

# Illinois (In-State) Retailer's Sales Tax Responsibilities Flowchart



**AS A MARKETPLACE FACILITATOR THROUGH THE MARKETPLACE**



**THROUGH A MARKETPLACE**  
in which the marketplace facilitator...

...does **NOT** meet a tax remittance threshold.

...meets a tax remittance threshold.



**AT AN ILLINOIS "BRICK AND MORTAR" LOCATION**  
which may be an Illinois storefront, an Illinois warehouse, or an Illinois retailer's own website.

- Sales made by a marketplace facilitator itself are taxed as follows:
  - For sales for which selling activities occur in Illinois, state and local retailers' occupation taxes are incurred at the tax rate in effect at the location of the selling activities;
  - For sales that are fulfilled from inventory located in Illinois and for which selling activities do not otherwise occur in Illinois, state and local retailers' occupation taxes are incurred at the tax rate in effect at the location of the Illinois inventory;
  - For sales that are not fulfilled from inventory located in Illinois and for which selling activities do not otherwise occur in Illinois, state and local retailers' occupation taxes are incurred at the tax rate in effect at the purchaser's location (destination rate).

**NOTE:** Information pertaining to "selling activities" can be found at [86 Ill. Adm. Code 270.115](#).

- You are required to collect and remit the taxes for all of your sales made through the marketplace.
- Taxes for sales made through a marketplace in which the marketplace facilitator is not required to remit taxes on behalf of a marketplace seller are incurred at the tax rate in effect at the Illinois location at which the sales are determined to occur (origin rate).

👉 These sales should be included on your Illinois Form ST-1.

- The marketplace facilitator is the retailer and is required to register with IDOR, file returns, and remit tax for all sales made through the marketplace to Illinois purchasers on behalf of marketplace sellers.  
**NOTE:** If you are an affiliate of the marketplace that you are selling through, the marketplace facilitator is not liable to remit the taxes for your sales. IL retailers that fall into this category must use the other "Through a Marketplace" column to analyze these sales.

👉 These sales should **NOT** be included on your Illinois Form ST-1.

- Taxes for sales made at an IL location are incurred at the tax rate in effect at the Illinois location at which the sales are determined to occur (origin rate).

**NOTE:** IL retailers making sales at their physical location should continue to handle their liability as they did before the Leveling the Playing Field for Illinois Retail Act.

👉 These sales should be included on your Illinois Form ST-1.

👉 Marketplace Facilitators must include their sales made over their marketplace on their Illinois Form ST-1.

👉 Marketplace facilitators who meet a tax remittance threshold must also file a separate Illinois Form ST-1 and remit tax on sales made over the marketplace to Illinois purchasers on behalf of marketplace sellers [[35 ILCS 120/2\(C\)](#)]. Sales made on behalf of marketplace sellers are subject to state and local retailers' occupation taxes at the rate in effect at the purchaser's location (destination rate).

**NOTE:** Affiliates of a marketplace facilitator are not considered "marketplace sellers" when they make sales on an affiliated marketplace. Do not include an affiliate's sales over the marketplace when reporting the marketplace sales on your Illinois Form ST-1.

# Definitions

**“Marketplace”** means a physical or electronic place, forum, platform, application, or other method by which a marketplace seller sells or offers to sell items. [[35 ILCS 120/1](#)]

**“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:

1. Listing or advertising for sale by the marketplace seller in a marketplace, tangible personal property that is subject to tax under this Retailers’ Occupation Tax Act (ROT); and
2. 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.

A person who provides advertising services, including listing products for sale, is not considered a marketplace facilitator, so long as the advertising service platform or forum does not engage, directly or indirectly through one or more affiliated persons, in the activities described in paragraph (2) of this definition of “marketplace facilitator”. [[35 ILCS 120/1](#)]

Marketplace facilitators meeting either of the tax remittance thresholds are required to register with the Illinois Department of Revenue (IDOR), file returns, and remit tax for all sales made through the marketplace to Illinois purchasers, including their own sales and sales made on behalf of marketplace sellers. A marketplace facilitator shall certify to each marketplace seller that the marketplace facilitator will assume the rights and duties of a retailer under ROT and all applicable local retailers’ occupation taxes administered by IDOR with respect to sales made by the marketplace seller through the marketplace. [[86 Ill. Adm. Code 131.145](#)]

**“Marketplace Seller”** means a person that makes sales through a marketplace operated by an unrelated third party marketplace facilitator. A person that is an affiliate of a marketplace facilitator is not a marketplace seller. [[35 ILCS 120/1](#)]

**“Affiliate”** means a person that, with respect to another person: (i) has a direct or indirect ownership interest of more than 5 percent in the other person; or (ii) is related to the other person because a third person, or a group of third persons who are affiliated with each other as herein defined, holds a direct or indirect ownership interest of more than 5% in the related person. [[86 Ill. Adm. Code 131.105](#)]

**“ROT” or “Retailers’ Occupation Tax”** means the tax levied under the Retailers’ Occupation Tax Act and all applicable local retailers’ occupation taxes collected by the Illinois Department of Revenue in conjunction with the state retailers’ occupation tax. [[35 ILCS 185/5-10](#)]

**“Destination Rate”** means the total state and local retailers’ occupation tax rate calculated for a sale using the rate in effect at the Illinois location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser. [[35 ILCS 120/2-12](#)]

**“Origin Rate”** means the total state and local retailers’ occupation tax rate calculated for a sale using the rate in effect at the Illinois location at which the sales are determined to occur. [e.g. [86 Ill. Adm. Code 270.115](#)]

**“Tax remittance thresholds”** means the nexus standards established by Illinois [P.A. 100-0587](#) and used to determine tax collection obligations for remote retailers that meet specific selling thresholds but have no physical presence in the state. These standards are based on the Supreme Court case, South Dakota v. Wayfair, Inc., No. 17-494 (U.S. June 21, 2018) and are virtually identical to those upheld in the Wayfair decision. Beginning January 1, 2021, remote retailers and marketplace facilitators that meet or exceed either of the following thresholds shall be liable for all applicable state and locally imposed retailers’ occupation taxes administered by IDOR on all retail sales to Illinois purchasers. [[P.A. 101-0031](#) and [101-0604](#)] The thresholds are:

1. The cumulative gross receipts from sales of tangible personal property to purchasers in Illinois are \$100,000 or more; or
2. The remote retailer enters into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois.

**For further information about marketplace facilitators and examples, see [86 Ill. Adm. Code 131](#).**

**Also visit the [Leveling the Playing Field for Illinois Retail resource page](#).**

**Visit our website at: [tax.illinois.gov](http://tax.illinois.gov)**