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Bulletin

David Harris, Director

Municipal and County Grocery Occupation Tax Rate Changes, Effective January 1, 2026

To: Retailers engaged in the business of selling groceries

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

Effective **January 1, 2026**, the State of Illinois will eliminate the one-percent (1%) sales and use tax on grocery sales. This change in law also authorizes municipalities and counties to impose a local grocery tax rate of exactly one-percent (1%) by ordinance. The municipality or county must file the ordinance with the Illinois Department of Revenue (IDOR), and the ordinance must be approved. See **Public Act 103-0781**.

For implementation of the tax, municipalities and counties must submit their ordinances to IDOR:

- by **April 1** to take effect on **July 1** of the same year, or
- by **October 1** for implementation on **January 1** of the following year.

“Groceries” is defined as food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, or food that has been prepared for immediate consumption).

Note: The additional local tax for sales of grocery food made at a location within the Regional Transportation Authority (RTA) or Metro-East Mass Transit District (MED) is still in effect. See discussion on the next page.

What is the tax rate that municipalities and counties can impose by ordinance on retail sales of groceries?

Municipalities and counties may impose a local tax on retail sales of low rate grocery items at a rate of one-percent (1%).

What are retailer responsibilities for sales of groceries January 1, 2026, and after?

Retailers are responsible for verifying whether a municipality where they make sales or a county where they make sales, if they make sales in an unincorporated area of the county, has imposed a local grocery tax.

If it has imposed a local grocery tax, the tax rate on groceries will remain the same as the rates that were in effect prior to January 1, 2026. The only change will be the line on the tax return on which you report grocery taxes.

If it has not imposed a local grocery tax, the one-percent (1%) sales and use tax on grocery sales will be eliminated. Note that the additional RTA or MED grocery taxes remain in effect. See discussion on the next page.

For information
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tax.illinois.gov



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To verify your combined sales tax rate (which includes State and local sales taxes), go to the **MyTax Illinois Tax Rate Finder** at mytax.illinois.gov and select rates for January 2026.

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

What if the county or municipality where I make sales does not impose a local grocery tax?

Retailers making sales within the corporate boundaries of a municipality that is not imposing a local grocery tax and retailers making sales within the unincorporated areas of a county that is not imposing a local grocery tax must adjust their cash register and any computer program so that beginning on January 1, 2026, the one-percent (1%) sales and use tax will not be collected on groceries. Note that the additional RTA or MED grocery taxes remain in effect. See discussion below.

If I make grocery sales in the RTA or MED regions, will there be any changes?

If you make grocery sales in the RTA or MED region, you are still subject to tax on those sales because the RTA and MED each impose a local tax on grocery sales.

If your sales in the RTA or MED region are in a municipality or county (for sales in the unincorporated area of the county) that has imposed a local grocery tax, the tax rate on groceries will remain the same as the rates that were in effect prior to January 1, 2026.

However, if your sales in the RTA or MED region are in a municipality or county (for sales in the unincorporated area of the county) that has not imposed a local grocery tax, the sales and use tax on grocery sales will be reduced by one-percent (1%) beginning on January 1, 2026.

One change that will occur for all sales in the RTA or MED regions will be the line on the tax return on which you report grocery taxes.

Which municipalities and counties are imposing a local grocery tax effective January 1, 2026?

For a list of all municipalities and counties that have imposed a local grocery tax, see IDOR's website at tax.illinois.gov.

If the county and municipality where I make sales both impose a local grocery tax, what will the tax rate be?

Counties are only authorized to impose a grocery tax in the unincorporated area of the county. As a result, even if the local grocery tax is implemented by both the municipality and the county where you make sales, the grocery tax rate will still be one-percent (1%). Note that the additional RTA and MED grocery taxes remain in effect. See discussion above. In no event, however, will the tax rate on groceries on January 1, 2026 be higher than the tax rate on groceries on December 31, 2025.

Where can I find more information about Municipal and County Grocery Occupation Taxes?

For more information, see IDOR's website at tax.illinois.gov to view **FY Bulletin 2026-03, Illinois Grocery Tax Changes Effective January 1, 2026**. 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.