privilege tax due.

Line 5 - If you file your return and pay the amount due by the due date, you are entitled to a discount. Enter the lesser of the product of Line 4 multiplied by 1.75 percent (.0175) or $1,000, only if you file your return and pay the amount due by the due date. Otherwise, enter ‘0.’

Note: The discount is only valid for electronically filed returns and electronic payments, unless a payment waiver is in place.

Line 6 - Subtract Line 5 from Line 4. This is your total Medical Cannabis Cultivation Privilege Tax due.

Line 7 - Enter the sum of all quarter-monthly (accelerated) payments that were made for the filing period

Line 8 - Subtract Line 7 from Line 6. This is your tax due after quarter-monthly (accelerated) payments.

Line 9 - If you have a credit memorandum or prior overpayment and you wish to use it toward what you owe, enter the amount you are using.

Line 10 - Subtract Line 9 from Line 8. This is your total payment due. We will bill you for any penalty and interest amounts owed. See Publication 103, Penalties and Interest for Illinois Taxes, for more information.