

TAX

EDUCATION WEBINAR

**March 11, 2026
9:30 AM**

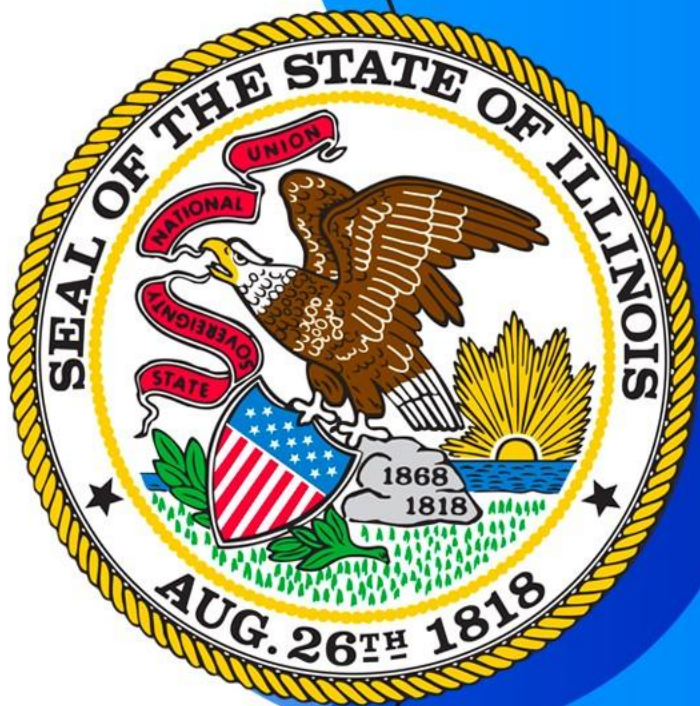
Tax Processing Season Update

Illinois
Department of Revenue



Disclaimer

This PowerPoint presentation is provided for general informational purposes only. The information contained in this presentation should not be construed as legal advice from the Illinois Department of Revenue or the presenter for any purpose, including but not limited to the Taxpayers' Bill of Rights, nor is it intended to be a substitute for legal counsel on any subject matter. IDOR advises that audience members pursue appropriate legal or other professional advice when seeking guidance, based upon their particular facts and circumstances.



Modernized eFile (MeF)

Jeremy Alexander
Electronic Commerce Division
Manager

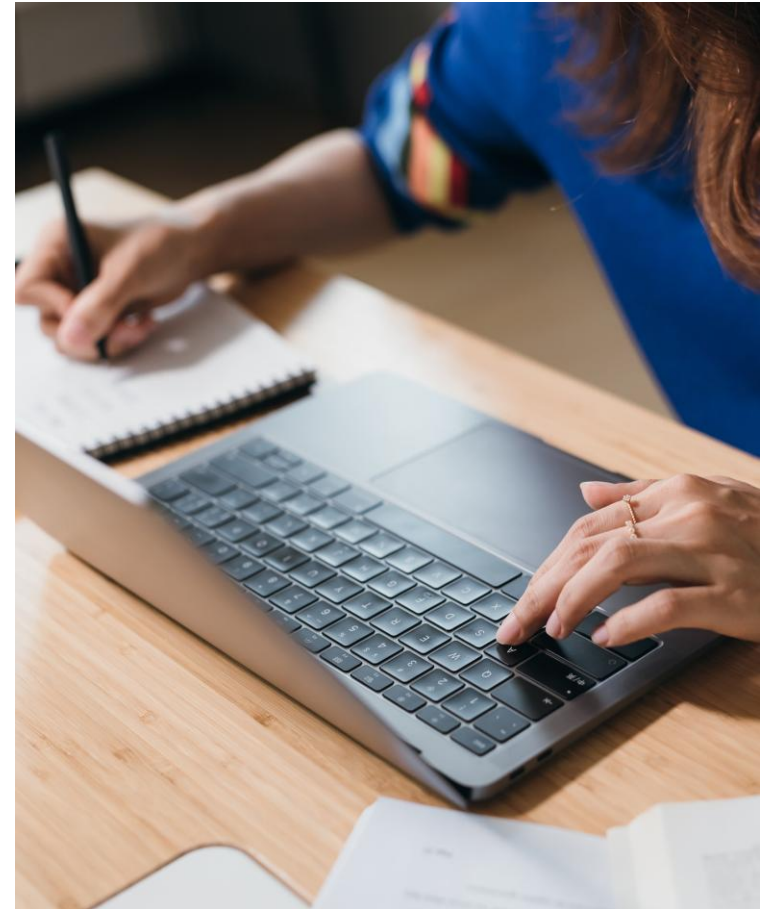
Modernized e-File (MeF) (1 of 2)

- MeF is a web-based system developed by the Internal Revenue Service (IRS) and shareholders (tax pros and software vendors) to allow electronic filing of tax returns.
- IDOR utilizes this method for our Business Income Tax (BIT) and Individual Income Tax (IIT) returns.
- If you use software to personally complete your returns, it is being transmitted via MeF.



Modernized e-File (MeF) (2 of 2)

- MeF is our only electronic source of BIT returns. In calendar year 2025, we received 718,166 BIT returns and 27,633 stand-alone payments via MeF.
- MeF is our primary electronic source of IIT returns. In calendar year 2024, over 98% of all electronic IIT returns were received via MeF.



MeF Processing for BIT Returns

- Opened January 13, 2026 (with the IRS)
- Available for IL-1120, IL-1120-ST, IL-1065 and IL-1041 returns, their supporting schedules, and stand-alone payments
- 18 approved vendors
- 118,059 returns and 5,993 stand-alone payments accepted so far this season
- Overall rejection rate so far this season – 1.61%

MeF Processing for IIT Returns

- Opened January 26, 2026 (with the IRS)
- Available for IL-1040 and IL-1040-X returns and their supporting schedules
- 32 approved vendors total – 24 approved for IL-1040-X
- 2,041,070 returns accepted so far this season
- Overall rejection rate so far this season – 11.97%



Secure Choice

Whitney Elders
Secure Choice Project Manager

Secure Choice (1 of 2)

- Retirement Savings Program www.ILSecureChoice.com
- Promotes convenient, low-cost portable savings for private-sector employees
- Illinois Treasurer's Office oversees the Illinois Secure Choice Savings Program, but Ascensus has been selected to administer the retirement savings program. In June, Marquett Investments will transition to the role of investment manager and Vestwell will serve as the program manager.
- Secure Choice will undergo a rebranding campaign.

Secure Choice (2 of 2)

- Pilot began in May 2018
- Program amended in 2021
- Secure Choice applies to:
 - Employers with 5 or more employees
 - Employers who have been in business for 2+ years
 - Employers who do not offer a qualified retirement savings plan

IDOR's Role in Secure Choice

- Responsible for enforcement
- Penalties became operative in calendar year 2023
- First time penalty for non-compliance = \$250/employee
- Subsequent penalty for non-compliance = \$500/employee

Secure Choice and Tax Professionals

- If the employer is already offering a qualified retirement savings plan, contact Secure Choice to let them know.
 - Secure Choice will mark the business as exempt from the program.
- Employers without a qualified retirement savings program will need to register their business with EIN/TIN and Illinois Secure Choice access code (found on correspondence).
- Employers simply need to inform employees that this is an option.
- Employees can opt out of program.
- IDOR Contact - Whitney Elders (Whitney.Elders@Illinois.gov)



Illinois Individual Income Tax

Jason Huber

Individual Processing Division Manager

Illinois Department of Revenue
2025 Form IL-1040
Individual Income Tax Return

or for fiscal year ending ____/____/____

Step 1: Personal Information Enter personal information and Social Security numbers (SSN). You must provide the entire SSN(s) - no partial SSN.

A Your first name and middle initial _____ Your last name _____ Date of birth _____ Your social security number _____

Spouse's first name and middle initial _____ Spouse's last name _____ Spouse's date of birth _____ Spouse's social security number _____

Mailing address (See inst. if foreign address) _____ Apartment number _____ City _____ State _____ Zip or postal code _____

Foreign nation if not US (do not abbreviate) _____ County (Illinois only) _____ Email address _____

B Filing status: ☐ Single ☐ Married filing jointly ☐ Married filing separately ☐ Widowed ☐ Head of household

C Check if someone can claim you, or your spouse if filing jointly, as a dependent. See instructions. ☐ You ☐ Spouse

D Check the box if this applies to you during 2025: ☐ Nonresident - Attach Sch. NR ☐ Part-year resident - Attach Sch. NR

Step 2: Income (Whole dollars only)

1 Federal adjusted gross income from your federal Form 1040 or 1040-SR, Line 11a. _____

2 Federally tax-exempt interest and dividend income from your federal Form 1040 or 1040-SR, Line 2a. _____

3 Other additions. Attach Sch. M. _____

4 **Total income.** Add Lines 1 through 3. _____

Step 3: Base Income

5 Social Security benefits and certain retirement plan income if included in Line 1. (Generally on fed. Forms 1040/1040-SR, Lines 4b, 5b, and 6b). Attach fed. Form 1040/1040-SR. _____

6 Illinois Income Tax overpayment included in federal Form 1040 or 1040-SR, Schedule 1, Ln. 1. _____

7 Other subtractions. Attach Sch. M. _____

8 Add Lines 5, 6, and 7. This is the total of your subtractions. _____

9 **Illinois base income.** Subtract Line 8 from Line 4. _____

Step 4: Exemptions - See instructions for income limitations

10 a Enter the exemption amount for yourself and your spouse. See instructions. _____

b Check if 65 or older: ☐ You + ☐ Spouse # of checkboxes X \$1,000 = _____

c Check if legally blind: ☐ You + ☐ Spouse # of checkboxes X \$1,000 = _____

d If you are claiming dependents, enter the amount from Schedule IL-E/EITC, Step 2, Line 1. Attach Sch. IL-E/EITC. _____

Exemption allowance. Add Lines 10a through 10d. _____

Step 5: Net Income and Tax

11 **Residents: Net income:** Subtract Line 10 from Line 9. _____

Nonresidents and part-year residents: Enter the Illinois net income from Schedule NR. Attach Sch. NR. _____

12 **Residents:** Multiply Line 11 by 4.95% (.0495). Cannot be less than zero. _____

Nonresidents and part-year residents: Enter the tax from Schedule NR. _____

13 Recapture of investment tax credits. Attach Sch. 4255. _____

14 **Income tax.** Add Lines 12 and 13. Cannot be less than zero. _____

Step 6: Tax After Nonrefundable Credits

15 Income tax paid to another state while an Illinois resident. Attach Sch. CR. _____

16 Property tax, K-12 education expense, and volunteer emergency worker credit amount from Schedule ICR. Attach Sch. ICR. _____

17 Credit amount from Schedule 1299-C. Attach Sch. 1299-C. _____

18 Add Lines 15, 16, and 17. This is the total of your credits. Cannot exceed the tax amount on Line 14. _____

19 **Tax after nonrefundable credits.** Subtract Line 18 from Line 14. _____

Step 7: Other Taxes

20 Household employment tax. See instructions. _____

21 Use tax on internet, mail order, or other out-of-state purchases from UT Worksheet or UT Table in the instructions. Do not leave blank. _____

22 Compassionate Use of Medical Cannabis Program Act and sale of assets by gaming licensee surcharges. _____

23 **Total Tax.** Add Lines 19, 20, 21, and 22. _____

Staple W-2 and 1099 forms here

Staple your check and IL-1040-V

Processing Season Accomplishments

During calendar year 2025, the Individual Income Tax Processing Division

- Processed more than 6.4 million income tax returns for tax year 2024
- Prevented more than \$157 million in potentially fraudulent refunds from being issued

IL-1040 Reminders (1 of 3)

- If you are married, you must include your spouse's SSN and name.
- If you received federally taxed Social Security benefits or qualified retirement income, you may be able to subtract it on Line 5. See the Line 5 Instructions for details.
- Attach a completed Schedule IL-WIT and all withholding forms (W-2s, 1099s, etc.) to support the amount you claim as Illinois Income Tax withheld on Line 25.
- Enter the correct amount of estimated payments you made, including any overpayment applied from a prior year return. You may verify the amount using the estimated payment inquiry on our website.
- Make sure to have any support documentation available if requested.

IL-1040 Reminders (2 of 3)

- If you are claiming a property tax credit, you must enter the county in which your property is located and the property index number on Schedule ICR, Illinois Credits.
- If you enter an amount that you want refunded to you on Line 38, you must check one box on Line 39 to indicate how you would like us to issue your refund. You may select direct deposit or paper check.
- Review the entries you made on each line for accuracy and verify your calculations.
- Sign your return.

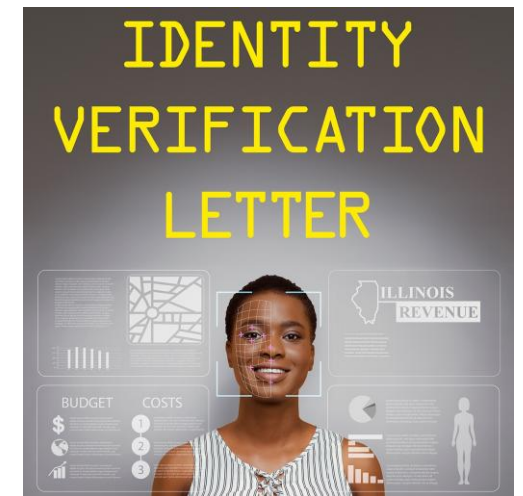
IL-1040 Reminders (3 of 3)

- Any changes to your IL-1040, except for updating your address, should be made using Form IL-1040-X, Amended Income Tax Return. Do not submit another IL-1040.
- Check all credits available to make sure you are not missing out.
 - The Illinois EITC has been expanded to include taxpayers who
 - file with an ITIN,
 - have a dependent(s) with an ITIN,
 - and are ages 18-24 or over 65 with no qualifying child.
 - Illinois Child Tax Credit increases to 40% of IL EITC with the 2025 return

Enhanced Verification Processes

The Department has enhanced certain verification processes during the calendar year 2026 processing season. These verification processes assist in identity verification, safeguard against intentional misreporting and educate taxpayers who honestly or inadvertently report erroneous amounts. They also allow returns to be systemically processed in a more efficient manner and minimize the interventions experienced by those that are filed accurately.

- If you receive an identity verification notice from the Department, pay special attention to your letter. You may have the ability to verify your identity within minutes through MyTax Illinois rather than submitting paper documents which must be manually reviewed.



Respond to Notices Electronically

Individual income taxpayers may respond electronically to a notice received from IDOR regarding their IL-1040 for tax years 2019 and after via MyTax Illinois, the Department's online taxpayer account management portal.

- Submitting a response electronically through MyTax Illinois not only provides taxpayers with an immediate verification that their response has been received but also eliminates or reduces delays associated with the traditional process of mailing a paper response to the Department.



Illinois Business Income Tax

Robert Farthing

Business Processing Division Manager

Illinois Business Return Filing

Return due dates shown are **following the close of the tax year:**

	Original Due Date	Extended Due Date
IL-1120-ST (S-Corporation)	15 th day of the 3 rd month	15 th day of the 10 th month
IL-1120 (Corporation)*	15 th day of the 4 th month	15 th day of the 11 th month
IL-1065 (Partnership)	15 th day of the 4 th month	15 th day of the 10 th month
IL-1041 (Trust/Estate)	15 th day of the 4 th month	15 th day of the 10 th month
IL-990-T (Not-for-Profit Corp)	15 th day of the 5 th month	15 th day of the 12 th month
IL-990-T (Not-for-Profit Trust)	15 th day of the 4 th month	15 th day of the 10 th month

* See Form IL-1120 instructions for exceptions related to Co-Operatives and the June fiscal year filer.

Illinois Business Payments

Full Payment

- Due by the Original Return Due Date

Estimated Payments

- Due on the 4th, 6th, 9th and 12th month of the tax year (15th day)

New For Tax Year 2025

Schedule M

Line 7b - Addition related to the Illinois Gives Tax Credit

Schedule J

Line 18 - NCTI (formerly GILTI) Limitation

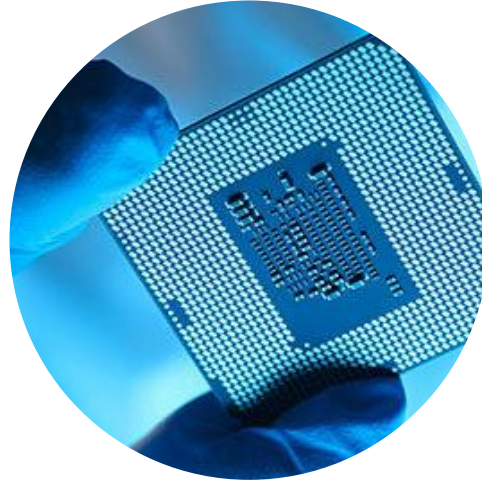
Schedule NB

Line 9b – Capital gains/losses from sales or exchanges of shares or interests in pass-through entities

Schedule K-1-P

Step 8 - Partner's share of retirement payments

**Illinois
Gives**



- **Illinois Gives**
- **Manufacturing Illinois Chips for Real Opportunity (MICRO)**
- **Advancing Innovative Manufacturing (AIM) for Illinois**
- **Film Production Service**

Wages Paid to Returning Citizens Tax Credit

- \$7,500 per qualified Returning Citizen
- \$1 million annually – First Come/First Served
- Register your business account at mytax.illinois.gov
- From the account options, click: **'Apply for a Returning Citizen Credit'**

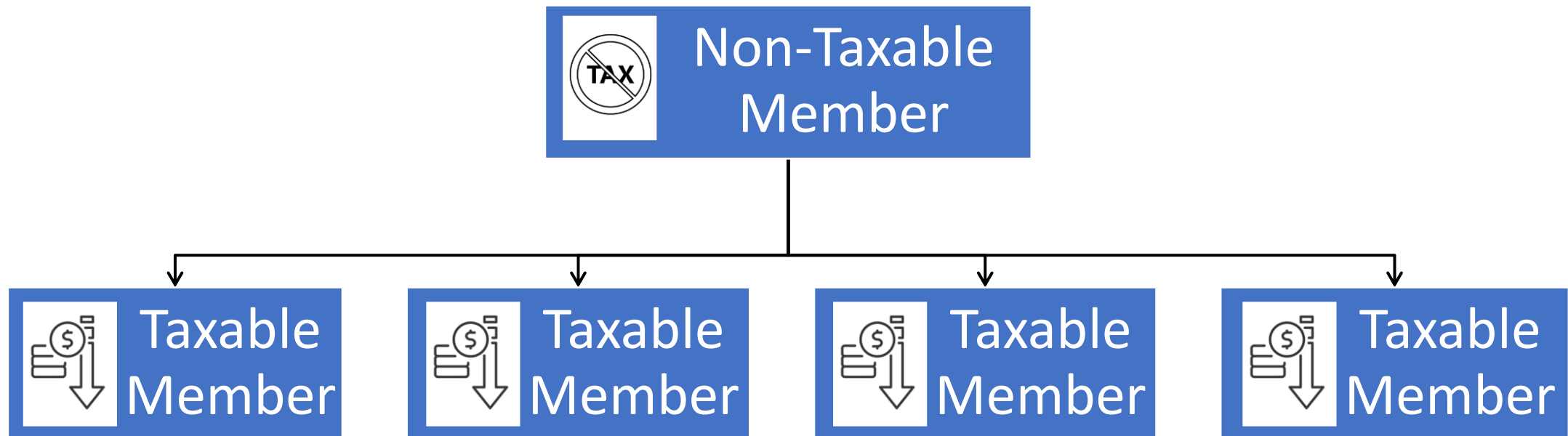


Account Options

- > Contribute to Illinois Gives
- > Make an Estimated Payment
- > **Apply for a Returning Citizen Credit**
- > Respond To Audit

New For Tax Year 2025 – Schedule UB

Schedule UB, Step 4 - Finnigan Method of Apportionment (see Allocation Worksheet)



Avoid Common Mistakes

* Filing Periods



Illinois Department of Revenue
2025 Form IL-1120
Corporation Income and Replacement Tax Return

See "When should I file?" in the Form IL-1120 instructions for a list of due dates.



If this return is not for calendar year 2025, enter your fiscal tax year here. Tax year beginning 12 1 20 25 , ending 11 30 20 26 month day year month day year		Enter the amount you are paying with this return. \$
► This form is for tax years ending on or after December 31, 2025, and before December 31, 2026. For all other situations, see instructions to determine the correct form to use.		

Fiscal Filing Periods

- Must Use the Prior Year Form

Invalid Forms

- Any Form Not Prescribed by the Department

Avoid Common Mistakes

* Additions/Subtractions

1

Be sure to report additions passed through on a Schedule K-1-P/ K-1-T.

2

Be sure to report Schedule K-1-P/K-1-T modifications on the correct corresponding line of the return.

3

Schedule M, Line 39, Other Subtractions—the only allowable subtractions are listed in Publication 101.

Avoid Common Mistakes

* Apportionment

All lines
are
required.

- Total Sales Everywhere
- Total Sales in Illinois
- Apportionment Factor

Special
apportionment
methods must be
approved

Negative Sales are
NOT allowed.

Avoid Common Mistakes

* Payment Problems

Payment line: Only to report payments made prior to the filing of the return.

Required
Information:
FEIN and
filing period

Allow up to
15 days for
payments
to post to
the
account.

Avoid Common Mistakes

* Amended Returns

Be sure to use the correct form when filing an Amended return

Amended return forms have an '-X' at the end (i.e. Form IL-1120-X).

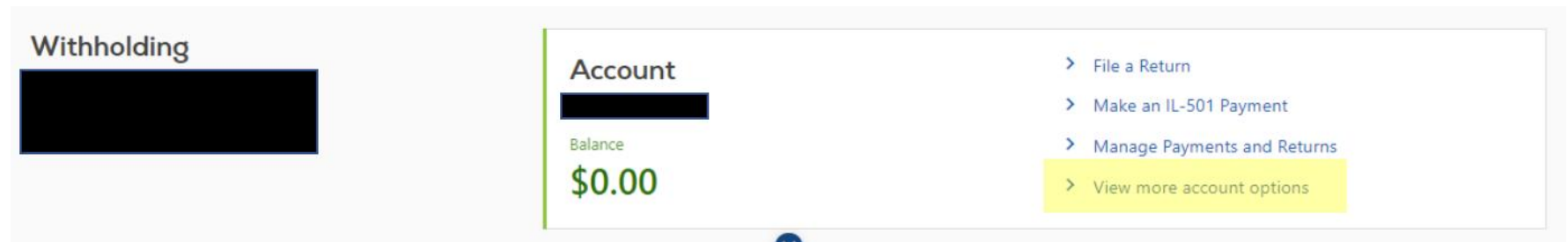
Federal changes require federal finalization before filing an Illinois amended return.

Electronic Response System

You may respond to a notice through your MyTax Illinois account:



- 1) Logon to your MyTax Illinois Account.
- 2) Click the “View more account options” link:



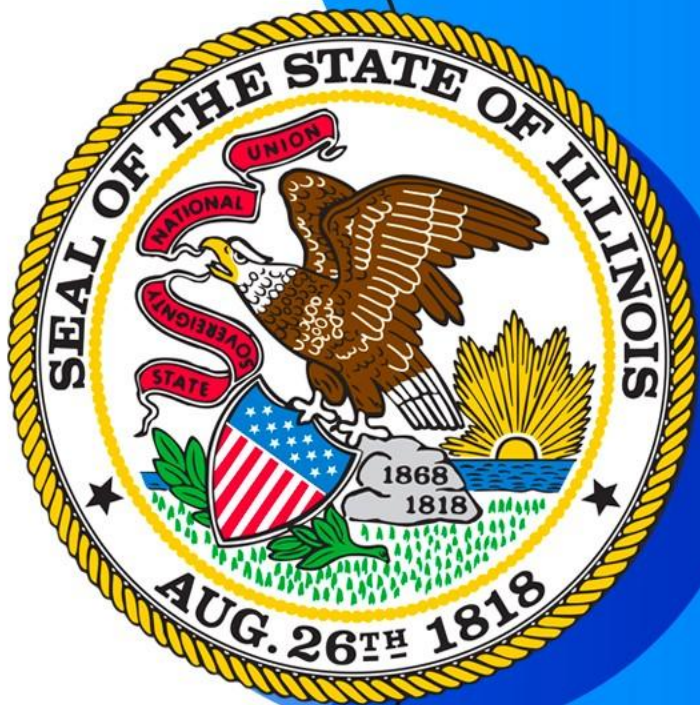
- 3) Select the “Respond to a Notice” Hyperlink.

Resolving Problems for Business Income Tax Filers

Respond to notices in a timely manner.

Include a copy of the notice you received.

We are here to serve you and help you resolve problems with your account.



Illinois

Withholding Income Tax

Karen Kelleher

Withholding Section Supervisor

Withholding Income Tax, Form IL-941

- Withholding returns are filed quarterly
- Tax year 2026 return due dates are as follows:

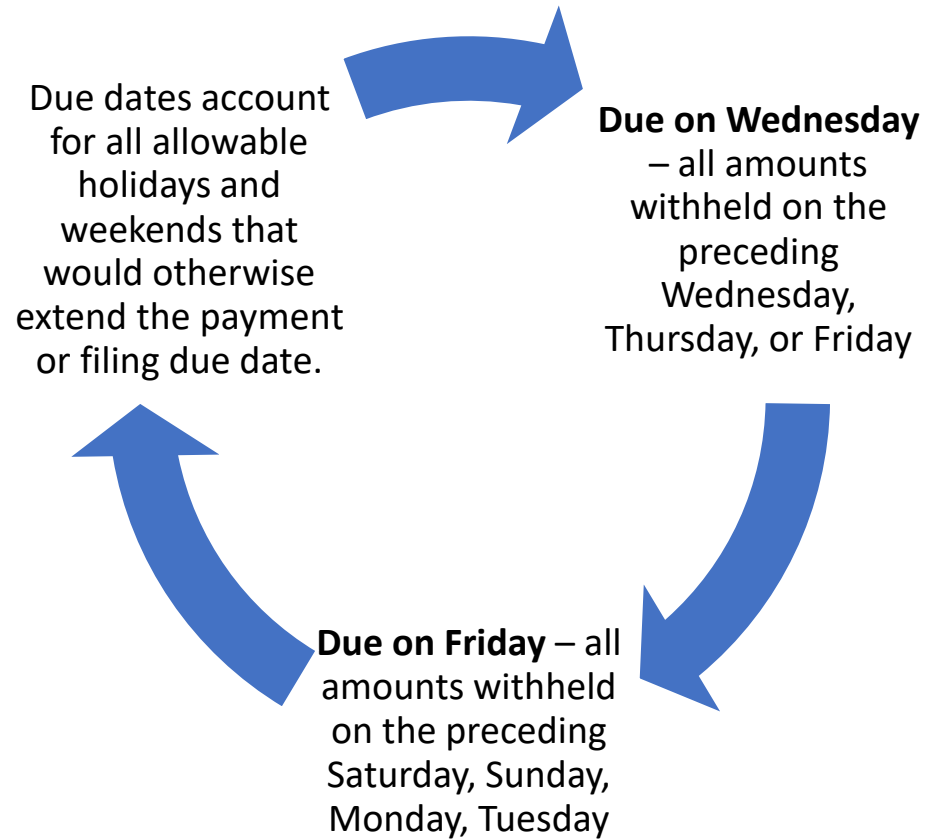
Quarter	Months	Due Date
1 st Quarter	Jan/Feb/Mar	April 30, 2026
2 nd Quarter	Apr/May/Jun	July 31, 2026
3 rd Quarter	Jul/Aug/Sep	November 2, 2026
4 th Quarter	Oct/Nov/Dec	February 1, 2027

IL-501 Payment Frequencies

Monthly: Due by the 15th of the following month in which it was withheld (no electronic mandate)

Semi-Weekly: Illinois follows the federal rule that allows you at least three banking days to make your payments (subject to electronic mandate)

Illinois Payment Frequencies



Payment Frequency Eligibility

Who is
eligible for
monthly?

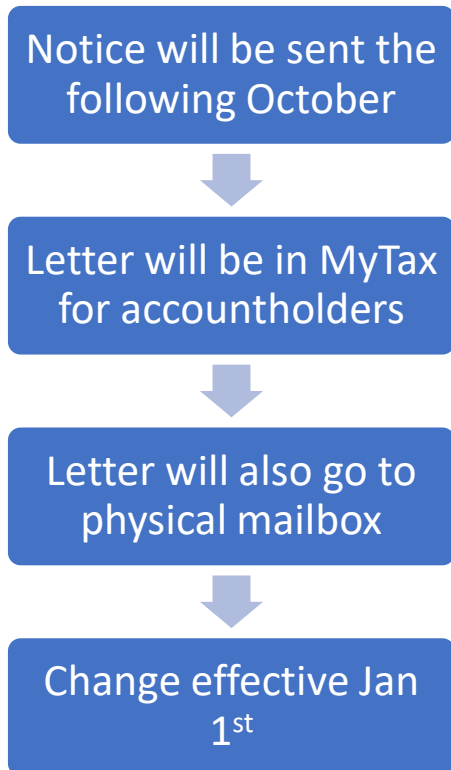
- First time & current taxpayers who reported less than \$12k during the annual lookback period.
- For 2025: July 1, 2025-June 30, 2026

Who is
eligible for
semi-weekly?

- Taxpayers who reported more than \$12k in the annual lookback period OR monthly payers who happened to reach that threshold in a quarter.

Notice of Frequency Change

\$12K Threshold Met -Lookback



\$12K Threshold Met -In Quarter

- Notice will not be sent
- Burden shifts to taxpayer
- Must begin making electronic, semi-weekly payments immediately



Publication 131-D

January 2026

Withholding Income Tax Payment and Return Due Dates

About this publication

Publication 131-D, Withholding Income Tax Payment and Return Due Dates, identifies all Illinois withholding payment and Form IL-941, Illinois Withholding Income Tax Return, due dates for the current calendar year.

Publication 131-D is updated every year and is a supplement to [Publication 131, Withholding Income Tax Payment and Filing Requirements](#).

Related publications:

- [Publication 131](#), Withholding Income Tax Payment and Filing Requirements;
- [Publication 130](#), Who is Required to Withhold Illinois Income Tax;
- [Booklet IL-700-T](#), Illinois Withholding Income Tax Tables, to calculate withholding.

Available Withholding Credits

Still available:

- Minimum Wage Credit
- Organ Donor Credit
- EDGE Credit

Added in 2025:

- Local Journalism Sustainability Tax Credit
- EDGE for Start-Ups
- REV Illinois Tax Credit
- Live Theater Production Credit

NEW in 2026:

- Manufacturing Illinois Chips for Real Opportunity Act (MICRO)

Local Journalism Sustainability Tax Credit

Offers financial support to help organizations hire and retain qualified journalists.

A single local news organization can be eligible up to \$150,000 in tax credits.

For more information:

<https://dceo.illinois.gov/>

Edge for Start Ups



EDGE, the Economic Development for a Growing Economy, is a tax credit incentive program designed to encourage startups to invest, create, and retain jobs in Illinois. Businesses must be incorporated 10 years ago or less, never had any Illinois income tax liability, and ready to hire full time W2 employees to be eligible.

<https://dceo.illinois.gov/>

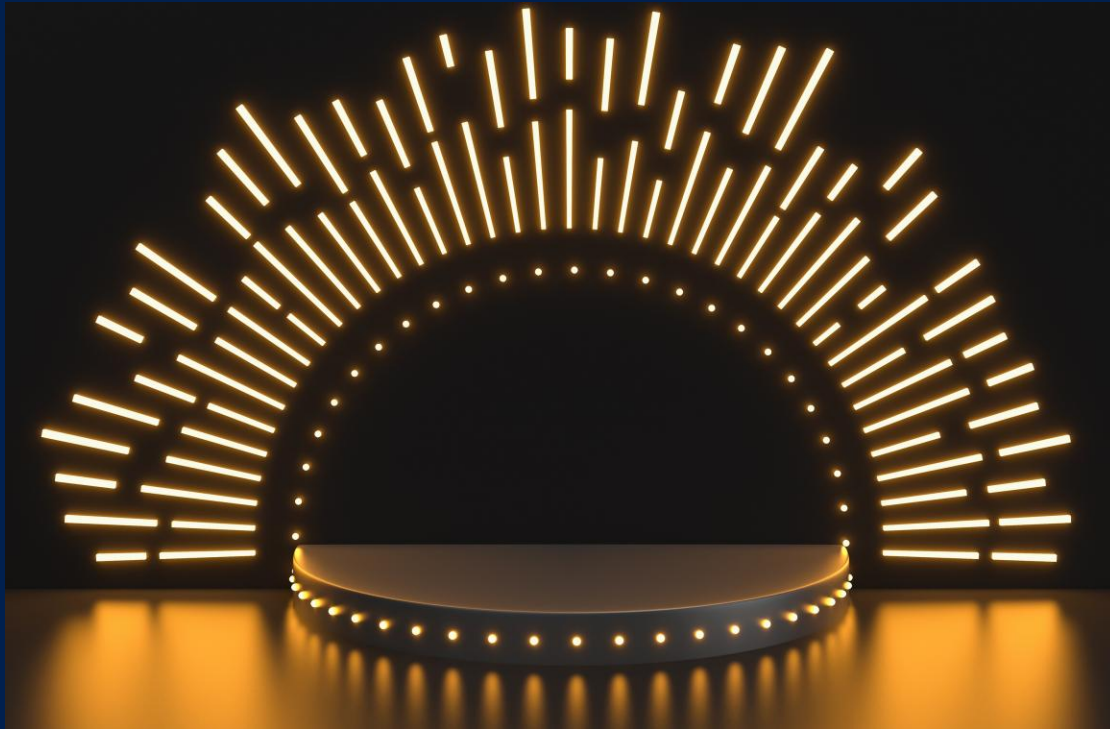
Reimagining Energy and Vehicles (REV) Illinois Program



REV Illinois offers competitive incentives to expand in or relocate to Illinois for companies that manufacture, in whole or in part, electric vehicles or aircraft, associated battery, charging infrastructure and recycling products, as well as renewables including solar, hydrogen, wind, energy storage, and green steel manufacturing. Companies engaged in the research and development of these products may also be eligible for participation.

CEO.REV@Illinois.gov

Live Theater Production Credit



The Program provides for a transferrable credit of 20% of all qualified Illinois expenditures including:

Illinois production spending (vendors)

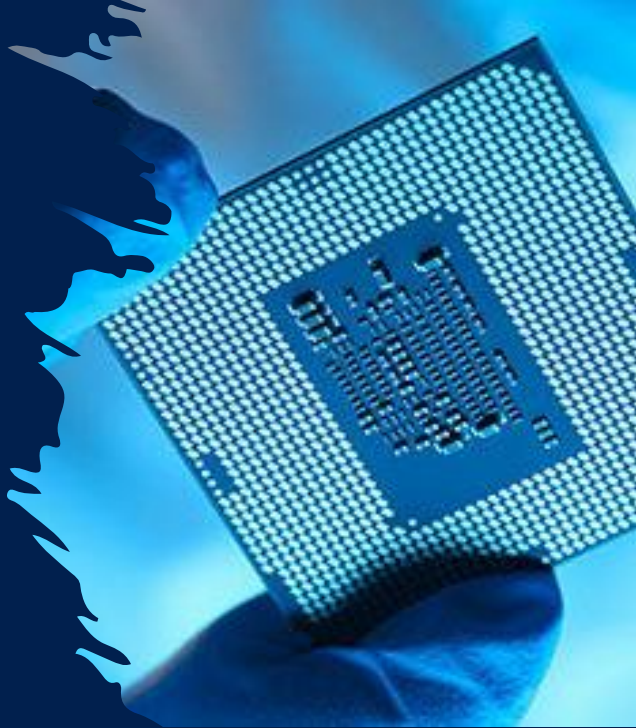
Illinois resident salaries (non-talent) up to \$100,000 per worker

15% additional credit- on salaries of individuals (making at least \$1,000 in total wages) who live in economically disadvantaged areas whose unemployment rate is at least 150% of the State's annual average.

Credits may be transferred within 1 year of issuance.

LiveTheater@Illinois.gov

Manufacturing Illinois Chips for Real Opportunity Act (MICRO)



Rewards businesses in manufacturing and high-tech industries for locating and growing in Illinois.

Qualifying sectors:

- Microchip manufacturers
- Semiconductor manufacturers
- Component parts for the above
- Research & Development

MICRO.CEO@illinois.gov

Claiming a Credit



Illinois Department of Revenue

2026 Schedule WC Withholding Income Tax Credits

Attach to your Form IL-941 or IL-941-X



Enter your name as shown on your return.

Enter your federal employer identification number (FEIN).

Read this information before completing this form:

Important information about the Organ Donation Credit: I understand that by claiming the Organ Donation Credit and signing Form IL-941, I am certifying, as the employer, that

- a policy is in place which allows all employees the option of taking a paid leave of absence from work for at least 30 days to serve as an organ or bone marrow donor,
- each employee for which a credit is claimed took organ or bone marrow donation leave after the policy became effective,
- each employee for which a credit is claimed provided documentation from a medical provider that an organ or bone marrow donation procedure occurred and agreed to allow, if needed, for the applicable medical records to be disclosed to the Illinois Department of Revenue (IDOR), and
- I will maintain the associated employee medical records as required by IDOR.

Refer to the Schedule WC-I and Schedule WC Instructions, for additional information on how to complete this schedule.

Step 2: Figure your withholding income tax credit - All credits being claimed or established must be listed even if they are not

Claiming a Credit (continued)

Step 2: Figure your withholding income tax credit - All credits being claimed or established must be listed even if they are not being used in the current quarter.

Enter your credits in the lines below.

	A Years Left to Carry	B Credit Code	C Quarter Ending Credit Earned	D Credit Earned	E Credit Carried	F Total Credit	
1	_____	_____	_____	_____	_____	_____	Certificate number: _____
2	_____	_____	_____	_____	_____	_____	Certificate number: _____
3	_____	_____	_____	_____	_____	_____	Certificate number: _____
4	_____	_____	_____	_____	_____	_____	Certificate number: _____

Common Errors That Can Be Avoided by E-Filing

- Correct form will be used
- All attachments will be accounted for
- Fewer to no math errors
- No duplicate returns (do not file a paper one too!)
- Timely filing of W-2's (subject to electronic mandate)

Other Common Errors

- Incomplete Schedule P
- Invalid Forms
- Misapplied payments
- Assumption that overpayments carry forward
- Filing an annual reconciliation

Resolving Problems for Withholding Income Tax Filers

➤ Quick Tips

- Respond to any notice issued by the Department in a timely manner!
 - MyTax Illinois response (click on hyperlinked letter)
 - U.S. Postal Mail (include copy of notice received)
 - We are here to serve you in any way we can!

tax.illinois.gov



Illinois Sales Tax

Roz Harmon

Sales Tax Processing Division Manager

2026 Remote Retailer Amnesty Program

Public Act 104-0006: Remote Retailer Amnesty Program

- **35 ILCS 120/2-13** (added by PA 104-0006) formally establishes the *Remote Retailer Amnesty Program* within the Retailers' Occupation Tax Act.
- The Remote Retailer Amnesty Program amends the Retailers' Occupation Tax Act to provide a limited amnesty period during which eligible remote retailers may resolve past Retailers' Occupation Tax (ROT) liabilities.
 - **Remote retailer amnesty period: August 1, 2026, through October 31, 2026.**
 - **Eligibility period: January 1, 2021, through June 30, 2026.**
- During the amnesty period, qualifying remote retailers may file and pay tax using a simplified retailers' occupation tax rate and receive a waiver of applicable penalties and interest. The simplified rates are:
 - **9% for general merchandise historically subject to the 6.25% state rate**
 - **1.75% for items historically taxed at the low rate (e.g., certain food and 1% rate items)**
- All Remote Retailer Amnesty filings must be made electronically on MyTax. Taxpayers are encouraged to register for a MyTax account now to avoid delays during the amnesty period.

Grocery Exemptions from State ROT

January 1, 2026

Grocery Exemption from State ROT

Effective January 1, 2026, the State of Illinois eliminated the one-percent (1%) sales tax on grocery sales. This change in law also authorized municipalities and counties to impose a local grocery tax rate of exactly one-percent (1%) by ordinance.

- Retailers making sales within the corporate boundaries of a municipality that has imposed a local grocery tax and retailers making sales within the unincorporated areas of a county that has imposed a local grocery tax must adjust their cash register and any computer program so that the one-percent (1%) sales tax for grocery sales will be collected and then remitted to IDOR on Form ST-1, Sales and Use Tax and E911 Surcharge Return, and, if applicable, Form ST-2, Multiple Site Form.
- IDOR has created a [searchable table](#) that contains each municipality or county where the local government has imposed a one-percent (1%) grocery tax collected by IDOR, effective January 1, 2026.
- To verify your combined tax rate (which includes State and local sales taxes), go to the MyTax Illinois Tax Rate Finder and select rates for January 2026.
- Retailers are responsible for remitting the one-percent (1%) sales tax for grocery sales to IDOR even if the tax was not collected from their customers.

Changes to Thresholds for Remote Retailers

200-transaction Threshold Removed for Remote Retailers and Marketplace Facilitators

Effective January 1, 2026, the 200-transaction threshold for requiring remote retailers and marketplace facilitators to collect and pay destination-based sales tax was removed.

Beginning January 1, 2026:

- For destination-based sales, if a taxpayer fails to provide sufficient information to determine the proper location: The Illinois Department of Revenue (IDOR) will assess tax on the gross receipts of such sales to undetermined tax locations at the rate of 15%.
- These sales will be assigned to undetermined tax locations.
- “Miscellaneous Unprocessable” penalties will not apply to such sales.

For **original** returns with missing location information, the undetermined tax location rate of 15% will be issued for original returns beginning with the January 31, 2026, period due February 20, 2026.

Taxpayers under Audit may be subject to the 15% rate for any missing location information for any period under audit within the statute of limitations (7 years).

Changes to Thresholds for Servicepersons

200-transaction Threshold Removed for Servicepersons

Effective January 1, 2026, the 200-transaction threshold no longer applies to either out-of-State servicepersons who maintain a place of business in Illinois and make sales to Illinois purchasers, or to marketplace facilitators, that transfer tangible personal property (TPP) to Illinois purchasers as part of a sale of service.

Additionally, servicepersons maintaining a place of business in this State are subject to destination-based sourcing on sales of service that would otherwise be sourced outside of this State.

Beginning January 1, 2026:

- For destination-based sales, if a taxpayer fails to provide sufficient information to determine the proper location: The Illinois Department of Revenue (IDOR) will assess tax on the gross receipts of such sales to undetermined tax locations at the rate of 15%.
- These sales will be assigned to undetermined tax locations.
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Alcohol, Tobacco, and Fuel

Skylar Midden

Alcohol, Tobacco, and Fuel Division –
Quality Assurance Section Manager

The Alcohol, Tobacco, and Fuel Division

- Responsible for several of the larger excise taxes for the Illinois Department of Revenue
- Brought in over \$3.9 billion during FY 2025
- More than 90% of returns are filed and paid electronically using MyTax Illinois or through direct file using our webservices-base gateway, MyDevPortal.



The Alcohol, Tobacco, and Fuel Division

(continued)

- Three processing sections:
 - **Alcohol and Tobacco Processing** which process alcohol, tobacco, cigarette and cannabis cultivators tax returns and issue assessments.
 - **Motor Fuel Tax & Refunds** which processes motor fuel tax returns and refunds for off-road use of motor fuel.
 - **Motor Fuel Use Tax** which upholds the International Fuel Tax Agreement (IFTA) for Illinois. They issue licenses and decals and process quarterly returns for interstate carriers based in Illinois.

Big changes in 2025

- Tobacco Uniformity
- Rate increase for Other Tobacco Products (OTP)
- Expanded Definition of Tobacco Products
- Nicotine defined and alternative nicotine products taxed
- Electronic filing mandate for Cigarette Tax Returns and Payments

Alcohol and Tobacco Processing

1 of 2

Tobacco Uniformity Project

- Common agreed definitions
- Uniform forms
- Easier for industry to comply with filing requirement
- Offers best method for reducing inefficiencies in tax administration and combating tax evasion
- Foster better communication between the states
- Uniform forms can be used for states to share information with other states



Alcohol and Tobacco Processing ^{2 of 2}

- Tobacco Uniformity Project – Rolled out in December 2024
- Required to report Tobacco products received and disbursed.
- Beginning with January 2025 tax period and going forward, taxpayers use the Tobacco Uniformity format.
 - Use MyTax Illinois for entering the data or submitting data under 50 MB as a CSV formatted file.
 - Direct File using schema formatted in XML transmitted through MyDevPortal.
- Effective **January 1, 2026**, Public Act 104-0006 requires all cigarette tax returns and supporting schedules to be filed electronically. Payments must also be submitted electronically. For more information, see Informational Bulletin [FY 2026-07, Changes to the Cigarette Tax](#).



State Tobacco Tax Rate

- **Effective July 1, 2025**, a uniform tax rate is established. The tax rate is now 45 percent of the wholesale price for tobacco products, including moist snuff and electronic cigarettes, sold to or otherwise disposed of by a retailer or consumer located in Illinois. Moist snuff will no longer be taxed based on weight.
- **“Tobacco products”** also includes any product that is made from or derived from tobacco, or that contains nicotine whether natural or synthetic that is intended for human consumption or is likely to be consumed, including but not limited to nicotine pouches, lozenges, and gum; and other kinds and forms of nicotine prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking or for inhalation, absorption, or ingesting by any other means.



Alcohol and Tobacco Processing Common Errors

Alcohol and Tobacco Products tax filers:

- The returns for Alcohol and Tobacco Products have support schedules that show sales and receipts of products.
- Federal ID numbers should be correctly identified.
- Report invoiced amounts for exact match of shipments and purchases
- Liquor gallons and rates
- Missing Schedule 1 & 2 on Tobacco Products Return (TP-1)
- Cigarette number of sticks

Cannabis Cultivation tax filers:

- Accelerated payments for every filing period need to be scheduled and paid by the due dates of the 7th, 15th, 22nd, and last day of the month every month.

Motor Fuel Tax Rate

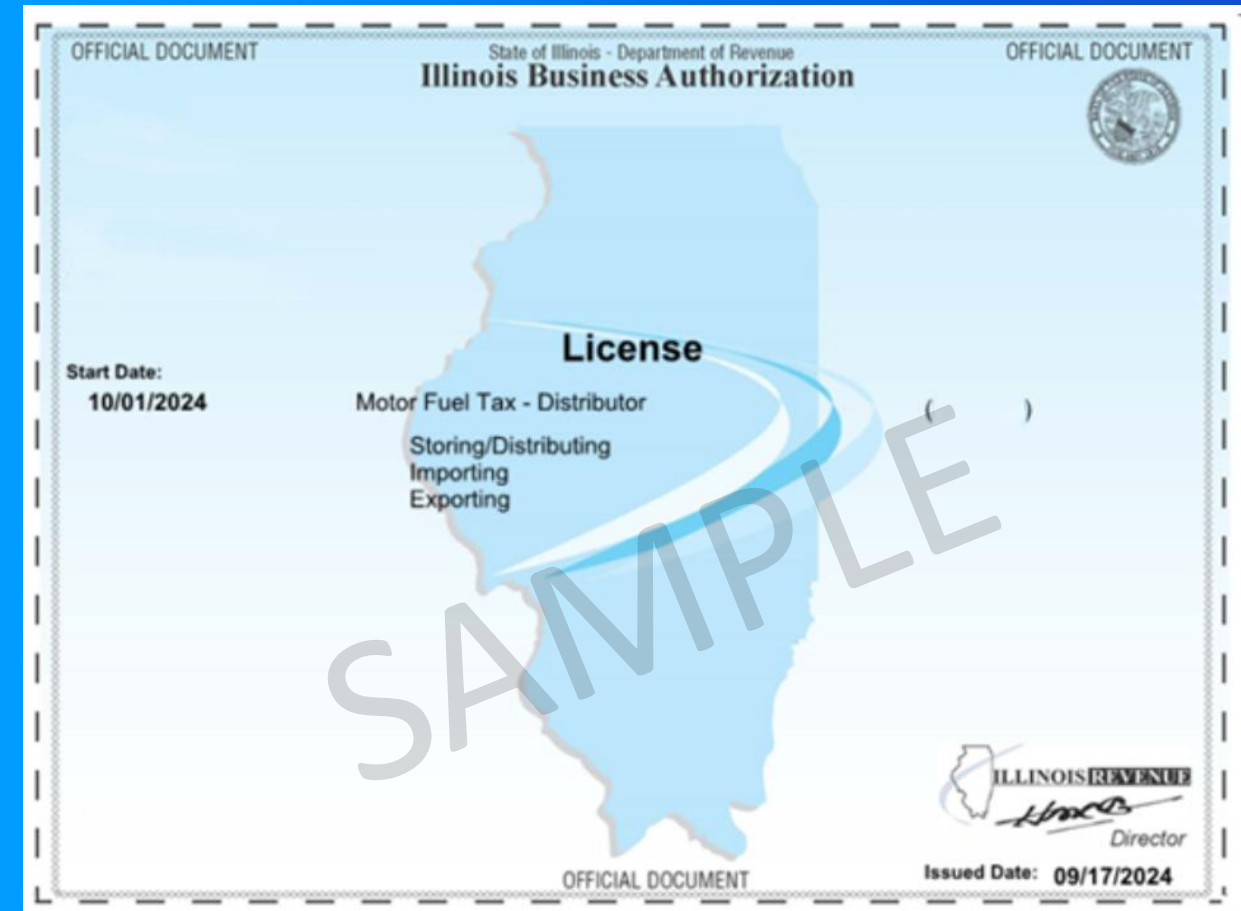
The current Motor Fuel Tax Rate effective
July 1, 2025, through June 30, 2026:

Gasoline	\$0.483 per gallon
Diesel	\$0.558 per gallon
CNG	\$0.483 per GGE
LPG	\$0.558 per gallon
LNG	\$0.558 per gallon

The Law provides that the rate of tax will be increased annually on July 1 of each year by an amount equal to the percentage increase, if any, in the Consumer Price Index for All Urban Consumers for all items published by the United States Department of Labor for the 12 months ending in March of each year, rounded to the nearest one-tenth of one cent.

Motor Fuel Tax and Refunds

- Taxed at the Distributor/Receiver level
- Must have a Distributor/Receiver license to be able to make any permitted tax-free sales.
- You may contact the Motor Fuel Tax Section to begin your process of obtaining a license at REV.MF@Illinois.gov.





Illinois Department of Revenue RMFT-5 Motor Fuel

Distributor/Supplier Tax Return

REV 01
E S / /
NS DP CA

Do not write above this line.

Step 1: Identify yourself

Name _____

Reporting period ____/____/____
Month Year

Address _____

Number and street

Distributor license number **D** -

OR

Supplier license number **S** -

City _____ State _____ ZIP _____

Telephone number (____) _____ - _____

Note: All calculations of tax are based on gallon measurements (i.e., a liquid gallon, a gasoline gallon equivalent, or a diesel gallon equivalent). For more information, see instructions for **each** column.

Step 2: Figure your total gallonage for the month

1 Enter your actual (stick) inventory at the beginning of the month. This amount must agree with closing inventory of preceding month's return.

Column 1 Gasoline Tax Rate Column 2 Diesel Fuel Tax Rate Column 3 Dyed diesel fuel

2 Enter the number of gallons

a produced, acquired, received, or transported into Illinois tax-free (Schedule A, SA, or DA)

b produced, acquired, received, or transported into Illinois tax-paid (Schedule E or SE)

c of combustible gases/1-K kerosene/alcohol sold for highway use (Schedule GA-1)

3 Add Lines 1 through 2c. Remember to do calculations within each column.

4 Enter your actual (stick) inventory at the end of the month.

5 Subtract Line 4 from Line 3. This is your net gallonage for the month. You must account for your nontaxable and taxable gallonage within Step 3 and Step 4.

Step 3: Figure your nontaxable gallonage

6 Enter the number of gallons sold to the federal government, etc. (Schedule B, SB, or DB)

7 Enter the number of gallons exported from Illinois (Schedule C, SC, or DC)

8 Enter the number of gallons

a sold and distributed tax-free to a licensed distributor or supplier (Schedule D, SD, or DD)

b sold and distributed tax-free to other than a licensed distributor or supplier (Schedule DD-1)

c of dyed diesel fuel you used for nonhighway purposes

9 Enter the number of gallons lost due to fire, leakage, spillage, etc. (Schedule F)

10 Enter the number of gallons of your loss due to temperature variation or evaporation or your gain due to temperature variation. Complete Line 10a or 10b per column.

a Loss. The amount of losses you claim are limited. See instructions.

b Gain.

11 Add Lines 6 through 10b. This is your total nontaxable gallonage.

12 Subtract Line 11 from Line 5. The amount in Column 3 should be zero.

Step 4: Figure your gross taxable gallonage

13 Enter the number of gallons sold and distributed for all other purposes.

14 Enter the number of gallons you used for operating motor vehicles on public highways or for operating recreational-type watercraft on waters of Illinois.

15 Enter the number of gallons you used for nontaxable (nonhighway) purposes.

16 Add Lines 13, 14, and 15. This is your gross taxable gallonage. This amount must agree with Line 12.

Step 5: Figure your net taxable gallonage

17 Enter the number of gallons on which tax was paid at the time of purchase. (Schedule E or SE)

18 Subtract Line 17 from Line 16. This is your net taxable gallonage.

Distributor Return

Form RMFT-5 Page 2

Follow our instructions for **each** column.

Column 1 Gasoline Tax Rate Column 2 Diesel Fuel Tax Rate Column 3 Dyed diesel fuel

Step 6: Figure your tax

19 Figure your gross tax due. If the amount on Line 18 is greater than zero, enter the amount from Line 18 on the line provided below and multiply by the tax rate. Otherwise, enter "0" on Lines 19 - 21 within the column.

a _____ X gasoline tax rate. Enter the result on Line 19, Column 1.

Column 1, Line 18

b _____ X diesel fuel tax rate. Enter the result on Line 19, Column 2. 19 \$ _____ \$ _____

Column 2, Line 18

20 If you are filing this return on time and paying your tax due in full, figure your 1.75% collection discount. If Line 19 is greater than zero, subtract Line 17 from Line 13. If the difference is zero or less, enter "0" on Line 20 within the appropriate column. Otherwise, enter the difference on the line provided below and complete the formula.

a _____ X gasoline tax rate X 0.0175. Enter the result on Line 20, Column 1.

Col. 1, Line 13 - Line 17

b _____ X diesel fuel tax rate X 0.0175. Enter the result on Line 20, Column 2. 20 \$ _____ \$ _____

Col. 2, Line 13 - Line 17

21 Subtract Line 20 from Line 19. This is your net tax due by fuel type.

21 \$ _____ \$ _____

22 Add Column 1, Line 21 and Column 2, Line 21. This is your **tax due**.

22 \$ _____

Step 7: Figure the amount you owe

23 Enter the amount of credit you wish to apply. (See instructions.)

23 \$ _____

24 Subtract Line 23 from Line 22 and enter the result on Line 24. This is the **amount you owe**.

Make your check payable to "Illinois Department of Revenue."

24 \$ _____

Step 8: Sign and date your return

Under penalties of perjury, I state that I have examined this return, and, to the best of my knowledge, it is true, correct, and complete.

Signature of person, other than taxpayer, who prepared this return

Date

Taxpayer's name

Preparer's phone number

Signature and title of taxpayer

Date



ILLINOIS
REVENUE

Motor Fuel Non-Highway Refunds

- A claim for refund for gasoline used off-road may be filed no later than two years after the date on which the tax was paid by the claimant.
- A claim for refund for clear diesel used off-road may be filed for the same time frame for the following reasons:
 - Manufacturing
 - Research and Development
 - Fertilizer sprayers
 - Refrigeration units on Semitrailers

Motor Fuel Tax-Free Sales

Only licensed distributors and suppliers can make tax-free sales of motor fuel, which includes:

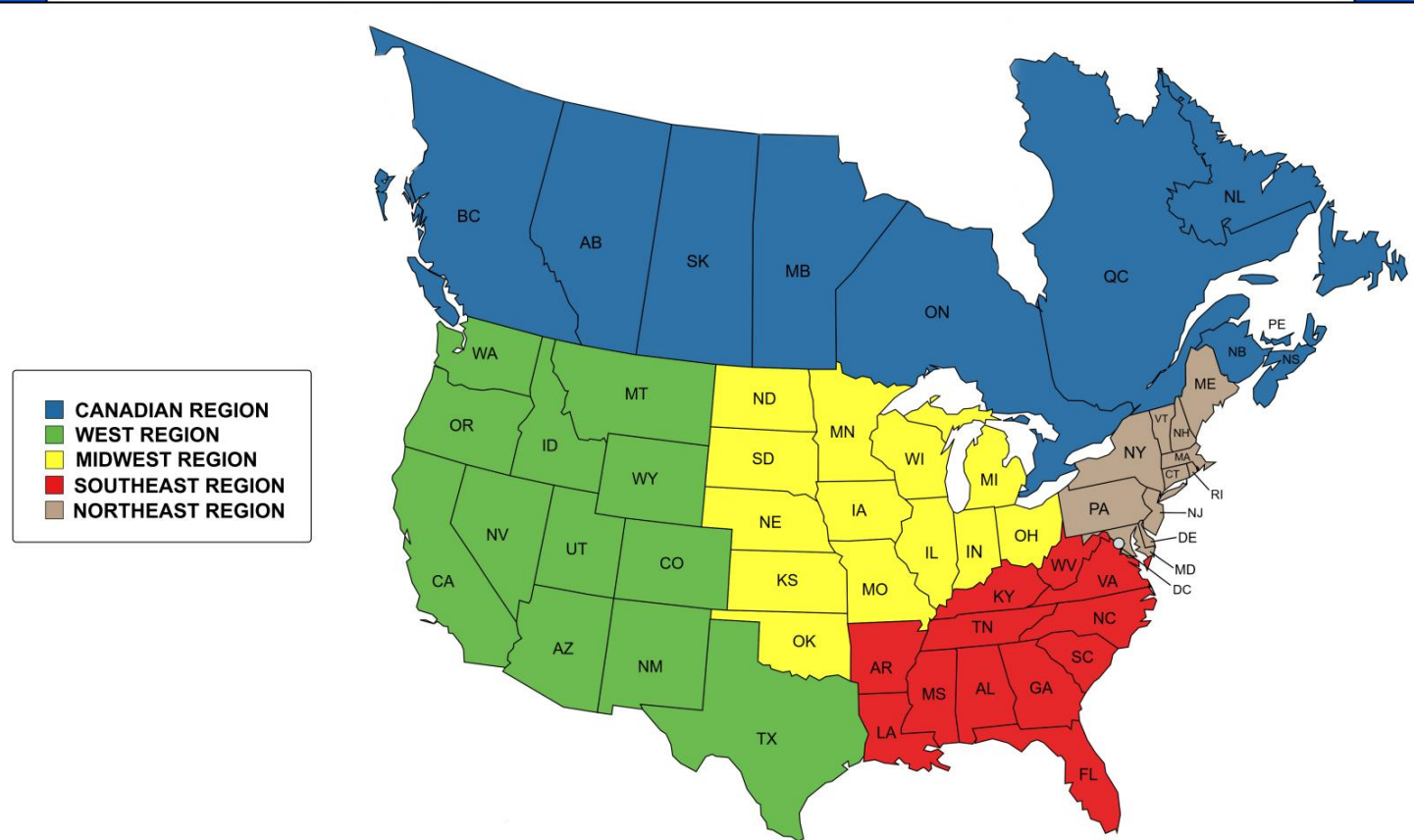
- Sales made to a municipality owning and operating a local transportation system for public service in this State when an official certificate of exemption is obtained in lieu of the tax.
- Sales of dyed diesel fuel is made to the end user of the fuel.

IFTA?

- The International Fuel Tax Agreement is a base jurisdiction concept
- A tax collection agreement by and among the 48 contiguous States and 10 Canadian Provinces bordering the US
- Uniform administration of motor fuels use taxation laws with respect to qualified motor vehicles operated in more than one member jurisdiction
- Retention of Sovereign Authority to determine tax rates, exemptions and exercise other substantive tax authority
- Uniform Definition of Qualified Motor Vehicle (QMV)

- Any person based in a member jurisdiction operating a qualified motor vehicle in two or more member jurisdictions must obtain an IFTA license
- Base Jurisdiction
 - Where qualified motor vehicles are registered (IRP)
 - Where operational control and operational records are maintained, or can be made available
 - Where some travel is accrued

Licensing



Reporting

- Licensee files quarterly tax return with base jurisdiction
- Reporting quarter due dates

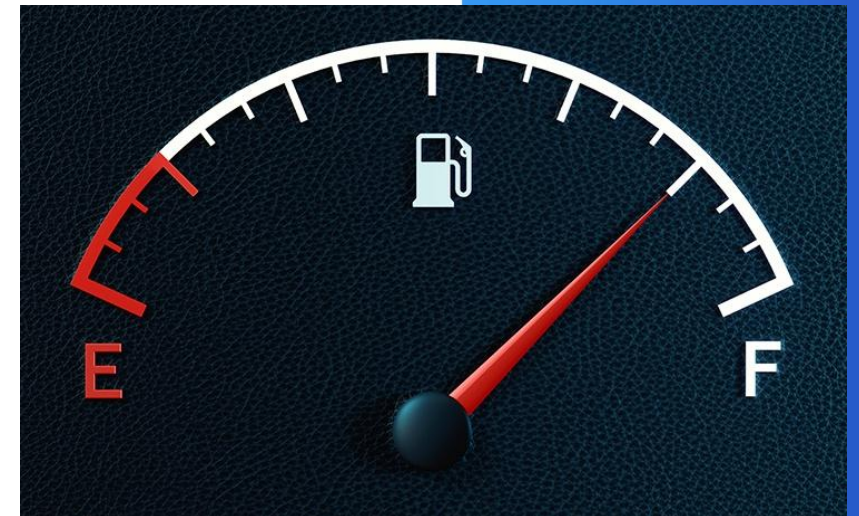
Reporting Quarter	Due Date
January - March	April 30
April - June	July 31
July - September	October 31
October - December	January 31

- Base jurisdiction reviews and processes return

Recordkeeping Requirements

IFTA Licensees must maintain records for four years to support their quarterly filed IFTA returns.

- Distance traveled in every jurisdiction
- Fuel purchases in every jurisdiction
- Bulk fuel storage
- Trip sheets
- Decal tracking
- Vehicle records
- Fleet totals



2025 Illinois IFTA Facts

- On December 31st, there were 18,300 IFTA carriers licensed in IL.
- For the 2025 decal year, IL issued 264,875 IFTA decals.
- IL licensed IFTA carriers reported just under 13.9 billion miles traveled in all 58 jurisdictions.
- Just under 7 billion miles were traveled in IL by licensed IFTA carriers from all 58 jurisdictions.
- Just over 1 billion gallons of Diesel fuel were purchased in IL by all IFTA carriers.

