



Illinois Department of Revenue

Registration Examples for Remote Retailer Leveling the Playing Field for Illinois Retail

These examples are designed to help marketplace facilitators who are making sales into Illinois determine how they should register with the Illinois Department of Revenue. See the [Resource Page for “Leveling the Playing Field for Illinois Retail”](#) for more information.

NOTE: All facts set forth in EXAMPLE 1 and all subsequent examples apply to each of the following examples.

EXAMPLE 1: *Ponchos for Pooches.com* is a retailer of rain gear for dogs. Its sales are made exclusively from its manufacturing facility in Portland, Oregon. It has no physical presence in Illinois. Its annual gross receipts from sales to Illinois purchasers exceed \$100,000. *Ponchos for Pooches.com* is a remote retailer and is required to register with the Illinois Department of Revenue (IDOR) and remit State and local retailers' occupation taxes in effect at the address to which its products are shipped or delivered or at which possession is taken by the purchaser ("destination sourcing").

EXAMPLE 2: Rain gear sold to Illinois purchasers by *Ponchos for Pooches.com* has skyrocketed. As a result, the company has begun sending sales representatives to Illinois to market its products through local pet stores. Because of the presence of its sales reps, *Ponchos for Pooches.com* has a physical presence in Illinois and is no longer considered a remote retailer. At this point, its tax liability changes because *Ponchos for Pooches.com* has a physical presence in Illinois. It is now obligated to collect and remit Use Tax regardless of meeting the Wayfair nexus thresholds. It no longer incurs State and local retailers' occupation taxes on its sales. It instead incurs an obligation to collect and remit only the Use Tax (6.25%) on its sales.

EXAMPLE 3: *Ponchos for Pooches.com* has become so popular with Illinois purchasers that the company decides to open a manufacturing facility in Illinois. Sales to Illinois purchasers are sometimes fulfilled from this facility. For all sales to Illinois purchasers that are fulfilled from its Illinois manufacturing facility, *Ponchos for Pooches.com* incurs State and local retailers' occupation taxes in effect at the location of the manufacturing facility ("origin sourcing"). In addition, *Ponchos for Pooches.com* incurs only a Use Tax collection obligation (6.25%) on sales made from its Oregon manufacturing facility. As illustrated in Example 2, *Ponchos for Pooches.com* is not considered a remote retailer because it has a physical presence in Illinois (its manufacturing facility and its sales representatives in Illinois).

EXAMPLE 4: *Ponchos for Pooches.com* decides to sell its products over a marketplace. The marketplace meets the tax remittance requirements for marketplace facilitators and so is required to remit State and local retailers' occupation taxes to IDOR on all sales made to Illinois purchasers by its marketplace sellers. For these sales, *Ponchos for Pooches.com* is not responsible for reporting and remitting tax to the State of IL; the marketplace facilitator is liable for remitting Illinois Retailers' Occupation Tax, including local taxes in effect at the address to which its products are shipped or delivered or at which possession is taken by the purchaser ("destination sourcing"). However, *Ponchos for Pooches.com* is responsible for tax on sales not made through the marketplace as outlined in Examples 1, 2, and 3.