Illinois Department of Revenue

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Overview of Destination-based Sales Tax

About this publication

The focus of this publication is Retailers and Servicepersons Maintaining a Place of Business in this State making sales or transfers of tangible personal property (TPP) as part of a sale of service from outside of this State to Illinois customers who must collect and remit “Destination-based” Retailers’ Occupation Tax (ROT) or Service Occupation Tax (SOT) (sales tax). If retailers or servicepersons meet the $100,000 Tax Remittance Threshold or have Physical Presence in this State, they are required to register with the Illinois Department of Revenue (IDOR), collect “Destination-based” ROT or SOT on all sales or transfers of TPP as an incident of a sale of service from outside of this State to Illinois customers, file returns, and remit the tax to IDOR. This publication does not pertain to sales or transfers of TPP as an incident of a sale of service subject to “origin-based” sales tax.

Illinois statutes and regulations related to these topics are available on the Illinois General Assembly website at **ilga.gov**.

Knowing how Illinois tax laws apply to your business can save you time, trouble, and money. The information included in this publication will supply you with the general information most retailers and servicepersons need to collect the proper amount of Destination-based sales tax due and to file returns correctly.

Retailers and Servicepersons Maintaining a Place of Business in this State are responsible for

- remitting the correct amount of sales tax on every taxable sale, E911 Surcharge on prepaid wireless telecommunications service, and ITAC Assessment on sales of prepaid wireless telecommunications service from outside of this State made to Illinois customers;
- properly documenting the tax-exempt sales they make;
- filing with IDOR a completed Form ST-1, Sales and Use Tax and E911 Surcharge Return, and Form ST-2, Multiple Site Form, either electronically or on paper by the due date; and
- keeping complete and accurate records for all sales, leases, and rentals to Illinois customers.

Publications that cover other sales taxes and fees and specific sales tax applications are available on IDOR’s website on the **Tax Publications** webpage.

The information in this publication is current as of the date of the publication. Please visit our website at tax.illinois.gov to verify you have the most current revision.

This publication is written in the plain writing style so the tax information is easier to understand. As a result, we do not directly quote Illinois statutes or the Illinois Administrative Code. The contents of this publication are informational only and do not take the place of statutes, rules, or court decisions. For many topics covered in this publication, we have provided a reference to the applicable section or part of the Illinois Administrative Code for further clarification or more detail. All of the sections and parts referenced can be found in Title 86 of the Code.

Taxpayer Bill of Rights

You have the right to call the Department of Revenue for help in resolving tax problems.

You have the right to privacy and confidentiality under most tax laws.

You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department’s findings.

You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.

If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other Department procedures, you may write us at the following address:

Problems Resolution Office
Illinois Department of Revenue
PO Box 19014
Springfield, IL 62794-9014

Legal References

Statutes

Retailers' Occupation Tax Act (ROTA) - 35 ILCS 120/
Service Occupation Tax Act (SOTA) - 35 ILCS 115/
Service Use Tax Act (SUTA) - 35 ILCS 110/
Use Tax Act (UTA) - 35 ILCS 105/
Leveling the Playing Field for Illinois Retail Act - 35 ILCS 185/

Regulations

Retailers' Occupation Tax (ROT) - 86 Ill. Adm. Code Part 130
Service Occupation Tax (SOT) - 86 Ill. Adm. Code Part 140
Service Use Tax (SUT) - 86 Ill. Adm. Code Part 160
Use Tax (UT) - 86 Ill. Adm. Code Part 150
Leveling the Playing Field for Illinois Retail Act - 86 Ill. Adm. Code Part 131

Contents

Definitions

Tangible Personal Property (TPP) - All property other than intangible personal property (such as stocks, bonds, and CDs) or real property (such as land and buildings).

Tax Remittance Threshold - $100,000 or more in cumulative gross receipts from sales of TPP or sales of service to purchasers in Illinois for the preceding 12-month period as determined on a quarterly basis, ending on the last day of March, June, September, and December.

Serviceperson Maintaining a Place of Business in this State - Any person who has a physical presence or has met the Tax Remittance Threshold in the State of Illinois and is engaged in the occupation of making sales of service to Illinois customers. Such servicepersons making transfers of TPP incident to sales of service from outside of this State to Illinois customers must collect and remit “Destination-based” SOT*.

*Not applicable to De Minimis Servicepersons who make no retail sales to Illinois customers. See **Pub-113-SOT**, Overview of Service Occupation Tax (SOT), for more information.

Remote Retailer - A retailer who does not maintain Physical Presence within this State. A Remote Retailer’s inventory at the location of a Marketplace Facilitator in Illinois does not create a Physical Presence when used exclusively to fulfill orders made over a Marketplace that meets the Tax Remittance Threshold under Section 131.135(a) because the Marketplace Facilitator is considered the retailer with respect to sales over such Marketplace.

Retailer Maintaining a Place of Business in this State - A retailer who either has Physical Presence or has met the Tax Remittance Threshold in this State. Such retailers making sales from outside of this State to Illinois customers must collect and remit “Destination-based” ROT. Retailers Maintaining a Place of Business in this State include Remote Retailers, Marketplace Facilitators, Out-of-State Sellers, and Illinois brick and mortar retailers.

Physical Presence - Physical Presence in this State means:

- you have or maintain within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within this State under your authority or a subsidiary of yours, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether you or your subsidiary is licensed to do business in this State;
- you have a contract with a person located in this State under which the person, for a commission or other consideration based upon the sale of TPP or services by you, directly or indirectly refers potential customers to you by providing to the potential customers a promotional code or other mechanism that allows you to track purchases referred by such persons. Examples of mechanisms that allow you to track purchases referred by such persons include but are not limited to the use of a link on the person’s internet website, promotional codes distributed through the person’s hand-delivered or mailed material, and promotional codes distributed by the person through radio or other broadcast media, if the cumulative gross receipts from sales of TPP or services by you to customers in this State under all such contracts exceed $10,000 during the preceding four quarterly periods ending on the last day of March, June, September, and December;
- you have a contract with a person located in this State under which:
  - you sell the same or substantially similar line of products or services as the person located in this State and do so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and
  - you provide a commission or other consideration to the person located in this State based upon the sale of TPP or services by you; and
  - the cumulative gross receipts from sales of TPP or services by you to customers in this State under all such contracts exceed $10,000 during the preceding four quarterly periods ending on the last day of March, June, September, and December.

Out-of-State Seller - A retailer who has Physical Presence in Illinois and who also makes sales from outside Illinois. Out-of-State Sellers are retailers maintaining a place of business in this State, and must collect and remit “Destination-based” ROT on those sales to Illinois customers from outside this State and “origin-based” ROT on sales made within this State.

Marketplace Seller or Serviceperson - A person who makes sales or transfers of TPP incident to sales of service through a Marketplace operated by an unrelated third-party Marketplace Facilitator and who has obtained a certification from the Marketplace Facilitator that the Marketplace Facilitator will collect and remit all Illinois taxes. A person who is an affiliate of the Marketplace Facilitator is not a Marketplace Seller or Serviceperson.

Marketplace Facilitator - A person who, pursuant to an agreement with an unrelated third-party Marketplace Seller or Serviceperson, directly or indirectly through one or more affiliates facilitates a retail sale of service by the unrelated third-party Marketplace Seller or Serviceperson by:

- Listing or advertising for sale by the Marketplace Seller or Serviceperson in a Marketplace, TPP or transfers of TPP incident to sales of service that are subject to tax under the ROTA or SOTA; and
- Either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the Marketplace Seller or Serviceperson regardless of whether the Marketplace Facilitator receives compensation or other consideration in exchange for its services.

Marketplace Facilitators are considered the retailer or serviceperson for all sales made over the Marketplace if they meet the Tax Remittance Threshold. Marketplace Facilitators must determine on a quarterly basis, ending on the last day of March, June, September, and December, whether they meet or exceed the Tax Remittance Threshold from sales of TPP or transfers of TPP incident to sales of service to purchasers in Illinois for the preceding 12-month period.

Marketplace - A physical or electronic place, forum, platform, application, or other method by which a Marketplace Seller or Serviceperson sells or offers to sell items or services.

Destination-based Sales Tax Rate - The total State and local ROT or SOT rate calculated for a sale using the rates in effect at the Illinois location to which the TPP is shipped or delivered or at which possession is taken by the purchaser.

Registering Your Business

Who must register as a Retailer or Serviceperson Maintaining a Place of Business in this State?

You must register with IDOR as a Retailer or Serviceperson Maintaining a Place of Business and remit ROT or SOT and any applicable local sales taxes administered by IDOR if you are engaged in the business of selling at retail TPP or transferring TPP as an incident of a sale of service in Illinois for use or consumption.

You are engaged in the business of selling in Illinois if you make sales to Illinois customers, including sales of TPP or transfers of TPP as an incident of a sale of service made from outside of this State and delivered to the Illinois customer's location in this State, and:

- You have Physical Presence in this State; or
- You have met the Tax Remittance Threshold

If I am just starting my business, what do I do to register?

Register with IDOR electronically using **MyTax Illinois**. If you are not already registered, select "Register a New Business (Form REG-1)" and complete the registration application.

If you choose to register using the paper application, complete and sign Form REG-1, Illinois Business Registration Application, allow 6-8 weeks for processing, and submit it via email, fax, or mail to:

CENTRAL REGISTRATION DIVISION 3-222
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19030
SPRINGFIELD IL 62794-9030
Fax: 217 785-6013
Email: rev.crd@illinois.gov

How do I activate a MyTax Illinois logon?

Once your business is registered, you can activate your MyTax Illinois logon. Please allow 24 hours from your registration confirmation email before activating a logon for MyTax Illinois. To activate a logon for a business, go to **mytax.illinois.gov**, select the "Sign Up" link at the bottom of the login box, on the first page of the activation, select the "Next" button, and then select the taxpayer ID type. You can use one of the following options to validate the activation:

- Owner/Officer or Responsible Party Social Security Number,
- PIN previously issued by IDOR (used for certain electronic filing methods, such as Webfile and third-party tax software, separate from MyTax Illinois), or
- Account Activity validation - list a payment amount from a specified tax type and period.

This activation process is to help ensure only individuals who are authorized by their organization are allowed to gain access to a business's tax information. Once you have activated your MyTax Illinois logon, if you are a Corporation, S-Corp, Partnership, or LLC organization type and are registered for other tax accounts, you can register for new tax types through your existing MyTax Illinois logon account, by selecting "More…" and then selecting "Register for New Tax Accounts." Sole proprietorships can only register for new tax accounts by selecting "Register a New Business (Form REG-1)" and completing Form REG-1 on the MyTax Illinois home screen.

How will I know that I have successfully registered?

IDOR will issue you a Certificate of Registration (Certificate). You are required to have this Certificate if you engage in the business of selling TPP or transferring TPP as an incident of a sale of service*. The Certificate lists your Sales and Use Tax Account ID, your business name, address, the effective date, the tax type for which you are registered, and the date the Certificate will expire.

MyTax Illinois is the primary method you should use to obtain and print or download a copy of your Certificate. From your MyTax Illinois logon, the Certificate is located by selecting "View more account options" in the ST-1 Sales/Use Tax panel and then "View Account Letters" in the "Letters and Messages" panel. The Certificate is on the second page of the Business Authorization letter. If you are unable to print or download a copy of your business's Certificate, you can also contact our Central Registration Division (CRD) by email at **rev.crd@illinois.gov** or phone at 217 785-3707 to request a paper copy be mailed to you.

*Not applicable to De Minimis Servicepersons who make no retail sales to Illinois customers. See **Pub-113-SOT**, Overview of Service Occupation Tax (SOT), for more information.

What if I make sales or transfers to more than one location?

Retailers or Servicepersons Maintaining a Place of Business in this State making Destination-based sales or transfers of TPP incident to sales of service will have all locations available on one screen when filing Form ST-1 and Form ST-2 using MyTax Illinois. A changing location tax site will be used for each local tax jurisdiction (*e.g.*, county, municipality, or business district within a municipality) where the customer is located. Sub-certificates for changing locations will display the local tax jurisdiction.

Will I need to renew my Certificate?

If you are registered as a retailer or serviceperson and are required to file sales tax returns, your Certificate will expire after one year. Your Certificate will be renewed automatically as long as you are complying with all filing and payment requirements.

A hold will be placed on your Certificate if you are in Collections or the account is incomplete (missing information). IDOR will notify you that a hold has been placed and will provide the filing and/or payment requirements to correct your account. If you do not comply, your Certificate will not be renewed. IDOR will notify you if your Certificate will not be renewed automatically.

What if my Certificate is lost, damaged, or destroyed?

If your Certificate is lost, damaged, or destroyed, you can print a replacement using MyTax Illinois. You can also contact CRD at rev.crd@illinois.gov or phone at 217 785-3707 to request a new Certificate.

What if I discontinue my business or change my business structure?

If you discontinue your business you must update your registration information with IDOR and destroy all Certificates related to that business.

If you change the structure of your business (*e.g.*, changing from a sole proprietorship to a corporation), you must

- tell us to discontinue the old business entity;
- destroy all Certificates related to that business; and
- register the new business entity by completing a new **Form REG-1**.

Note: Certificates cannot be transferred.

In addition, you must update your registration information with IDOR. MyTax Illinois allows you to close your existing business and register a new one or to maintain your registered locations. You also can contact CRD or send a completed paper **registration form** depending on the change or update needed. It is important that you update your registration information with us when you go out of business or discontinue a location.

If in connection with a change in structure of your business, you sell or purchase all or a substantial portion of an existing business, you may have a special reporting requirement. You must complete and file **Form CBS-1**, Notice of Sale, Purchase, or Transfer of Business Assets, if you purchase from a person subject to Illinois tax outside the usual course of its business;

- the major part of the stock of goods that the seller is in the business of selling or transferring incident to sales of service;
- the furniture or fixtures of the seller's business;
- the machinery and equipment of the business; or
- the real property of the business;

Form CBS-1 must be filed with IDOR at least ten (10) days prior to the sale or transfer date or it will not be processed. If you fail to properly complete and file this form, you may be liable for any unpaid tax of the seller, up to the value of the assets you purchase. If you are the seller, you may file this form on behalf of the purchaser, and some purchasers request that a seller assist them in completing this form or filing it for them. See 86 Ill. Adm Code 130.1701 or 140.1601 for more information.

What if I need to update my business registration information?

Most general maintenance can be completed electronically using MyTax Illinois. MyTax Illinois allows you to change legal and mailing address information, update responsible party, update owners/officers and members/managers (for Limited Liability Companies), update contact information, register for new tax accounts, and request to close or reopen closed tax accounts. MyTax Illinois also allows you to add and cease locations by using the "Maintain Locations" link in your Sales and Use Tax (ST-1) account in MyTax Illinois.

Do I need to collect and remit Illinois Use Tax?

Although not required, a Remote Retailer who does not meet the Tax Remittance Threshold may register with IDOR and collect Illinois Use Tax (UT) as a courtesy to its customers who would otherwise have to self-assess and pay the UT themselves.

Retailers Maintaining a Place of Business in this State must collect UT from their Illinois customers as a part of all retail sales.

Servicepersons Maintaining a Place of Business in this State must collect Service Use Tax (SUT) from their Illinois customers as a part of all sales of service.*

A De Minimis Serviceperson not maintaining a place of business in this State and not making any retail sales into this State would only owe UT to its supplier out of State and not to Illinois. However, this Serviceperson's Illinois customer would owe SUT on the TPP transferred as an incident to the sale of service. As a courtesy to its Illinois customers, the Serviceperson may voluntarily register for, collect, and remit SUT.

*Not applicable to De Minimis Servicepersons who make no retail sales to Illinois customers. See **Pub-113-SOT**, Overview of Service Occupation Tax (SOT), for more information.

Are there other types of taxes or fees for which I may need to collect and remit tax?

Depending on the nature of your business, you may need to register for the Chicago Home Rule Municipal Soft Drink ROT. You may also be required to collect and remit the Prepaid Wireless E911 Surcharge and ITAC Assessment. For more information on the sales-related taxes and fees listed here, see IDOR's website at **tax.illinois.gov**.

What if I sell items that must be titled and/or registered?

If you are a Remote Retailer who sells items at retail in Illinois that must be titled or registered by an agency of Illinois state government (*e.g.*, vehicles, watercraft, aircraft, trailers, manufactured (mobile) homes), and you meet the Tax Remittance Threshold from sales of TPP to purchasers in Illinois, you must register with IDOR to remit Illinois Sales Tax. These sales should be reported on Form ST-556, Sales Tax Transaction Return.

Sales of TPP required to be titled or registered with an agency of the State of Illinois are sourced the same as all other sales made by a Retailer Maintaining a Place of Business in this State from outside of Illinois to purchasers in Illinois.

For sales made from outside of this State by a Retailer Maintaining a Place of Business in this State or by a Marketplace Facilitator on behalf of Marketplace Sellers, Destination-based sales tax rates apply.

When a retailer located outside of Illinois ships or delivers titled or registered items to purchasers in Illinois using its own delivery vehicle the delivery vehicle establishes a Physical Presence in Illinois and the retailer is a Retailer Maintaining a Place of Business in this State. Such retailers incur State and local ROT at the rate in effect at the address to which the titled or registered item is delivered ("Destination-based") on all sales made from out of State delivered to Illinois purchasers in this State.

If an Illinois purchaser travels to an out-of-State location to take possession of an item that is required to be titled or registered with an agency of the State of Illinois, the sale is sourced out of state and Use Tax is incurred. The purchaser is responsible for filing Form RUT-25, Vehicle Use Tax Transaction Return, and paying the tax. You do not need to file Form ST-556 or collect tax.

Note: Illinois dealers making a courtesy delivery on behalf of an out-of-state dealer, are not responsible for reporting the sale. In this case, if the dealer is registered with IDOR, the dealer is responsible for filing Form ST-556 and collecting and paying any sales tax due. If the dealer is not registered with IDOR, the purchaser must file Form RUT-25, or Form RUT-25-LSE, Use Tax Return for Lease Transactions, as appropriate, and pay any use tax due.

What if I lease TPP?

The ROTA provides that a lease of TPP, excluding items that must be titled or registered with an agency of state government (other than trailers that are not semitrailers as defined in Section 1-187 of the Illinois Vehicle Code), is considered a sale at retail. Similarly, the SOTA provides that a lease of TPP incident to a sale of service is considered a transfer of such TPP. For more information, see **Pub-113-L, Lease Tax FAQs**.

How are leases taxed?

Leases with periodic payments and delivery to the customer will incur tax at the Destination-based sales tax rate. For Destination-based leases, lessors must register a tax site for each jurisdiction *(i.e.*, city or county) where they have made a lease or plan to make leases.

For all other leases, including a lease that does not require recurring periodic payments and any lease in which the customer takes possession of the property at the lessor's place of business, the sale is sourced as otherwise provided under the ROTA for retail sales other than leases or rentals. For more information, see **Pub-113-L, Lease Tax FAQs**.

Who do I contact if I have questions about registration?

For registration questions, see our Taxpayer Answer Center at **tax.illinois.gov**. If you cannot find an answer, you can email IDOR from the Taxpayer Answer Center. You can also contact CRD at **rev.crd@illinois.gov** or **217 785-3707.**

Requirements for Filing Form ST-1

On what sales or transfers must I collect and pay tax?

You must collect and pay tax on all receipts from sales you make of TPP or sales of service as an incident of which you transfer TPP for use or consumption to purchasers in Illinois unless the sales are exempt from tax by law.

You must keep documentation in your records to support every exempt sale you make.

What are some common types of sales that are exempt from tax?

Listed below are some of the most common sales that are exempt from sales tax:

- resale;
- interstate commerce;
- manufacturing machinery and equipment;
- graphic arts machinery and equipment;
- supplemental nutrition assistance program or SNAP (formerly called food stamps);
- enterprise zone;
- high impact business;
- river edge redevelopment zone building materials;
- exempt organizations (*e.g.*, exclusively charitable, religious or educational); and
- newspapers and magazines

For more information, see **PIO-101, Illinois Sales & Use Tax Matrix**.

I am a retailer or serviceperson who makes sales on my own. I also make sales or transfers through a Marketplace Facilitator that remits tax to IDOR. I have inventory located in Illinois but no other Physical Presence. How do I determine what tax I owe?

Your tax liability will depend on how the inventory is used.

- If the inventory is used strictly to fulfill orders made over the Marketplace, the inventory does not create Physical Presence nexus for you. As a result, you are a Remote Retailer or Serviceperson for sales or transfers of TPP incident to sales of service you make outside of the Marketplace.
  - If you meet the Tax Remittance Threshold, you incur State and local ROT or SOT* on your own sales or transfers of TPP incident to sales of service at the Destination-based sales tax rate.
  - If you do not meet the Tax Remittance Threshold, you have no sales tax liability. However, you may voluntarily register with IDOR and collect and remit 6.25% UT or SUT as a courtesy to your customers.

- If the inventory is used to fulfill your own sales or transfers of TPP incident to sales of service, or if it is used to fulfill both your own sales and the Marketplace sales, then the Illinois inventory creates Physical Presence nexus for you. As a result, you are not a Remote Retailer or Serviceperson, and for sales outside of the Marketplace you incur State and local ROT or SOT* for your sales or transfers of TPP incident to sales of service at the rate in effect at the Illinois location of the inventory at the time of the sale.
  - If you meet the Tax Remittance Threshold, when your sale or transfer of TPP incident to a sale of service is fulfilled from inventory located out-of-State, you incur State and local ROT or SOT* at the Destination-based sales tax rate.

*Not applicable to De Minimis Servicepersons who make no retail sales to Illinois customers. See **Pub-113-SOT**, Overview of Service Occupation Tax (SOT), for more information.

What factors determine the rate that applies to the sales or transfers I make?

You must remit State and local ROT or SOT* when you make sales, to Illinois customers from a location or locations outside of Illinois at the Destination-based sales tax rate if you are:

- an Out-of-State Seller;
- a Serviceperson Maintaining a Place of Business in this State;
- a Remote Retailer who meets the Tax Remittance Threshold for sales or sales of service into Illinois;
- or a Marketplace Facilitator (for all Marketplace Sellers' or Servicepersons' sales or sales of service and your own sales through the Marketplace that are sourced outside of this State) who meets that Tax Remittance Threshold for sales or transfer into Illinois.

Marketplace Facilitators meeting the Tax Remittance Threshold must determine on a sale-by-sale basis if the sale or transfer of TPP incident to a sale of service through their Marketplace is a sale on behalf of a Marketplace Seller or Serviceperson or their own sale. Taxes for sales or transfers of TPP incident to sales of service made by a Marketplace Facilitator on behalf of a Marketplace Seller or Serviceperson are incurred at the tax rate in effect at the purchaser's location. This applies to sales or transfers of TPP incident to sales of service made through a Marketplace by Illinois retailers or servicepersons and out-of-State retailers or servicepersons (with or without Physical Presence). For the Marketplace Facilitator's own sales or transfers of TPP incident to sales of service, those that are not fulfilled from inventory located in Illinois and for which selling activities do not otherwise occur in Illinois (see, *e.g.*, 86 Ill. Adm. Code 270.115), incur State and local ROT or SOT at the tax rate in effect at the purchaser's location.

For information on determining the tax rate and location code to use for sales to Illinois purchasers, see the **Destination-based Sales Tax Assistance Resource Page**. For additional information, see the **PIO-104, Making Sales to Illinois Customers Flowchart** and the **Out-of-State Sales Resource Page**.

*Not applicable to De Minimis Servicepersons who make no retail sales to Illinois customers. See **Pub-113-SOT**, Overview of Service Occupation Tax (SOT), for more information.

How do I know what rate to charge?

Taxpayers electronically filing Form ST-1 using MyTax Illinois will have the rates populated for them based on the Illinois location to which the TPP or transfer of TPP incident to a sale of service is shipped or delivered or at which possession is taken by the purchaser.

If you receive a paper return, the rate will be preprinted, and if you make taxable sales or transfers to more than one location in Illinois, the rate for each location will be printed on your Form ST-2.

If the rate is not shown, refer to the **Tax Rate Database** at **tax.illinois.gov** to verify your rate; call us at **800-732-8866** or **217-782-3336**; or call **800-544-5304 (TTY)**.

What taxes are included in the tax rate?

If you sell or transfer **general merchandise**, your tax rate consists of

- the statewide general merchandise tax rate of 6.25 percent (.0625), plus
- any locally imposed and IDOR-collected taxes on general merchandise.

If you sell or transfer "qualifying" **drugs and medical appliances**, your tax rate consists of

- the statewide drugs and medical appliances tax rate of 1 percent (.01), plus
- any locally imposed and IDOR-collected taxes on drugs and medical appliances.

If you sell or transfer **groceries**,

- there is no statewide tax on groceries,
- the tax on groceries imposed in the Northern Illinois Transit Authority (NITA)* and Metro-East Mass Transit District (MED) areas remains in effect, for sales or transfers of TPP incident to sales of service made in those areas, and
- a one-percent (1%) municipal or county tax on groceries may be imposed and collected by IDOR; (as authorized by municipalities and by counties for unincorporated areas of that county).

***Note**: Formerly named Regional Transportation Authority (RTA).

"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, and food that has been prepared for immediate consumption). For more information, **FY 2026-03**, Illinois Grocery Tax Changes Effective January 1, 2026, and **PIO-119**, Grocery Receipts Reporting on Form ST-1 and Form ST-2 Chart. See 86 Ill. Adm. Code **130.310** for more information about what qualifies as "groceries" and 86 Ill. Adm. Code **130.311** for more information about what qualifies as drugs and medical appliances.

Depending on the Illinois location to which the TPP or transfer of TPP incident to a sale of service is shipped or delivered or at which possession is taken by the purchaser, the following additional locally imposed and IDOR-collected taxes may be included in your tax rate:

- NITA tax rate - taxpayers in Cook, DuPage, Kane, Lake, McHenry, and Will counties
- MED tax rate - taxpayers in Madison and St. Clair counties
- Municipal or County Grocery Tax

Local governments may also impose taxes on food and beverages that they administer themselves using a form of their own.

How do I file if I make sales or transfers to more than one location?

A Retailer or Serviceperson Maintaining a Place of Business in this State who incurs Destination-based sales tax rates on retail sales or transfers of TPP incident to sales of service must complete and file Form ST-2 to report sales made to Illinois customers. See **Form ST-1 Instructions** for more information.

For sales subject to Destination-based sales tax rates, if the taxpayer fails to provide the information, schedules, or supporting documents necessary to determine a sale or transfer location, the gross receipts of such sale or transfer will be taxed at the rate of 15%. Taxpayer records must support figures filed on Form ST-1 and Form ST-2. The 15% undetermined location rate may be used during an audit by IDOR for any periods under audit. For more information, see **FY 2026-12**, Destination-based Retailers' Occupation Tax Changes, and **FY 2026-13**, Service Occupation Tax Changes.

When is my return and payment due?

You must file your Form ST-1 and pay any tax, E911 Surcharge, and ITAC Assessment due on or before the 20th day of the month following the end of the reporting period. Due dates that fall on Saturdays, Sundays, and State of Illinois holidays are moved to the next business day.

For most taxpayers, the reporting period is over at the end of the month and the return is due on or before the 20th day of the month following the end of the reporting period.

Some taxpayers qualify to file only four times a year (quarterly). These taxpayers' returns are due on the 20th day of the month following the end of the calendar quarter. Still other taxpayers qualify to file only once a year (annually). These taxpayers' returns are due on the 20th day of January following the end of the calendar year.

Upon registration, you will be required to file either monthly or quarterly. IDOR reviews accounts annually and will notify you if your filing status changes.

Taxpayers whose average tax due on Form ST-1 is at least $20,000 a month must make four tax payments each month and must make them electronically. Payments are due on the 7th, 15th, 22nd, and last day of the month. IDOR will notify you if you meet this requirement. At the time of notification, IDOR will send you information explaining specific filing and payment requirements.

How do I file my return?

You can file returns electronically using MyTax Illinois. MyTax Illinois also allows Form ST-1 filers to file electronically with special attachments, as well as special credits, such as prepaid sales tax credit from Form PST-2, Prepaid Sales Tax Statement of Tax Paid.

Forms ST-1 and ST-2 also can be electronically filed using software you write or that you buy or use from an accepted vendor (third party). Visit **tax.illinois.gov** for a list of vendors that have been approved to electronically submit these forms. These vendors may charge a transaction fee. If you file electronically using your own software, you must first obtain IDOR approval.

For paper forms, mail your return to the address on the form. If no address is available, mail your Form ST-1 to:

ILLINOIS DEPARTMENT OF REVENUE
RETAILERS' OCCUPATION TAX
SPRINGFIELD IL 62736-0001

If you are required to file other tax returns than Form ST-1, do not mail these returns to the same address you use for your Form ST-1. Instead, you can file using MyTax Illinois or mail your other return separately, sending it to the appropriate address on the form. IDOR also provides a list of mailing addresses at **tax.illinois.gov**.

Note: You will be mandated to file Form ST-1 electronically if your annual gross receipts average $20,000 or more. IDOR will notify you by mail if your filing status changes.

Is there an incentive for paying the tax I have collected on time?

Yes. If you file your return and pay the tax on time, you are allowed to take a discount capped at $1,000 per month. You are also allowed to take a discount capped at $1,000 per month of the E911 Surcharge you collected from consumers. The ITAC Assessment discount must be calculated separately and is not subject to the cap.

What if I do not file and pay by the due date?

If you do not file your return and pay tax, E911 Surcharge, and ITAC Assessment due by the due date, you will be assessed for any tax, E911 Surcharge, and ITAC Assessment due (including any portion of the discount for timely filing that IDOR has disallowed) plus penalty and interest. For detailed information about the penalties and interest that may apply, see Publication 103, Penalties and Interest for Illinois Taxes.

Note: IDOR uses the United States Postal Service (USPS) postmark date to determine whether a return and payment have been timely filed on items sent through the U.S. mail to IDOR. Private postage meters are not used to establish the date of receipt. USPS has announced changes to postmarks. For more information, see **FY 2026-17**, Changes to United States Postal Service on Postmarks Could Impact Illinois Tax Filings.

Must I file Form ST-1 even if I have no sales or transfers to Illinois customers to report?

Yes. You must file a processable Form ST-1 for each reporting period regardless of whether there are receipts to report. If you have no receipts to report, you must file a "zero" return.

Can I pay electronically?

You can use MyTax Illinois or ACH Credit to make electronic payments. Taxpayers whose average tax due on Form ST-1 is at least $20,000 annually must make payments electronically. IDOR will notify you by mail prior to August 1 if you are required to make your payments electronically. This notification will further explain the payment requirements and outline the payment options you may use.

What if I collect tax at a higher rate than I am required to collect?

If you do not refund the over-collected tax, E911 Surcharge, or ITAC Assessment to your customer, you will need to report any over-collected tax, E911 Surcharge, and ITAC Assessment on the excess tax and excess surcharge collected line of Form ST-1. If you refund the over-collected tax, E911 Surcharge, and ITAC Assessment after you after you have filed your return, you will need to file Form ST-1-X, Amended Sales and Use Tax and E911 Surcharge Return, to receive your credit.

What if I make a mistake on my return?

If, after you file your Form ST-1, you find you made a mistake that resulted in an overpayment or an underpayment, or you forgot to send any necessary attachments, you must file Form ST-1-X. If you filed Form ST-1 electronically using MyTax Illinois, you can use that system to also file your Form ST-1-X. Otherwise, you must file a paper Form ST-1-X. Forms are available at **tax.illinois.gov**.

For help, visit **tax.illinois.gov** or call weekdays between 8:00 a.m. and 5:00 p.m. at **800-732-8866**, **217-782-3336**, or **800-544-5304** (TTY).

If you have a specific question about an amended return you have already filed, call us at **217-782-5906**.

Where can I find additional information on Destination-based sales tax?

For more information about Destination-based sales tax refer to the following pages, available at **tax.illinois.gov**:

- **Sales & Use Tax Forms**
- **Sales & Use Taxes information page**
- **Out-of-State Sales Resource Page**
- **Destination-based Sales Tax Assistance**
- **Sales and Use Tax Definitions**
- **PIO-125, Determining Physical Presence and Where a Sale is Sourced Help Guide**

Keeping Complete and Accurate Records

What records must I keep about the sales of TPP or services into Illinois I make?

For a complete list of requirements see 86 Ill. Adm. Code Subpart H: Books and Records, Section 130.801-825.

As an Retailer or Serviceperson Maintaining a Place of Business in this State, you must keep

- records of all sales you make;
- documents about inventory changes, shipments, or other transactions;
- accounts receivable records;
- accounts payable records;
- summaries or ledger accounts;
- records or working papers that are used in the preparation of your tax returns; and
- a copy of the tax returns you file.

For Destination-based sales of TPP or service, you must maintain records that include:

- the name and address of the customer to whom the bill was issued,
- the customer name and exact address (street number, street address, city, county, state, zip code) to which the TPP is shipped or delivered or at which possession is taken by the purchaser, and
- documentation to support the location from which the TPP was shipped.

Failure to maintain proper books and records may cause delays in processing your returns and may result in IDOR assessing undetermined location tax of 15% on the gross receipts of such sales, which is subject to penalties and interest. Additional penalties may also be assessed. The 15% undetermined location rate may be used during an audit by IDOR for any periods under audit. For more information, see **FY 2026-12**, Destination-based Retailers' Occupation Tax Changes and **FY 2026-13**, Service Occupation Tax Changes.

These records must distinguish taxable from nontaxable sales. You must keep these records for all sales regardless of whether you believe they are taxable.

What records are required to support a deduction taken on my return for an exempt sale?

In general, in order to support each deduction, your records must include

- the purchaser's name and address;
- the character of each transaction (*e.g.*, a sale for resale or to an exempt organization);
- the date of each transaction;
- the amount of receipts from each transaction; and
- any other information that establishes the nontaxable nature of the transaction.

Information about the most common exemptions and specific record keeping requirements that apply to them as provided in **PIO-101, Illinois Sales & Use Tax Matrix**.

Must I maintain my records on paper?

No. You can also maintain records electronically. Your system must include a method to produce legible and readable records necessary to verify liability. For more information, see 86 Ill. Adm. Code Section 130.805.

How long must I keep records?

In general, you must keep records that document receipts for the reporting period covered by your return for three and one-half years after you have filed an original or amended return.

If IDOR has issued you a Notice of Tax Liability or Final Notice of Tax Due, you must keep records that document receipts for the reporting period for which the notice was issued. Keep these records until the liability has been finalized or discharged.

Are there any other requirements?

Your records must

- be available for inspection by IDOR during normal business hours;
- be kept in the English language;
- be kept within Illinois except in instances where a business has several branches, with the head office being located outside Illinois, and where all books and records have been regularly kept outside the State at such head office; and
- contain information regarding the deductions you claim.

Are there any penalties for failing to keep books and records?

Any person who fails to keep books and records is liable to pay to IDOR a penalty of $1,000 for the first failure to keep books and records and a penalty of $3,000 for each subsequent failure to keep books and records. 86 Ill. Adm. Code 130.801(i). Any person who, or any officer or director of any corporation, partner or member of any partnership, or manager or member of a limited liability company, that fails to keep books and records as required by Section 130.801 is guilty of a Class A misdemeanor.

Contact Information: Visit **tax.illinois.gov** or scan the QR code provided.
For specific phone number and email contacts see our **Contact Us** page.
Call us at **800-732-8866**, **217-782-3336**, or **800-544-5304** (TTY).
Write us at Illinois Department of Revenue, PO Box 19001, Springfield, IL 62794-9001.
Call our 24-hour Forms Order Line at **800-356-6302**.

Sign up for IDOR's email and SMS text subscription service to receive the latest news and updates. Visit **tax.illinois.gov** to learn more.