

Beginning January 1, 2026, the 200-transaction threshold test no longer applies to determine whether a remote retailer is engaged in the occupation of selling tangible personal property at retail in Illinois. See 35 ILCS 120/2(b-1). (This is a GIL).

June 3, 2026

NAME
COMPANY
ADDRESS

Dear NAME:

This letter is in response to your letter dated May 6, 2026, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department’s regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter (“GIL”) is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL.

INQUIRY:

We are registered with Illinois to pay sales tax. We currently sell wholesale, remote, and now anticipate bidding some resale contracts in the state of Illinois. Between the contract bidding, and understanding how we need to bill sales tax within our accounting software, we need to understand how Illinois taxes us.

I learned the 200 transactions threshold was eliminated in January 2026. Specific question about the Nexus threshold and how it functions follows:

1. Is the threshold for withstanding [sic] still set at \$100,000?

2. Do we begin charging sales tax AFTER we reach the 100,000 sales threshold? Or is the threshold considered the grace period for which we would be collecting sales tax and then submitted [sic] our first sales tax report filing?
3. If the threshold is for no taxes billable to the customer until after the \$100,000 threshold is met, how do we handle a situation where we are invoicing a customer for sales that partially falls within the initial \$100,000 nexus threshold but the balance of the invoice/job pushes us into the billable sales tax window?
4. Is there an option to set ourselves up to pay sales tax quarterly or are we required to pay monthly until we establish a track record with Illinois?

If you are aware of any other legal information that would be helpful to us as we navigate this, please feel free to provide.

DEPARTMENT'S RULING:

The Retailers' Occupation Tax Act imposes a tax on persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 35 ILCS 120/2; 86 Ill. Adm. Code 130.101. In Illinois, Use Tax is imposed on the privilege of using, in this State, any tangible personal property purchased anywhere at retail from a retailer. See 35 ILCS 105/3; 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales" tax in Illinois.

Beginning January 1, 2021, and continuing through December 31, 2025, a remote retailer is considered engaged in the occupation of selling at retail in Illinois if either of the following thresholds were met during the preceding four quarterly periods ending on the last day of March, June, September, and December:

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

[35 ILCS 120/2(b)]. Beginning January 1, 2026, the 200-transaction threshold no longer applies. The only threshold for determining whether a remote retailer is engaged in the occupation of selling tangible personal property at retail in Illinois is whether the retailer has cumulative gross receipts of \$100,000 or more from sales of tangible personal property to purchasers in Illinois during the one-year lookback period. See 35 ILCS 120/2(b-1).

Thus, a remote retailer is required to determine on a quarterly basis, ending on the last day of March, June, September, and December, whether it meets either the threshold in subsection 120/2(b) prior to January 1, 2026, or the threshold in subsection 120/2(b-1) on and after January 1, 2026, for the preceding 12-month period. A remote retailer meeting either of these thresholds is liable for all applicable State and local retailers' occupation taxes administered by the Department on retail sales shipped or delivered to purchasers in Illinois and must file the applicable returns for the following 12-month period. The remote retailer must begin collecting sales tax on the first day of the quarter immediately following the end of the 12-month lookback period. See 86 Ill. Adm Code 131.115. At the end of the required 12-month filing period, if the retailer again meets a threshold requirement under subsections 120/2(b) or 120/2(b-1) for the preceding 12-month period, it must continue to remit tax for the following year. *Id.*

However, if, at the end of the one-year collection period, the remote retailer determines that its sales of tangible personal property to purchasers in Illinois did not meet a threshold requirement under subsections 120/2(b) or 120/2(b-1) for the preceding 12-month period, the remote retailer must notify the Department and discontinue collecting State and local retailers' occupation taxes. See 86 Ill. Adm. Code 131.115). As a courtesy to its Illinois customers, the remote retailer may notify the Department to change its registration status to voluntarily collect and remit Use Tax, since its Illinois customers will still incur a Use Tax liability that they must otherwise self-assess and remit directly to the Department. See 86 Ill. Adm. Code 150.805 for additional information.

Note that a remote retailer that previously met the 200-transaction threshold in subsection 120/2(b)(2) but did not meet the gross receipts threshold in 120/2(b)(1) needed to review its sales on December 31, 2025, for the preceding 12-month period to determine if it met the gross receipts threshold in 120/2(b-1) for years beginning on January 1, 2026. If the remote retailer did not meet the threshold, it should have discontinued remitting State and local retailers' occupation taxes and notified the Department. Such a remote retailer must determine, on a rolling quarterly basis, whether it has met the gross receipts threshold in 120/2(b-1) and is obligated to begin remitting State and local retailers' occupation taxes.

Please be advised that when determining whether a remote retailer meets a threshold that establishes tax remittance obligations, sales for resale are excluded. See 86 Ill. Adm. Code 131.120(b)(1). See also 86 Ill. Adm. Code 130.210 for information regarding sales for resale.

Finally, all persons in the business of making sales of tangible personal property in this State, must make a monthly return covering the previous month. If a retailer's average monthly tax liability to the Department does not exceed \$200, the Department may authorize quarterly filing of returns. See 86 Ill. Adm. Code 130.502.

COMPANY/NAME

Page 4

June 3, 2026

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Assistance Division at 800-732-8866.

Very truly yours,

Thomas Grudichak
Associate Counsel

TG:slc