



# informational

## Bulletin

David Harris, Director

## Illinois Use Tax Requirements for Marketplace Facilitators and Marketplace Sellers

**To: All taxpayers who sell items through a marketplace or are a marketplace facilitator**

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

### For information or forms

Visit our website at:  
[tax.illinois.gov](http://tax.illinois.gov)

Register and file your return online at:  
[mytax.illinois.gov](http://mytax.illinois.gov)

For registration questions, call us at:  
217 785-3707

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

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

Effective January 1, 2020, Public Acts [101-0009](#) and [101-0604](#) expand nexus in Illinois to include marketplace facilitators that meet certain thresholds. As a result, many marketplace facilitators will be required to register with the Illinois Department of Revenue (IDOR) to collect and remit Illinois Use Tax for sales made through their marketplace on behalf of marketplace sellers to Illinois purchasers. See emergency rule 86 Ill. Adm. Code 150.804 for more information.

The emergency rules are no longer in effect and have been replaced by the final adopted rules.

### What is a marketplace?

**Marketplace** means a physical or electronic place, forum, platform, application, or other method by which a marketplace seller sells or offers to sell tangible personal property.

### Who is a marketplace seller?

**Marketplace seller** means a person that sells or offers to sell tangible personal property through a marketplace operated by an unrelated third-party marketplace facilitator.

### Who is a marketplace facilitator?

**Marketplace facilitator** means a person who, pursuant to an agreement with an unrelated third-party marketplace seller, directly or indirectly through one or more affiliates, facilitates a sale by an unrelated third party marketplace seller by doing **both** of the following:

- 1) listing or advertising tangible personal property for sale by the marketplace seller in a marketplace; **and**
- 2) either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace seller regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.

## Marketplace Facilitator Information

### What are the thresholds that determine if I must collect and remit Illinois Use Tax?

A marketplace facilitator who meets **either** of the following thresholds is considered the retailer for each sale of tangible personal property made through its marketplace on behalf of marketplace sellers:

1. the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois made through the marketplace by both the marketplace facilitator and marketplace sellers are \$100,000 or more; **or**
2. the marketplace facilitator and marketplace sellers selling through the marketplace cumulatively enter into 200 or more separate transactions through the marketplace for the sale of tangible personal property to purchasers in Illinois.

### What sales do I include or exclude for purposes of calculating the thresholds?

The thresholds are determined by examining your gross receipts and number of separate transactions (see [86 Ill. Adm. Code 150.804\(f\)](#) for more information). All sales of tangible personal property, even if they are exempt from tax, must be included for purposes of calculating the thresholds except:

- Sales for resale (see [86 Ill. Adm. Code 130.201](#)).
- Sales of tangible personal property that are required to be registered with an Illinois agency, including motor vehicles, watercraft, aircraft, and trailers, when these sales are made from locations outside Illinois to Illinois purchasers.
- Sales made through the marketplace on behalf of a marketplace seller or by a marketplace facilitator that are subject to Retailers' Occupation Tax.

### How do I determine whether I need to register with IDOR as a marketplace facilitator effective January 1, 2020?

1. Review your selling activities in Illinois as a marketplace facilitator for the 2019 calendar year (January 1, 2019, through December 31, 2019).
2. If you meet either of the thresholds described above, you must register.

### What if I do not meet one of the marketplace facilitator thresholds?

If you do not meet a threshold, review your selling activities in Illinois as a marketplace facilitator on a quarterly basis (the last day of March, June, September, and December) for the preceding 12-month period. See additional information on our website.

### What if I do meet one of the marketplace facilitator thresholds?

A marketplace facilitator shall

- **register** as a marketplace facilitator with IDOR to collect and remit Illinois Use Tax for sales made through the marketplace by marketplace sellers.
- **file** returns and **remit** Illinois Use Tax in accordance with procedures in the Illinois Use Tax Act.

### How do I register with IDOR?

Register with IDOR electronically using MyTax Illinois, available at [mytax.illinois.gov](http://mytax.illinois.gov):

- If you have an active MyTax Illinois account, log into your MyTax Illinois account and click "Register for New Tax Accounts" to update your registration to include marketplace facilitator.
- If you do not have a MyTax Illinois account, click on "Registration," and then "Register a New Business" and complete Form REG-1, Illinois Business Registration Application. After you receive an email that your application has been processed, allow one business day before signing up for a MyTax Illinois account. To create a MyTax Illinois account, return to MyTax Illinois, click the "Sign up Now" button, and then submit the requested information.

When completing the "Sales and Use Tax" section of Business Activities in the MyTax Illinois registration, you will need to indicate that you make "Retail" sales of "General Merchandise" as well as indicate you are a "Marketplace Facilitator".

Contact our Central Registration Division at 217 785-3707 for information or assistance with registering your business.

**Note:** There is no charge to register with IDOR.

## Marketplace Seller Information

### I am a marketplace seller and I currently collect and remit Illinois Use Tax on my sales. What changes affect me beginning January 1, 2020?

Your obligation to collect and remit Illinois Use Tax may change effective January 1, 2020.

A marketplace facilitator is required to collect and remit Illinois Use Tax on all sales made by marketplace sellers through the marketplace if the marketplace facilitator meets either of the marketplace thresholds. If the marketplace facilitator collects and remits Illinois Use Tax for your sales through the marketplace, you will no longer be required to report these sales.

**However**, if you also make sales outside the marketplace or if the marketplace facilitator is not required to collect Illinois Use Tax because it does not meet either of the marketplace thresholds, you are required to collect and remit Illinois Use Tax on those sales if you are a “retailer maintaining a place of business” in Illinois (i.e., you have nexus, including, but not limited to, Wayfair nexus).

When determining if a marketplace seller meets a Wayfair nexus threshold, it should not include the gross receipts nor the number of separate transactions for sales to Illinois purchasers made through a registered marketplace.

If you determine that you are no longer required to collect and remit Illinois Use Tax, you must contact IDOR to update your registration.

### I am a marketplace seller, what am I required to do?

A **marketplace seller** shall

- furnish to the marketplace facilitator information that is necessary for the marketplace facilitator to correctly collect and remit Illinois Use Tax on each sale made through the marketplace.
- determine if you are required to separately collect and remit Illinois Use Tax on sales to Illinois purchasers made outside the marketplace and, if so, **register** with IDOR to collect and remit tax on sales to Illinois purchasers.

- **register to collect and remit** tax on all sales of tangible personal property that result in Illinois Retailers’ Occupation Tax, including those made through a marketplace. The marketplace seller is considered an Illinois retailer with respect to these transactions and is responsible for the reporting and remitting of these taxes. The registered marketplace facilitator may collect these taxes from the purchaser and transmit them to the marketplace seller for remittance to IDOR as Retailers’ Occupation Tax.

See [86 Ill. Adm. Code 150.804\(i\)](#) for additional requirements.

### Do I need to register with IDOR and if so, how do I register?

You must register with IDOR, if you have any sales subject to Illinois Retailers’ Occupation Tax (sales tax) or if you meet either of the Wayfair nexus thresholds from sales outside a marketplace.

If you are already registered and need to remain registered, no action is necessary. If you are already registered and no longer need to be, contact IDOR. If you are not registered and need to be, register with IDOR electronically using MyTax Illinois, available at [mytax.illinois.gov](http://mytax.illinois.gov).

To register your business with Illinois, click on “Registration,” and then “Register a New Business” to complete Form REG-1, Illinois Business Registration Application. After you receive an email that the application has been processed, allow one business day before signing up for a MyTax Illinois account. To create a MyTax Illinois account, return to MyTax Illinois, click the “Sign up Now” button, and then submit the requested information.

Contact IDOR’s Central Registration Division at 217 785-3707 for information or assistance with registering your business.

## Information for Marketplace Facilitators and Marketplace Sellers

### What is the Illinois Use Tax rate?

The Illinois Use Tax rate is 6.25% for general merchandise and 1% for qualifying food, drugs and medical appliances. Refer to the [Illinois Use Tax Matrix](#) for details. There are no locally imposed use taxes administered by IDOR on these items.

### When is tax due?

You must file Form ST-1, Sales and Use Tax and E911 Surcharge Return, along with any payment you owe, on or before the 20th day of the month following the end of your reporting period. New registrants will receive a letter informing them of their filing status (i.e., monthly or quarterly).

### How do I file and pay the tax due?

Once you are registered with IDOR, you can use MyTax Illinois to file your Form ST-1. MyTax Illinois also allows for electronic payment of any tax due.

You can also file Form ST-1 using [third party software](#) or through our [Electronic Filing Program for Sales and Use Tax Returns](#).

**Note:** If your average monthly liability is \$20,000 or more, quarter-monthly payments must be made. Payments are due the 7th, 15th, 22nd, and last day of the month. Because the statutory threshold for mandated electronic funds transfer (EFT) program participation is \$20,000 of annual liability, most taxpayers will remit their quarter-monthly payments by EFT or through MyTax Illinois. See [Guidelines for Quarter-monthly \(Accelerated\) Payments](#) for more information.

### If I am both a marketplace seller and a marketplace facilitator, can I file my own sales and use tax return separately from the return used to report the sales of my marketplace sellers?

Yes. We strongly suggest that marketplace facilitators report their own sales and use tax separately from the use tax collected on sales made through their marketplace on behalf of marketplace sellers. If you want to file a combined liability return then you must check the box indicating that you are going to file a combined liability return when you register as a marketplace facilitator.

### What are the hold harmless provisions?

A **marketplace seller** shall be held harmless for liability for the collection and remittance of Illinois Use Tax when a marketplace facilitator fails to correctly collect and remit tax after having been provided with information by a marketplace seller to correctly collect and remit tax.

If a **marketplace facilitator** demonstrates to the satisfaction of IDOR that its failure to correctly collect and remit Illinois Use Tax on a sale resulted from its good faith reliance on incorrect or insufficient information provided by a marketplace seller, it shall be relieved of liability for the tax on that sale. In this case, a marketplace seller is liable for any resulting Illinois Use Tax due.

### Where can I find more information?

See emergency rule 86 Ill. Adm. Code 150.804 for information about marketplace facilitators.

The emergency rules are no longer in effect and have been replaced by the final adopted rules.

Additional information for marketplace facilitators and marketplace sellers is available on our website.