Illinois Department of Revenue

FY 2026-03
October 2025

informational

Bulletin

David Harris, Director

Illinois Grocery Tax Changes Effective January 1, 2026

To: All Retailers Registered in Illinois

Effective **January 1, 2026**, the State of Illinois will eliminate the one-percent (1%) sales and use tax on grocery sales**.** This change will require all retailers to report their grocery sales differently on Form ST-1, Sales and Use Tax and E911 Surcharge Return.

This change in law also authorizes municipalities and counties to impose a local grocery tax rate of exactly one-percent (1%) by ordinance. See **Public Act 103-0781**. For a municipal or county grocery tax to take effect on January 1, 2026, the municipality or county must have filed the ordinance with the Illinois Department of Revenue (IDOR) by **October 1, 2025**, and the ordinance must be approved by IDOR. After that date, ordinances may still be filed at any time, but the effective date depends on the filing deadline:

- Ordinances filed by **April 1**, take effect on **July 1**, of the same year. For example, ordinances received after October 1, 2025, but on or before April 1, 2026, and approved by IDOR will take effect July 1, 2026.
- Ordinances filed by **October 1**, take effect on **January 1**, of the following year.

Retailers should be aware that many municipalities and counties already have ordinances filed that will take effect on January 1, 2026. An ordinance status report file is available on IDOR's website on the **Local Government Grocery Tax Ordinance Information** webpage.

Will Form ST-1 and instructions be updated for grocery sales?

Yes. Beginning January 2026 (for all reporting periods starting on or after January 1, 2026), retailers must use revised versions of the following:

- **Form ST-1** – Sales and Use Tax and E911 Surcharge Return (R-01/26)
- **Form ST-2** – Multiple Site Form (if applicable) (R-01/26)
- **Form ST-1-X** – Amended Sales and Use Tax and E911 Surcharge Return (R-01/26)
- **Form ST-2-X** – Amended Multiple Site Form (if applicable) (R-01/26)

For information
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tax.illinois.gov

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To report receipts before January 2026, the returns for prior reporting periods should be used and are available on IDOR's website on the **Sales and Use Tax Forms** webpage.

Note: When you file electronically using **MyTax Illinois** at mytax.illinois.gov, the correct Form ST-1 revision will populate for the selected reporting period. You can also file Form ST-1 using a direct file transmission method through approved software you develop or purchase from a third-party vendor.

What grocery items are impacted by these changes?

Prior to December 31, 2025, food items taxed at the one-percent (1%) state-wide rate (sometimes referred to as low rate) are described by IDOR as "qualifying food".

As of January 1, 2026, "qualifying food" is described as "groceries" under the new local taxing authority statutes.

"Groceries" authorized to be taxed at the one-percent (1%) rate by municipalities and counties beginning January 1, 2026, are identical to the "qualifying food" items currently taxed under the State's one-percent (1%) rate that is eliminated after December 31, 2025.

Items such as alcoholic beverages, food infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption are not "groceries" and will continue to be taxed at general merchandise rates (sometimes referred to as high rate).

See **86 Ill. Adm. Code Section 130.310** for more information on the taxation of food items.

Is the State of Illinois's one-percent (1%) tax changing for items that qualify as drugs or medical appliances?

No. The State's one-percent (1%) sales and use tax will continue to be imposed on items that meet the definition of qualifying drugs or medical appliances. See **86 Ill. Adm. Code Section 130.311** for more information.

Will these grocery tax changes impact retailers who make destination-based sales?

Yes. Just like they currently do for sales to Regional Transportation Authority (RTA) or Metro-East Transit District (MED) locations, retailers making destination-based sales of groceries to locations in municipalities or counties imposing a local grocery tax will be required to collect and remit the grocery tax. See the **Grocery Receipts Reporting on Form ST-1 and Form ST-2 Chart** for instructions.

Will the local grocery tax in RTA and MED locations remain in place?

Yes. The current local tax on sales of grocery food made at a location within the RTA or MED has not been eliminated under P.A. 103-0781. Retailers will, however, report grocery sales on a new line on the tax return. See the **Grocery Receipts Reporting on Form ST-1 and Form ST-2 Chart** for instructions.

If the municipality or county imposes their own one-percent (1%) local grocery tax by ordinance effective January 1, 2026, will my grocery tax rate change?

No. If the one-percent (1%) grocery tax is implemented by the municipality or by the county in the unincorporated area of the county in which your business is located, the grocery tax rate will remain the same. The only change will be the line on the tax return on which you report grocery taxes. See the **Grocery Receipts Reporting on Form ST-1 and Form ST-2 Chart** for instructions.

How will I know if the municipality or county is imposing their own one-percent (1%) local grocery tax by ordinance?

IDOR will notify retailers located in a municipality or county that is imposing the one-percent (1%) local grocery tax with an informational bulletin via a MyTax Illinois message or physical mailing. To verify your combined sales tax rate (which includes state and local sales taxes), visit the **MyTax Illinois Tax Rate Finder** at mytax.illinois.gov and select the rates for January 2026. These rates will be available in November 2025.

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As of the time of publication of this Bulletin, IDOR has received more than 600 grocery tax ordinances from municipalities and counties. In these locations the grocery tax rate will not change. As discussed in this Bulletin, however, how these taxes are reported on the return will change. An ordinance status report file is available on IDOR's website on the **Local Government Grocery Tax Ordinance Information** webpage.

If I sell groceries, how do I report the sales?

Use the **Grocery Receipts Reporting on Form ST-1 and Form ST-2 Chart** to determine how to report grocery sales beginning January 1, 2026.

Grocery Receipts Reporting on Form ST-1 and Form ST-2 Chart

Municipality or County Imposes a one-percent (1%) Grocery Tax?	Form ST-1, Steps 2 and 3	Form ST-1, Schedule A, Section 1, Deductions	Form ST-2, Multi-Site, Taxable Sales
Yes **Always report sales for locations in RTA/ MED using these instructions.**	• **Step 2, Line 1** – Include gross receipts of grocery items (including tax). • **Step 2, Line 3** – Include taxable (net) receipts from qualifying grocery sales, including sales while performing services. • **Step 3, Line 5c** (new) – Report portion of **Line 3** that is grocery sales.	• **Line 2b** (new) – Enter total tax collected on grocery sales (including sales while performing services).	• **Line 5c** (new) – Enter taxable grocery receipts for each site located in a taxing jurisdiction that has implemented a grocery tax.*
No* Do **NOT** use these instructions for sales for locations in RTA/MED.	• **Step 2, Line 1** – Include gross receipts for grocery items (not taxable).	• **Line 16** – Include the total amount collected on grocery sales previously subject to the one-percent (1%) State of Illinois tax and enter the description.	• **Line 5c** (new) – Do not report grocery figures on **Line 5c** for the site location. Make sure your non-taxable sales of groceries are included on **Step 2**, **Line 1**, and deducted on **Schedule A**, **Line 16**.

* For a location in the RTA or MED area, report your grocery sales following the instructions for the "Yes" row. In an RTA or MED location where the municipality or county has also imposed a grocery tax, the lines on the return and schedule must be completed as provided in the "Yes" row and the tax rate will be the total of both rates.

PIO-119 (N-10/25) **NOTE**: This chart is current as of the date of publication of this document.

Where do I find more information?

Visit our website at **tax.illinois.gov** for additional grocery tax information. Form ST-1 and Form ST-2 Instructions are being updated for the January 2026 revisions and will be available on the **Sales & Use Tax Forms** webpage when finalized.