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Bulletin

David Harris, Director

Retailers' Allowance for Certain Transaction Returns Capped at \$1,000 Per Month

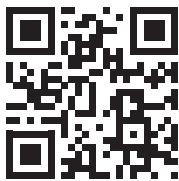
This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

To: All Illinois retailers filing Forms ST-556 and ST-556-LSE

For information
Visit our website at:
tax.illinois.gov

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

Email us at:
REV.TA-Sales@illinois.gov



For certain transaction returns due **on or after January 1, 2025** (for vehicles with a delivery date on or after December 12, 2024), the retailers' allowance (discount) amount is limited to \$1,000 per month. See **Public Act 103-592**.

The retailers' allowance is an amount that retailers may claim only if the return is filed on or before the due date and only for a percentage of the taxes paid on or before the due date. This discount is allowed as a reimbursement for the expenses incurred in keeping records, preparing and filing returns, remitting the tax, and supplying data to the Illinois Department of Revenue (IDOR) on request.

What tax returns are impacted by the discount cap?

Taxpayers who file Form ST-556, Sales Tax Transaction Return, and Form ST-556-LSE, Transaction Return for Leases, may claim a maximum discount amount of \$1,000 per month in their ST-556/ST-556-LSE Sales Tax account. If a taxpayer files both Forms ST-556 and ST-556-LSE in a single month, both return types are subject to a **combined** \$1,000 discount cap for the month.

Note: If amended returns are filed and the tax due increases, the discount **may still not** exceed \$1,000 **per month**, and is allowed only if the increased tax reported was paid by the due date of the original return.

When does the discount cap take effect?

The \$1,000 monthly cap applies to vehicle sales with a **delivery date on or after December 12, 2024**, which corresponds to returns due on or after January 1, 2025.

Will this discount cap impact how retailers must complete their transaction returns?

Yes. For returns due on or after January 1, 2025, retailers will no longer be able to reduce the tax remittance by the amount of the retailers' allowance when filing Forms ST-556 and ST-556-LSE. To avoid potential billing and confusion, IDOR will calculate the discount on these returns through a monthly reconciliation process that will occur approximately 60 days after the end of a monthly liability period. The retailers' allowance will be issued once the reconciliation process is completed each month.

If you are not mandated to file your ST-556 and ST-556-LSE returns electronically and file using paper Forms ST-556 and ST-556-LSE, do not use the retailers' allowance line. You must remit all tax reported as due on your return to be issued the retailers' allowance, as applicable, through IDOR's monthly reconciliation process.

IDOR is working with vendors to ensure the proper changes are made to third-party software programs to address the discount cap.

Example:

Taxpayer A is a dealer of motor vehicles, trailers, watercraft, or aircraft, who is registered with IDOR with an active ST-556/ST-556-LSE Sales Tax account, and who is mandated to file and pay electronically. Taxpayer A files Form ST-556-LSE for lease transactions and Form ST-556 for vehicle sales. Taxpayer A files the returns below with delivery dates on and after December 12, 2024, and pays the taxes due by their due dates. Taxpayer A is entitled to a discount up to \$1,000 for all ST-556 and ST-556-LSE returns filed during January, 2025.

- The taxpayer files both return types calculating the proper tax due and remits these taxes **in full** by the due dates.
- IDOR calculates the discount amount on each return during the monthly reconciliation process. The discount amount calculated by IDOR exceeds \$1,000 for the month. Therefore, the discount amount issued to the taxpayer for the month is \$1,000.

Form	Delivery Date	Due Date of Return	Tax Due	Discount Rate	Discount Calculation Prior to Cap	Discount Allowed by IDOR
ST-556	12/17/2024	01/06/2025	\$2,500	1.75%	\$44	\$44
ST-556	12/17/2024	01/06/2025	\$5,000	1.75%	\$88	\$88
ST-556	12/17/2024	01/06/2025	\$7,000	1.75%	\$123	\$123
ST-556	12/17/2024	01/06/2025	\$10,000	1.75%	\$175	\$175
ST-556-LSE	01/10/2025	01/30/2025	\$15,000	1.75%	\$263	\$263
ST-556-LSE	01/10/2025	01/30/2025	\$12,000	1.75%	\$210	\$210
ST-556-LSE	01/10/2025	01/30/2025	\$18,000	1.75%	\$315	\$97
ST-556-LSE	01/10/2025	01/30/2025	\$11,000	1.75%	\$193	\$0
ST-556-LSE	01/10/2025	01/30/2025	\$10,000	1.75%	\$175	\$0
				TOTAL	\$1,586	\$1,000

How will I receive my refund?

To expedite the refund process, you may sign up for direct deposit with the Illinois State Comptroller by calling (217) 557-0930 or visiting the [Direct Deposit Sign Up webpage](#) on the Comptroller's website.

If you do not sign up for direct deposit, IDOR will issue you a check for the discount amount that you are due after the monthly reconciliation process is complete.