



*i*nformational Bulletin

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Prepaid Wireless E911 Surcharge Rate Change

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

For information
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To: All retailers and service persons filing Form ST-1, Sales and Use Tax and E911 Surcharge Return, and making sales of prepaid wireless telecommunications service from locations in the city of Chicago

Effective **October 1, 2023**, the Illinois Department of Revenue (IDOR) will implement the collection of the increase from **7 percent** (.07) to **9 percent** (.09) of the surcharge rate imposed for locations inside of the city of Chicago on sales of prepaid wireless telecommunications service.

You must adjust your cash register and any computer program so that, effective October 1, 2023, you will collect and pay the correct surcharge. If you use software to electronically file or create your forms, you need to ensure that the E911 surcharge rates are correct in your software. Please contact your software provider for software-related questions. See Public Act 102-9.

What is the Prepaid Wireless E911 Surcharge?

The Prepaid Wireless E911 Surcharge is a charge imposed on the consumer, to be collected by the seller, when a retail transaction takes place that includes prepaid wireless telecommunications service.

IMPORTANT: The E911 Surcharge rate is only applied to the receipts from prepaid wireless telecommunications service sales. Other tangible personal property sold in the same transaction, such as batteries or electronic games, 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.

What is prepaid wireless telecommunications service?

Prepaid wireless telecommunications service is service for which the consumer must pay 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.

How do I report sales subject to different surcharge rates?

If you have receipts from sales of prepaid wireless telecommunications service subject to both the new, October 1st Chicago surcharge rate and the Chicago surcharge rate in effect prior to October 1st (e.g., annual filers of Form ST-1), you must report any sales at the prior rate using Line 3a of Schedule B on Form ST-1. Sales at the surcharge rate in effect October 1st are reported on Line 2a of Schedule B.

Note: *Only* use Line 3a of Schedule B when you need to report sales subject to a surcharge rate that is different than the rate in effect at the time you file your return. We do *not* permit use of Line 3a for any other purpose.

Did the Prepaid Wireless E911 Surcharge rate change for locations outside of Chicago?

No. The E911 Surcharge rate for locations outside the city of Chicago remains at 3 percent (.03).

Is the Prepaid Wireless E911 Surcharge rate change for Chicago locations permanent?

No. Absent action by the General Assembly to amend the statute, the Prepaid Wireless E911 Surcharge does *not* apply to sales of prepaid wireless telecommunications service at locations within the city of Chicago after December 31, 2023. See 50 ILCS 753/15(a-5).

Where can I verify the rates of Sales and Use Tax and Prepaid Wireless E911 Surcharge rate I should be collecting?

Use the Tax Rate Database on our website to look up location specific tax and surcharge rates. If you file electronically using MyTax Illinois, the rates will be populated for you according to your registration.