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Retailer's Overview of Sales and Use Tax, Prepaid Wireless E911 Surcharge, and Illinois Telecommunications Access Corporation (ITAC) Assessment

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 English 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. Visit our website at tax.illinois.gov to view the statutes and rules regarding the various topics covered in this publication for further clarification or more detail. All of the sections and parts referenced can be found in Title 86 of the Code.

About this publication

The focus of this publication is for retailers who file Form ST-1, Sales and Use Tax and E911 Surcharge Return.

Knowing how Illinois Sales and Use Tax laws, the Prepaid Wireless 9-1-1 Surcharge Act, and Illinois Telecommunications Access Corporation (ITAC) Assessment 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 need to collect the proper amount of tax, Prepaid Wireless E911 Surcharge, and ITAC Assessment due and to file returns correctly.

As a retailer, you are responsible for

- collecting the correct amount of sales tax on every taxable sale you make, the E911 Surcharge on transactions of prepaid wireless telecommunications service, and the assessment for ITAC on sales of prepaid wireless telecommunications service;
- properly documenting the tax-exempt sales you make;
- paying use tax on items used by your business if the items were purchased tax-exempt or removed from inventory and not resold;
- filing a completed Form ST-1, Sales and Use Tax and E911 Surcharge Return, either electronically or on paper by the due date, with the Illinois Department of Revenue (IDOR); and
- keeping complete and accurate records for all sales and purchases.

Publications that cover other sales taxes and fees, service occupation tax, and specific sales tax applications are available on our website.

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

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Registering Your Business

Who must register as a retailer?

You must register as a retailer and remit Retailers' Occupation Tax and any applicable local taxes administered by IDOR (sales tax) if you are engaged in the business of selling at retail tangible personal property in Illinois for use and consumption. [35 ILCS 120/2a] You must register as a retailer and collect and remit Use Tax if you are an out-of-state retailer maintaining a place of business in this state. [35 ILCS 105]

You are engaged in the business of selling at retail tangible personal property in Illinois for use and consumption and must remit Retailers' Occupation Tax and any applicable local taxes administered by IDOR if:

- a) you make retail sales from a location in this state to purchasers located in this state;
- b) you are an out-of-state retailer that maintains inventory in this state and fulfills a sale to a purchaser located in this state from that inventory;
- c) you sell items at craft shows, fairs, seminars, and conventions in this state; or
- d) beginning January 1, 2021, you are a remote retailer and either of the following thresholds was met during the preceding four quarterly periods ending on the last day of March, June, September, and December:

- 1) The cumulative gross receipts from sales of tangible personal property by you to purchasers in Illinois was \$100,000 or more; or
- 2) you entered into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois. [35 ILCS 120/2(b)]

You are a "remote retailer" if you do not 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 is located here permanently or temporarily or whether you or your subsidiary is licensed to do business in this State. [35 ILCS 120/1]

- e) beginning January 1, 2021, you are a marketplace facilitator and either of the following thresholds was met for the preceding four calendar quarters:
 - 1) The cumulative gross receipts from sales of tangible personal property to purchasers in Illinois made through the marketplace by you and by sellers on the marketplace were \$100,000 or more; or
 - 2) you and marketplace sellers selling through the marketplace cumulatively entered into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois. [35 ILCS 120/2(c)]

A marketplace facilitator that meets either of these thresholds is considered a retailer engaged in the occupation of selling at retail in Illinois and is liable for all applicable state and local retailers' occupation

taxes administered by IDOR on all sales to Illinois purchasers made over the marketplace, including its own sales and sales made over the marketplace on behalf of marketplace sellers.

You are an out-of-state retailer maintaining a place of business in this state and must register and collect and remit Use Tax if

- a) 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;
- b) 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 tangible personal property 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. The provisions of this paragraph apply only if the cumulative gross receipts from sales of tangible personal property by you to customers who are referred to you by all persons in this state under such contracts exceed \$10,000 during the preceding four quarterly calendar ending on the last day of March, June, September, and December;
- c) you have contract with a person located in this State under which:
 - 1) you sell the same or substantially similar line of products 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
 - 2) you provide a commission or other consideration to the person located in this state based upon the sale of tangible personal property by you.

The provisions of this paragraph apply only if the cumulative gross receipts from sales of tangible personal property 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.
- d) you made sales of tangible personal property to purchasers in Illinois from outside of Illinois and met either of the following thresholds during the preceding four quarterly periods ending on the last day of March, June, September, and December:

- 1) the cumulative gross receipts from sales of tangible personal property by you to purchasers in Illinois were \$100,000 or more; or
- 2) you entered into 200 or more separate transactions for the sale of tangible personal property to purchasers in this state. 86 Ill. Adm. Code 150.803.

After December 31, 2020, this paragraph will be no longer applicable. Effective January 1, 2021, you must determine whether you are required to register as a remote retailer and remit Retailers Occupation Tax and any local retailers' occupation taxes administered by IDOR.

- e) beginning on January 1, 2020, through December 31, 2020, you are a marketplace facilitator and met either of the following thresholds during the preceding four quarterly periods ending on the last day of March, June, September, and December:
 - 1) the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois by you as a marketplace facilitator and by marketplace sellers selling through your marketplace were \$100,000 or more; or
 - 2) you as a marketplace facilitator and marketplace sellers selling through the marketplace cumulatively entered into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois. [35 ILCS 105/2d]

After December 31, 2020, this paragraph will be no longer applicable. Effective January 1, 2021, you must determine whether you are required to register as a marketplace facilitator and remit Retailers Occupation Tax. [35 ILCS 120/2(c)]

The following definitions are applicable for the purpose of determining if you are required to register to remit Retailers' Occupation Tax or collect and remit Use Tax.

"Marketplace" means a physical or electronic place, forum, platform, application, or other method by which a marketplace seller sells or offers to sell items.

"Marketplace facilitator" means a person who, pursuant to an agreement with an unrelated third-party marketplace seller, directly or indirectly through one or more affiliates facilitates a retail sale by an unrelated third-party marketplace seller by:

- a) listing or advertising for sale by the marketplace seller in a marketplace, tangible personal property that is subject to tax under this Act; and
- b) either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace seller regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.

"Marketplace seller" means a person that makes sales through a marketplace operated by an unrelated third-party marketplace facilitator. For purposes of determining whether you are a "marketplace seller" after January 1, 2021, a person that is an affiliate of a marketplace facilitator is not a marketplace seller.

Under what circumstances would I be registered as a reseller?

You will be registered as a reseller, rather than a retailer, if all of your sales of tangible personal property are nontaxable (*i.e.*, all sales are for resale).

How do I register?

Register with IDOR electronically using [MyTax Illinois](#):

- If you do not have a MyTax Illinois account, click on "Registration," and then "Register a New Business" and complete Form REG-1, Illinois Business Registration Application. After you receive an email that your application has been processed, allow one business day before signing up for a MyTax Illinois account. To create a MyTax Illinois account, return to MyTax Illinois, click the "Sign up Now" button, and then submit the requested information.
- If you are a Corporation, S-Corp, Partnership, or LLC organization type and are registered for other tax accounts, and have a MyTax Illinois account, you can register for new tax types by simply logging into your existing MyTax Illinois account and clicking on 'Register for New Tax Accounts' to complete registration.
- Sole proprietorships can only register for new tax accounts by clicking on "Registration," and then "Register a New Business" and complete Form REG-1, Illinois Business Registration Application.

Complete and sign Form REG-1, Illinois Business Registration Application, and mail or fax it to:

**CENTRAL REGISTRATION DIVISION 3-222
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19030
SPRINGFIELD IL 62794-9030
Fax: 217 785-6013**

How will I know that I have successfully registered?

We will send you a Certificate of Registration. This certificate allows you to engage in the business of selling tangible personal property. It displays your Illinois Account ID, business name, address, effective date, the tax for which you are registered, and the date the certificate will expire.

You must display your certificate in the place of business for which it was issued and where it can be easily viewed by the public.

If you are in the business of operating vending machines, we will issue a vending machine decal (sub-certificate of registration) for each vending machine you own, based on the number you provided in your registration.

What if my business has more than one location?

If your company sells merchandise at more than one location, we will supply a certificate of registration for each location you list on your registration application. We will print the individual location address on each certificate so that you can display the appropriate certificate in the place of business for which it was issued.

What if I change the location of my business?

If you change the location of your business, you can update your registered locations using [MyTax Illinois](#) with the maintain locations request. It is important for you to keep this information up to date to ensure you are filing using the correct tax rate. This is also important to IDOR to ensure that we allocate the tax you collected to the proper jurisdiction.

Will I need to renew my certificate?

If you are registered as a retailer and are required to file sales tax returns, your certificate of registration will expire after one year. Unless we notify you otherwise, we will renew your certificate of registration automatically.

If you are registered as a reseller, you must reapply every three years. We will send you a renewal packet that you must return before we send you a new certificate.

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 our Central Registration Division to request a new certificate.

What if I discontinue my business or one of my locations or change my business structure?

If you discontinue your business or one of your locations, you must update your registration information with IDOR. In addition, you must destroy all certificates related to that business. If you discontinue one of your locations, you must destroy the certificate for that location.

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, and
- register the new business entity by completing a new Form REG-1, Illinois Business Registration Application.

Note: Certificates of Registration 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 our Central Registration Division so that we can update our records. It is important that you update your registration information with us when you go out of business or discontinue a location.

If, outside your usual course of business, you sell or transfer

- the major part of the stock of goods that you are in the business of selling,
- the furniture or fixtures of your business,
- the machinery and equipment of your business, or
- the real property of your business,

you (or the purchaser or transferee) must complete and file Form CBS-1, Notice of Sale, Purchase, or Transfer of Business Assets. Form CBS-1 must be filed no later than ten (10) days after the sale or transfer.

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, and cease 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](#).

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 also can call our Central Registration Division at 217 785-3707.

Are there other types of taxes or fees for which I may need to register?

If you are registering as a retailer, you will not need to file a separate registration application for other taxes and fees; however, you may need to complete additional information on Form REG-1 depending on the nature and location of your business. Additional information is required for the sales-related taxes and fees listed here:

Automobile Renting Occupation and Use Tax (ART)

You must be registered for this tax if you are in the business of renting automobiles for a period of one year or less. See Publication 114, Automobile Renting Occupation and Use Tax, for more information. Taxpayers registered for ART file Form ART-1, Automobile Renting Occupation and Use Tax Return.

County Motor Fuel Tax (CMFT)

You must be registered for this tax if you sell motor fuel at retail within a county that has imposed a tax on such sales within that county. See Publication 115, County Motor Fuel Tax, for more information. Taxpayers registered for CMFT file Form CMFT-1, County Motor Fuel Tax Return.

Municipal Motor Fuel Tax (MMFT)

You must be registered for this tax if you sell motor fuel at retail within a municipality within Cook County that has imposed a tax on such sales. See FY 2020-21, New Municipal Motor Fuel Tax Allowed to be Imposed by Municipalities Located in Cook County, for more information. Taxpayers registered for MMFT file Form MMFT-1, Municipal Motor Fuel Tax Return.

Chicago Home Rule Municipal Soft Drink Retailers' Occupation Tax

You must be registered for this tax if you sell canned or bottled (not fountain) soft drinks at retail in the city of Chicago. See Publication 116, Chicago Soft Drink Tax, for more information. Taxpayers registered for the Chicago Home Rule Municipal Soft Drink Retailers' Occupation Tax file Form ST-14, Chicago Soft Drink Tax Return.

Metropolitan Pier and Exposition Authority Food and Beverage Tax (MPEA)

You must be registered for this tax if you sell prepared food and beverages and you are located within the boundaries of the Metropolitan Pier and Exposition Authority (MPEA). See Publication 117, MPEA Food and Beverage Tax, for more information. Taxpayers registered for the MPEA Food and Beverage Tax file Form ST-4, Metropolitan Pier and Exposition Authority Food and Beverage Tax Return.

Prepaid Sales Tax (PST)

You must be registered for this tax if you sell motor fuel in Illinois to retailers. Taxpayers registered for PST file Form PST-1, Prepaid Sales Tax Return.

Tire User Fee

You must be registered for this fee if you sell or deliver tires in Illinois at retail. See Publication 118, Tire User Fee, for more information. Taxpayers registered for the Tire User Fee file Form ST-8, Tire User Fee.

Note: Effective January 1, 2015, leasing companies must file Form LSE-1, Tax Return for Leasing Companies, if they offer for lease for a period of longer than one year a qualifying motor vehicle, titled or registered in Illinois, and under this lease, the customer paid additional taxable amounts that were not included in the original selling price of the motor vehicle at the start of the lease. Qualifying motor vehicles are:

- all first division motor vehicles, including motorcycles; and
- the following second division motor vehicles:
 - those with a gross vehicle weight rating of 8,000 pounds or less;
 - those of a van configuration designed to transport not less than seven or more than 16 passengers; and
 - those which are self-contained and designed or permanently converted to provide living quarters for recreational, camping, or travel use and have direct walk-through access to the living quarters from the driver's seat.

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

When you tell us that you sell items that must be titled and/or registered (for example, vehicles, watercraft, aircraft, trailers, mobile homes, and ATVs), you will be required to file an additional return for each of these sales — Form ST-556, Sales Tax Transaction Return. Effective January 1, 2015, items sold for lease that must be titled and/or registered are reported on Form ST-556-LSE, Transaction Return for Leases.

Retailers that report transactions on Form ST-556-LSE and Form ST-556 also must file Form ST-1.

Requirements for Retailers Who File Form ST-1

On what sales must I collect and pay Sales and Use Tax?

As a retailer, you must collect and pay tax on all receipts from sales you make of tangible personal property for use or consumption 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 Sales and Use Tax?

Listed below are some of the most common sales that are exempt from Sales and Use 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; and
- newspapers and magazines

For more information, see Publication 104, Common Sales Tax Exemptions.

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

Generally, it is the location of your Illinois business from which you make sales, or, if you are a multiple location filer, the location from which the sale is made determines the rate of tax. The rate of sales tax that applies to retail sales made within Illinois varies based on the location of the sale.

Out-of-state retailers maintaining a place of business in Illinois collect and remit use tax on tangible personal property sold at retail and shipped from an out-of-state location. Illinois imposes a State Use Tax at the rate of 6.25 percent (.0625) for general merchandise and 1 percent (.01) for qualifying food, drugs, and medical appliances. If an out-of-state retailer maintaining a place of business in Illinois ships a product from an Illinois location (warehouse, distribution center, etc.), the transaction is subject to Retailers' Occupation Tax and any local occupation taxes administered by IDOR rather than use tax, and the rate of Retailers' Occupation Tax and any local occupation taxes are determined based on the location the product is shipped from.

Beginning January 1, 2021,

- a) remote retailers meeting either of the thresholds are required to remit Retailers' Occupation Tax and any local occupation taxes administered by IDOR in effect

at the location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser;

- b) marketplace facilitators meeting either of the thresholds are required to remit Retailers' Occupation Tax and any local occupation taxes administered by IDOR on all sales made on the marketplace on behalf of marketplace sellers, including Illinois brick and mortar marketplace sellers, in effect at the location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser;
- c) marketplace facilitators meeting either of the thresholds making sales on their own behalf from inventory located in Illinois are required to remit Retailers' Occupation Tax and any local occupation taxes administered by IDOR in effect at the location of the inventory from which the tangible personal property was shipped;
- d) marketplace facilitators meeting either of the thresholds making sales on their own behalf from inventory located outside of the state are required to remit Retailers' Occupation Tax and any local occupation taxes administered by IDOR in effect at the location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser;
- e) out-of-state retailers maintaining a place of business in Illinois that ship products from inventory located in Illinois are required to remit Retailers' Occupation Tax and any local occupation taxes administered by IDOR in effect at the location of the inventory from which the tangible personal property was shipped; and
- f) Illinois brick and mortar retailers making sales outside of the marketplace from an Illinois location are required to remit Retailers' Occupation Tax and any local occupation taxes administered by IDOR in effect at the location at which the sales are made.

How do I know what rate to charge?

Taxpayers electronically filing Form ST-1, Sales and Use Tax and E911 Surcharge Return, using [MyTax Illinois](#) will have the rates populated for them based on the addresses where they make retail sales.

If you receive a paper return, the rate will be preprinted, and if you make taxable sales from more than one location, the rate for each location will be printed on your Form ST-2, Multiple Site Form.

If the rate is not shown, refer to the **Tax Rate Database** at tax.illinois.gov to verify your rate; call us at **1 800 732-8866** or **217 782-3336**; or call the TDD-telecommunications device for the deaf at **1 800 544-5304**.

What taxes are included in the tax rate?

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

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

See 86 Ill. Adm. Code Sections 130.310 and 130.311 for more information about what qualifies as food, drugs, and medical appliances.

Depending on the location of your business, the following additional locally imposed and IDOR-collected taxes may be included in your tax rate:

- Regional Transportation Authority (RTA) tax rate - taxpayers in Cook, DuPage, Kane, Lake, McHenry, and Will counties
- Metro-East Mass Transit District (MED) tax rate - taxpayers in Madison and St. Clair counties
- DuPage County Water Commission (CWCT) tax rate - certain taxpayers in Cook, DuPage, and Will counties
 - CWCT applies to general merchandise only (Expired May 31, 2016).
- Home-rule, non-home rule, County School Facility, County Public Safety/Public Facilities/Transportation Sales Tax, Metro-East, Park and Recreation District Tax rate - taxpayers within certain units of government.
 - Home-rule, non-home-rule, County School Facility/County Public Safety/Public Facilities/Mental Health/Substance Abuse/Transportation Sales Tax, and Metro-East Park and Recreation District taxes do not apply to the sales of food, drugs, and medical appliances or items that must be titled and/or registered.

Local governments may also impose taxes on either general merchandise or food, drugs, and medical appliances that they administer themselves using a form of their own.

What taxes are not included in the taxable selling price when determining sales and use tax?

You should not include in the selling price subject to sales tax any tax reported and paid on Form CMFT-1 under the County Motor Fuel Tax Law (55 ILCS 5/5-1035.1) for motor fuel sold in DuPage, Kane, Lake, McHenry, or Will County and tax reported and paid on Form MMFT-1 under the Municipal Motor Fuel Tax Law (65 ILCS 5/8-11-2.3) for motor fuel sold in a municipality in Cook County.

Where can I get a list of sales tax rates?

For a complete list of all sales tax rates, go to the Tax Rate Database at tax.illinois.gov.

What is Illinois Use Tax?

Use tax is a form of sales tax designed to distribute the tax burden fairly among consumers and ensure fair competition between in-state and out-of-state businesses.

When does an Illinois retailer owe use tax on its purchases and how is it reported?

For Form ST-1 filers, Illinois law requires you to pay Illinois Use Tax on purchases you made for use or consumption in Illinois and on which you did not pay Illinois Retailers' Occupation Tax (sales or use tax) to the seller. You must report use tax on your Form ST-1.

Businesses that purchase items tax free for use or consumption in Illinois should pay use tax using the Form ST-1 that has a reporting period corresponding to the purchase date of the items for which use tax is due.

Businesses that purchase items tax free for resale and later remove these items from inventory for use or consumption in Illinois should pay use tax using the Form ST-1 that has a reporting period corresponding to the date the item was removed from inventory. The Illinois Use Tax rate is 6.25 (.0625) percent for general merchandise and 1 percent (.01) for food, drugs, and medical appliances. If you paid the correct tax to another state but the tax you paid is lower than the Illinois rate, you must pay us the difference.

What is the Prepaid Wireless E911 Surcharge?

If you make retail sales of prepaid wireless telecommunications service, you must collect and remit the Prepaid Wireless E911 Surcharge unless the sales are exempt from the E911 Surcharge by law. This charge is imposed on the consumer and you the retailer must collect and remit the surcharge. The Prepaid Wireless E911 Surcharge became effective January 1, 2012.

What is prepaid wireless telecommunications service?

Prepaid wireless telecommunications service is a service that is paid for 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.

When must I collect and pay the surcharge and how is it reported?

You are required to collect and remit the E911 Surcharge only on the portion of the receipt that is from the retail transaction of prepaid wireless telecommunications service. Receipts from sales of other tangible personal property 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. You must report the E911 Surcharge on Form ST-1 for each reporting period when a retail transaction of prepaid wireless telecommunications service takes place.

What E911 Surcharge rate will I collect?

The E911 rate can be found in the Tax Rate Database on our website at tax.illinois.gov under "Other Miscellaneous Taxes, Fees, and Surcharges"

How am I notified of E911 Surcharge rate changes?

IDOR posts E911 Surcharge rate changes on our website at tax.illinois.gov no later than 30 days in advance of the effective date of the change.

What is the ITAC Assessment?

The ITAC Assessment is a competitively neutral amount (as established by the Illinois Commerce Commission) charged or assessed to subscribers of wireless telecommunications service and Interconnected VoIP service, as well as consumers of prepaid wireless telecommunications service. The ITAC Assessment allows the Commission to administer its program to assist persons having a hearing or speech disability to communicate with persons of normal hearing.

When must I collect and pay the ITAC Assessment and how is it reported?

Retailers must collect the ITAC Assessment when making sales at retail of prepaid wireless telecommunications service. Retailers of prepaid wireless telecommunications service shall collect and remit the ITAC Assessment to IDOR in the same manner in which they collect and remit the Prepaid Wireless E911 Surcharge. The ITAC Assessment also is reported with the Prepaid Wireless E911 Surcharge on Schedule B of Form ST-1.

What ITAC Assessment rate will I collect?

The ITAC Assessment rate for can be found in the Tax Rate Database on our website at tax.illinois.gov under "Other Miscellaneous Taxes, Fees, and Surcharges."

How am I notified of ITAC Assessment rate changes?

IDOR posts ITAC Assessment rate changes on our website at tax.illinois.gov no later than 30 days in advance of the effective date of the change.

What form must I use to report Sales and Use Tax, E911 Surcharge, and ITAC Assessment?

All retailers must file Form ST-1, Sales and Use Tax and E911 Surcharge Return, for each reporting period and pay the tax, E911 Surcharge, and ITAC Assessment collected from retail sales made and any use tax owed for purchases made. If you are registered as a reseller, you are not required to file Form ST-1.

How do I file if I have more than one location?

If you make retail sales from more than one location, you will be registered as a multiple location filer. You must complete and file Form ST-2, Multiple Site Form, to report specific tax information for each location. If you are registered as a direct pay filer, you must complete and file Form ST-2-DP, Direct Pay Multiple Site Form. If you are registered as a temporary storage filer, you must complete and file Form ST-2-TS, Temporary Storage Multiple Site Form.

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

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

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. We review 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. We will notify you if you meet this requirement. At the time of notification, we will send you information explaining specific filing requirements.

Is there an incentive for paying the Sales and Use Tax, E911 Surcharge, and ITAC Assessment I have collected on time?

Yes. If you file your return and pay the tax on time, you are allowed to take a discount of 1.75 percent (.0175) of the tax you collected on receipts from sales of tangible personal property.

If you file your return and pay the E911 Surcharge and ITAC Assessment on time, you are allowed to take a 3 percent (.03) discount of the E911 Surcharge and ITAC Assessment you collected from consumers.

How do I file my return?

You can file Sales and Use Tax returns electronically using [MyTax Illinois](#). MyTax Illinois allows taxpayers to file Forms ST-1, ART-1, CMFT-1, MMFT-1, PST-1, ST-4, ST-8, ST-14, ST-556, ST-556-LSE, ST-70, and LSE-1. MyTax Illinois also allows Form ST-1 filers to file electronically with special attachments, such as Schedules ST-2-DP, Direct Pay Multiple Site Form, and ST-2-TS, Expanded Temporary Storage Multiple Site Form, 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 our website at 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 electronically file 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 62796-0001**

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. We also provide a list of mailing addresses on our website at tax.illinois.gov.

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 we have 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: We use the U.S. Postal Service 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.

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. We will notify you by mail prior to August 1 if you are required to make your payments electronically. At the time of notification, we will send you information explaining specific payment requirements. This notification will further explain the requirements and outline the payment options you may use.

What if I collect tax, E911 Surcharge, or ITAC Assessment 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 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 a.m. and 5 p.m. at **1 800 732-8866** or **217 782-3336**. The number for our TDD (telecommunications device for the deaf) is **1 800 544-5304**.

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

Keeping Complete and Accurate Records

What records must I keep?

As a retailer, you must keep

- records of all sales and purchases 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.

What records must I keep about the sales and purchases I make?

At minimum, you must keep

- the cash register tapes and other data that provide a daily record of the gross amount of sales;
- a record of the merchandise purchased, such as the vendor's invoices or purchase orders; and
- a yearly inventory of the value of the stock on hand.

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 is provided in Publication 104, Common Sales Tax Exemptions.

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?

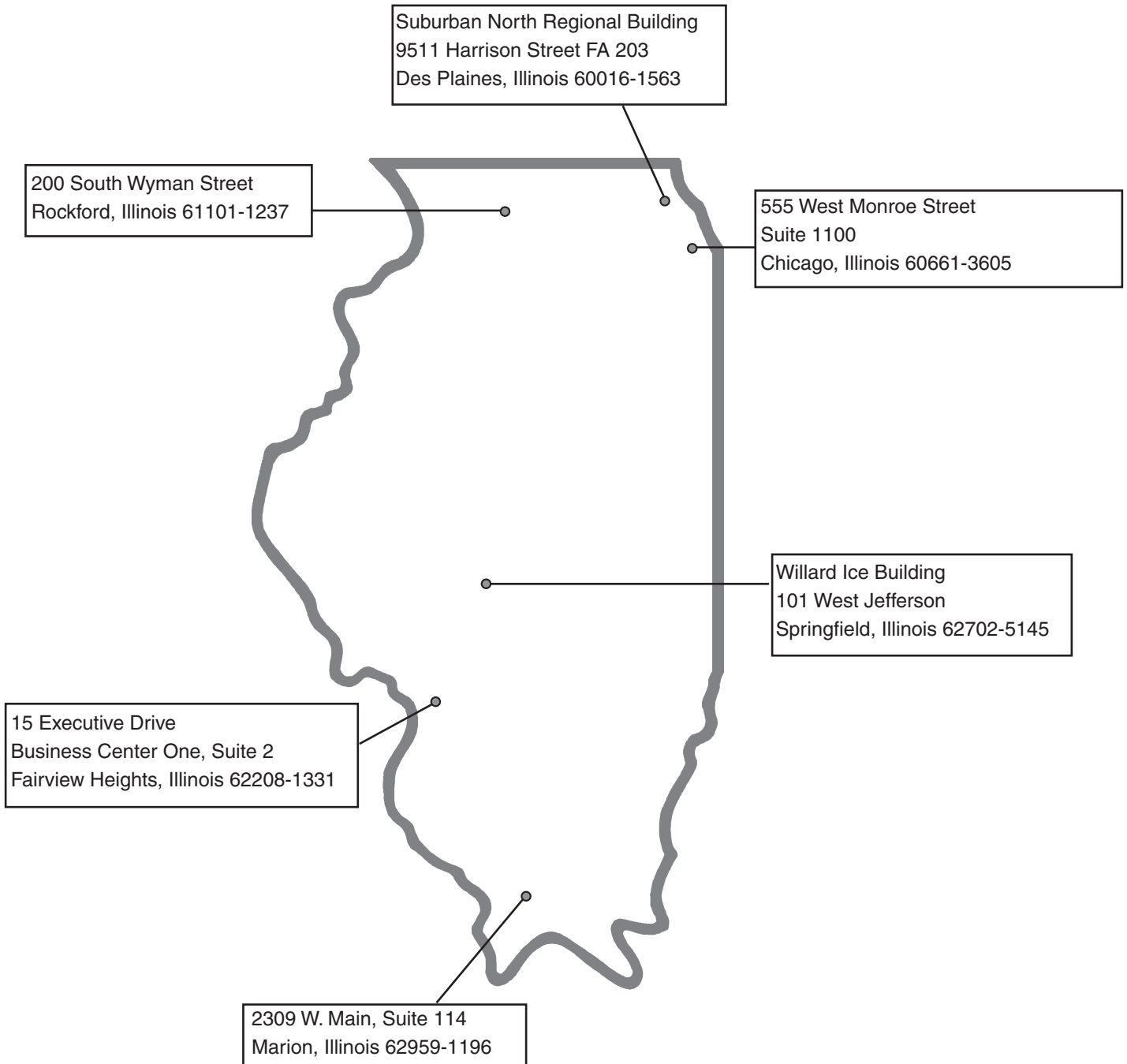
Your records must

- be available for inspection by IDOR during normal business hours;
- be kept in the English language;
- be kept in Illinois unless you have received written permission from us to keep them in another location; 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.

Office Locations



Contact Information

Visit our website at tax.illinois.gov. For specific phone number and email contacts see our [Contact Us](#) page.

Call us at **1 800 732-8866** or **217 782-3336**.

Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**.

Write us at Illinois Department of Revenue, PO Box 19001, Springfield, IL 62794-9001.

Call our 24-hour Forms Order Line at **1 800 356-6302**.