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Chicago Soft Drink Tax

About this publication

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

As a retailer of canned or bottled soft drinks in Chicago, you are responsible for

- collecting the correct amount of tax on every applicable soft drink sale you make,
- properly documenting the tax-exempt sales you make,
- sending a payment for the tax owed along with your properly completed Form ST-14, Chicago Soft Drink Tax Return, by the due date, to the Illinois Department of Revenue (IDOR), and
- keeping complete and accurate books and records for all soft drink sales.

For additional information related to these topics see IDOR's statutes and regulations available on the Illinois General Assembly website at ilga.gov.

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

For information or forms, visit IDOR's website at: tax.illinois.gov

Contents

Legal Reference 3

Overview 3

 Tax Rate 3

Registration Information

 If I am just starting my business, what do I do to register? 4

 How do I activate a MyTax Illinois logon? 4

 How will I know that I have successfully registered? 4

 If I am registered as a retailer but will sell soft drinks in Chicago, what do I need to do? . . . 5

 Are there any different registration requirements if I am a marketplace facilitator? 5

 What if I change the location of my business? 5

 What if I discontinue my business or one of my locations or
 change my business structure? 5

 Who do I contact if I have questions about registration? 5

General Information

 What transactions are exempt from this tax? 6

 How do I show this tax on my retail receipts? 6

 Who pays tax on soft drinks sold in vending machines? 6

 Do I owe Chicago Soft Drink Tax on fountain drinks? 6

 What are the tax remittance thresholds for remote retailers and marketplace
 facilitators under the Leveling the Playing Field for Illinois Retail Act? 6

 How does the Leveling the Playing Field for Illinois Retail Act affect
 out-of-state retailers that sell soft drinks? 6

 How does the Leveling the Playing Field for Illinois Retail Act affect
 soft drink sales through a marketplace? 6

 What are a marketplace facilitator’s Chicago Soft Drink Tax responsibilities? 7

 Where can I find more information on the Leveling the Playing Field
 for Illinois Retail Act, remote retailers, and marketplace facilitators? 7

 What books and records must I keep? 7

Forms and Filing Information

 What form must I use to report the Chicago Soft Drink Tax? 8

 How do I report the Chicago Soft Drink Tax if I have more than one location? 8

 How do I file my Form ST-14? 8

 Must I file Form ST-14 if I have no sales to report? 8

 When is my return and tax payment due? 8

 Is there an incentive for paying the tax I owe on time? 8

 What if I do not file and pay by the due date? 9

 What if I make a mistake on my Form ST-14? 9

Legal References

Statutory

Statutory - 65 ILCS 5/8-11-6b

Regulation - 86 Ill. Adm. Code 131.107(c)(1)(B)

Overview

The Chicago Home Rule Municipal Soft Drink Occupation Tax is imposed on retailers of canned or bottled soft drinks in the city of Chicago including

- in-state retailers located in the city of Chicago;
- out-of-state retailers with selling activity in the city of Chicago (i.e. physical presence, see, e.g., 86 Ill. Adm. Code 270.115) OR with sales of inventory located in the city of Chicago;
- remote retailers without physical presence or inventory in Illinois who meet a tax remittance threshold and make sales to purchasers in the city of Chicago;
- marketplace facilitators whose marketplace meets a tax remittance threshold and who make sales over the marketplace to purchasers in the city of Chicago on behalf of marketplace sellers; and
- marketplace facilitator's own sales when:
 - ▶ they are making sales fulfilled from inventory located in Chicago, or the selling activities otherwise occur in Chicago or
 - ▶ they meet a tax remittance threshold, the selling activity is conducted outside Illinois, and they are shipping a soft drink to an address located in the city of Chicago.

"Soft drinks" include (but are not limited to):

- soda;
- sport or energy drink;
- sweetened tea;
- waters containing natural or artificial sweeteners;
- beverages containing 50 percent or less fruit or vegetable juice; and
- all other preparations commonly known as soft drinks.

The following list includes examples of drinks that are not included in the definition of soft drinks:

- fountain drinks;
- unsweetened teas;
- coffee;
- beverages containing milk or milk products;
- infant formula;
- soy, rice, or similar milk substitutes;
- drinks containing greater than 50 percent of natural fruit or vegetable juice;
- carbonated or uncarbonated water that contains no sweeteners;
- nonalcoholic drink mixes; and
- soft drinks when mixed and sold in an alcoholic drink.

A retailer of canned or bottled soft drinks in Chicago is responsible for:

- collecting the correct amount of tax on every applicable soft drink sale they make;
- properly documenting the tax-exempt sales they make;
- sending a payment for the tax owed along with a properly completed Form ST-14, Chicago Soft Drink Tax Return, by the due date, to IDOR; and
- keeping complete and accurate books and records for all soft drink sales.

Tax Rate

The tax rate is 3 percent (.03) of the gross receipts of soft drinks sold at retail in Chicago. Use the [Tax Rate Finder](#) to look up this and other applicable tax rates.

Registering Your Business

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

For additional information about registering with IDOR and for registration forms, such as the Form REG-1, Illinois Business Registration Application, visit the [registration section of our website](#).

Note: When completing Form REG-1, Illinois Business Registration Application, ensure that you check the box labeled “Chicago Soft Drink Tax” when registering in MyTax Illinois or “Soft drinks (other than fountain soft drinks)” in Chicago” when registering by mail or fax using the Form REG-1 found on our website.

For detailed information about registering your account, see Publication 113, Retailer’s Overview of Sales and Use Tax, Prepaid Wireless E911 Surcharge, and Illinois Telecommunications Access Corporation (ITAC) Assessment.

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 business, 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)
- Account Activity validation

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 the ST-14 or other 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, the Illinois Business Registration Application, on the MyTax Illinois home screen.

How will I know that I have successfully registered?

We will issue you a Certificate of Registration (Certificate) when you register for the Retailers’ Occupation Tax (“sales tax”) and Use tax. You are required to have this Certificate if you engage in the business of selling tangible personal property. The Certificate lists your Sales and Use Tax Account ID, your business name, address, the effective date, the tax for which you are registered, and the date the Certificate will expire. You will not receive a separate Certificate of Registration for your ST-14 account registration.

MyTax Illinois is the primary method you should use to obtain and print or download a copy of your Certificate of Registration. From your MyTax Illinois logon, the Certificate of Registration 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. If you are unable to print or download a copy of your business’s Certificate of Registration, you can also contact our Central Registration Division by email at rev.crd@illinois.gov or phone at 217 785-3707 to request a paper copy be mailed to you.

If I am registered as a retailer and will sell soft drinks in Chicago, what do I need to do?

You can use MyTax Illinois to add new tax registrations. After logging in to MyTax Illinois, choose “More...,” and then under the “Registration Information” panel, select “Register for New Tax Accounts.”

Note: Sole proprietorships can only register for new tax accounts by selecting “Register a New Business (Form REG-1)” and completing Form REG-1, the Illinois Business Registration Application.

Otherwise, you can complete an updated paper Form REG-1 and REG-1-L, Illinois Business Site Location Information, available on our website at tax.illinois.gov and submit it via email, fax, or mail.

Are there any different registration requirements if I am a marketplace facilitator?

Marketplace facilitators must register for separate Chicago Soft Drink Tax accounts, one to report sales they make on behalf of marketplace sellers (marketplace facilitator account) and the other to report their own sales. Marketplace facilitators must check the marketplace facilitator checkbox on Form REG-1 when registering their facilitator account. When registering by mail or fax, marketplace facilitators must also attach [Schedule REG-1-MKP, Marketplace Facilitator Information](#), to your Form REG-1.

What if I change the location of my business?

If you change the location of your business or, if you are a multiple location filer and one of your locations changes, you can update your registered locations on your ST-1 account using MyTax Illinois. 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.

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

If you change the structure of your business (for example, changing from a sole proprietor 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, register a new one, and to maintain your existing locations on your ST-1 account. You can also contact our Central Registration Division or send us a completed paper [registration form](#) depending on the change or update needed.

You must complete and file **Form CBS-1**, Notice of Sale, Purchase, or Transfer of Business Assets, 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.

Form CBS-1 must be filed with IDOR at least ten (10) days prior to the sale date or it will not be processed. See **86 Ill. Adm Code 130.1701** for more information.

Who do I contact if I have questions about registration?

For registration questions, see our Taxpayer Answer Center, available on our website at tax.illinois.gov. If you cannot find an answer, you can email IDOR from the Taxpayer Answer Center. You also can email our Central Registration Division at rev.crd@illinois.gov or call us at **217 785-3707**.

General Information

What transactions are exempt from this tax?

The same transactions that are exempt from sales tax (Illinois Retailers' Occupation Tax) are also exempt from this tax.

How do I show this tax on my retail receipts?

You may either separately state this tax or state this tax in combination with other taxes on the receipts you give your customers.

Who pays tax on soft drinks sold in vending machines?

The owner of the soft drinks in the vending machine is liable for the tax.

Do I owe Chicago Soft Drink Tax on fountain drinks?

No. Fountain drinks (drinks that are prepared by mixing a syrup or concentrate with water) are not subject to this tax and are not reported on Form ST-14.

Note: The city of Chicago does administer a separate tax on fountain soft drinks. That tax must be paid directly to the Chicago Department of Revenue.

What are the tax remittance thresholds for remote retailers and marketplace facilitators under the Leveling the Playing Field for Illinois Retail Act?

The tax remittance thresholds are

- \$100,000 or more in cumulative gross receipts from sales of tangible personal property to purchasers in Illinois; or
- 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois.

How does the Leveling the Playing Field for Illinois Retail Act affect out-of-state retailers that sell soft drinks?

The Leveling the Playing Field for Illinois Retail Act did not change the tax remittance requirements for out-of-state retailers with physical presence or with inventory in Chicago. Those retailers are still required to collect and remit the Chicago Soft Drink Tax on sales of canned or bottled soft drinks in the city of Chicago.

The Leveling the Playing Field for Illinois Retail Act did change the tax remittance requirements for certain out-of-state retailers without physical presence or without inventory in Illinois. These retailers, also known as remote retailers, who meet the threshold above must collect and remit the Chicago Soft Drink Tax for sales of canned or bottled soft drinks made to Chicago purchasers.

How does the Leveling the Playing Field for Illinois Retail Act affect soft drink sales through a marketplace?

A marketplace facilitator, whose marketplace meets the threshold above, is responsible for collecting and remitting Chicago Soft Drink Tax on behalf of their marketplace sellers for canned or bottled soft drink sales made through the marketplace to Chicago purchasers. The marketplace facilitator must certify to all of their marketplace sellers that they are assuming the rights and duties as the retailer with respect to sales made by the sellers over the marketplace.

If a marketplace does not meet the threshold above, the marketplace sellers are responsible for collecting and remitting the Chicago Soft Drink Tax on soft drink sales through that marketplace in certain circumstances. Illinois (in-state) retailers must collect and remit the Chicago Soft Drink Tax if the Illinois location at which a sale occurs is within the city of Chicago.

Out-of-state retailers must collect and remit the Chicago Soft Drink Tax if they:

- have physical presence in the city of Chicago and are making soft drink sales that are conducted, shipped, or finalized in Chicago; or
- do not have physical presence in Illinois but meet the threshold above and are shipping a soft drink to an address located in the city of Chicago.

Likewise, affiliates of marketplace facilitators, whether the marketplace meets the threshold above or not, are

required to collect and remit the soft drink tax on their own behalf for applicable soft drink sales made over the marketplace. Affiliates must determine what type of retailer they are (see bullets directly above) to determine whether they must collect and remit the Chicago Soft Drink Tax.

Marketplace facilitators and marketplace sellers must have an agreement or contract that explains the responsibilities of both parties. IDOR encourages marketplace sellers to contact their marketplace facilitator with questions about their agreement.

What are a marketplace facilitator's Chicago Soft Drink Tax responsibilities?

Marketplace facilitators, whose marketplace meets the tax remittance threshold above, are responsible for collecting and remitting the Chicago Home Rule Municipal Soft Drink Retailers' Occupation Tax on behalf of marketplace sellers for all sales of soft drinks made through the marketplace and delivered to purchasers within the city of Chicago. In other words, if a marketplace facilitator meets the threshold above, they **must** collect the applicable Chicago Soft Drink Tax on behalf of their marketplace sellers and remit them to IDOR.

In addition, if a marketplace facilitator sells its own soft drinks, whether made through the marketplace or not, their soft drink sales may be subject to the Chicago Soft Drink Tax. They must collect and remit Chicago Soft Drink Tax on their own sales of soft drinks if:

- they are an Illinois (in-state) retailer and the sale occurs within the city of Chicago;
- they are an out-of-state retailer with physical presence in the city of Chicago and are making soft drink sales that are conducted, shipped, or finalized in Chicago; or
- they are an out-of-state retailer without physical presence in Illinois but meet the threshold above and are shipping a soft drink to an address located in the city of Chicago.

A marketplace facilitator must register for their sales on behalf of marketplace sellers (marketplace facilitator soft drink account) separately from their own soft drink sales account. Likewise, a marketplace facilitator must file separate Forms ST-14 when remitting the Chicago Soft Drink Tax; one Form ST-14 for their marketplace facilitator sales and a separate Form ST-14 for their own soft drink sales.

Where can I find more information on the Leveling the Playing Field for Illinois Retail Act, remote retailers, and marketplace facilitators?

For further information on remote retailers, marketplace facilitators, affiliates, filing requirements, and tax remittance thresholds, visit the [Leveling the Playing Field for Illinois Retail Act resource page](#).

What books and records must I keep?

The requirements for keeping books and records can be found in [Publication 113, Retailer's Overview of Sales and Use Tax, Prepaid Wireless E911 Surcharge, and Illinois Telecommunications Access Corporation \(ITAC\) Assessment](#).

A marketplace seller must maintain books and records for all sales made through a marketplace even if the marketplace facilitator has assumed the responsibility for collecting and remitting the taxes.

A marketplace facilitator must maintain books and records for all sales made through the marketplace and provide these records to IDOR upon request. The books and records must contain the name, address, and FEIN of all marketplace sellers making sales through the marketplace.

Note: Marketplace facilitators should, if possible, separately state the various state and local retailers' occupation taxes remitted to IDOR (as well as the taxes remitted to other local taxing authorities, such as local governments that impose and administer their own restaurant tax) on records of each transaction provided to marketplace sellers.

Forms and Filing Information

What form must I use to report the Chicago Soft Drink Tax?

All retailers of soft drinks (not fountain) in Chicago must file Form ST-14, Chicago Soft Drink Tax Return, for each reporting period and pay the tax collected from retail sales made.

- [Form ST-14, Chicago Soft Drink Tax Return](#) | [Instructions](#)
- [Form ST-14-X, Amended Chicago Soft Drink Tax Return](#) | [Instructions](#)

Note: If you are a marketplace facilitator, you are required to file separate Forms ST-14 for each period, one for your sales on behalf of marketplace sellers (marketplace facilitator soft drink sales) and one for your own soft drink sales.

How do I report the Chicago Soft Drink Tax if I have more than one location?

Because the Chicago Soft Drink Tax is imposed city wide, the same rate of tax is due at any site in Chicago where you make your sales. For each reporting period, report the combined sales from all of your sites or locations on the same Form ST-14.

How do I file my Form ST-14?

You can file Form ST-14 electronically using [MyTax Illinois](#).

Forms ST-14 also can be electronically filed using software you write or that you buy or use from an accepted vendor (third party). Visit IDOR's [Approved Third Party Software Vendor web page](#) 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 Form ST-14 to the address printed on the form. If no address is available, please mail your return to:

**CHICAGO SOFT DRINK TAX ADMINISTRATION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19034
SPRINGFIELD IL 62794-9034**

Do not mail this return in combination with any other type of return. Also, do not send a paper form if you have already submitted your return using MyTax Illinois.

Must I file Form ST-14 if I have no sales to report?

Yes. You must file a processable (signed) Form ST-14 for each reporting period regardless of whether or not there are receipts to report. You may file a "zero" return.

Note: If all of your sales for the month are through a marketplace and the marketplace facilitator, who meets the threshold above, is responsible for your marketplace sales, you must file a "zero" return for that month. However, if all of your sales are always through a marketplace facilitator, who meets the threshold above, you may be able to close your account. For more information about marketplace facilitators, see the [Resource Page for the "Leveling the Playing Field for Illinois Retail Act."](#)

When are my return and tax payment due?

You must file your Form ST-14 and pay any tax due on or before the 20th day of the month following the end of the reporting period. It will be the same as the reporting period for your Form ST-1. We will notify you if your filing status changes.

- A monthly return is due the 20th day of the month following the month for which the return is filed.
- A quarterly return is due the 20th day of the month following the quarter for which the return is filed.
- An annual return is due January 20th of the year following the year for which the return is filed.

Note: Any time a due date falls on a weekend or holiday, we adjust the due date to the next business day.

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

Yes. If you file your Form ST-14 and pay the tax on time, you are allowed to take a discount of 1.75 percent of the tax you collected on receipts from sales.

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

If you do not file your Form ST-14 and pay the tax due by the due date, you will be assessed for any tax 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: When sent through the U.S. mail, items are considered to be received by IDOR on the date of the post office cancellation mark. Private postage meters are not used to establish the date of receipt.

If items are not sent through the U.S. mail, they are considered to be received on the date IDOR actually receives them.

What if I make a mistake on my Form ST-14?

If, after you file your Form ST-14, you find you made a mistake that resulted in an overpayment or an underpayment, you must file an Form ST-14-X, Amended Chicago Soft Drink Tax Return.

You may file Form ST-14-X, using [MyTax Illinois](#). Form ST-14-X is also available in the forms area of IDOR's website.

For help completing your amended return, please call the Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**.

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**, **217 782-3336**, or **1 800 544-5304** (TTY).

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

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

