



# *informational*

## *Bulletin*

David Harris, Director

## **Retailers' Discount for Certain Tax Returns Capped at \$1,000 Per Month**

### **To: All Illinois retailers and servicepersons**

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

For sales and use tax and other related returns due **on or after January 1, 2025**, the retailers' discount amount is limited to \$1,000 per month. See **Public Act 103-592**.

The retailers' discount is an amount that retailers and servicepersons may claim only if the return is filed on or before the due date and only for a percentage of the taxes paid on or before the due date. The discount is allowed as a reimbursement for the expenses incurred in keeping records, preparing and filing returns, remitting the tax, and supplying data to the Illinois Department of Revenue (IDOR) on request.

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### **What tax returns are impacted by the discount cap?**

Taxpayers may claim a maximum discount of \$1,000 per month for each of the following periodic returns:

- Form ST-1, Sales and Use Tax and E911 Surcharge Return (Line 10)<sup>1</sup>
- Form ST-70, Aviation Fuel Sales and Use Tax Return
- Form CD-1, Cannabis Dispensary Tax Return (Sales and Use Tax portion)
- Form LSE-1, Tax Return for Vehicle Leasing Companies
- Form ST-201, Rental Purchase Agreement Occupation Tax Return
- Form ART-1, Automobile Renting Occupation and Use Tax Return
- Form CMFT-1, County Motor Fuel Tax Return
- Form MMFT-1, Municipal Motor Fuel Tax Return

For the following transaction returns (e.g., motor vehicles, trailers, watercraft, aircraft), taxpayers may claim a maximum discount amount of \$1,000 per month:

- Form ST-556, Sales Tax Transaction Return and Form ST-556-LSE, Transaction Return for Leases (**\$1,000 per month combined**)

**Note:** For all amended periodic and transaction returns, if the amount of tax due is increased, the discount **may still not** exceed \$1,000 per month and is allowed only if the increased tax reported was paid by the due date of the original return.

<sup>1</sup> The E911 Surcharge discount on Schedule B of Form ST-1 is subject to a separate maximum discount amount of \$1,000 per month. The ITAC Assessment discount on Schedule B of Form ST-1 must be calculated separately and is not subject to a cap.

### When does the discount cap take effect?

The maximum allowable discount of \$1,000 per month is effective for returns due **on or after January 1, 2025**. This includes returns for the December 2024 liability period.

### Am I subject to the \$1,000 per month discount cap if I am a quarterly or annual filer?

Yes. Quarterly and annual filers are also subject to the \$1,000 per month discount cap.

### Will this discount cap impact how retailers must complete their periodic returns?

Retailers should continue to calculate the discount using the appropriate discount rate for the tax, as indicated in the return instructions. However, if the calculated amount of discount is more than \$1,000 per month for the return filing period, the taxpayer will only be granted a discount amount of \$1,000 per month. See the example below.

If a taxpayer claims a discount amount, but IDOR subsequently determines that all or any part of the discount taken was not actually allowed the taxpayer, the taxpayer's discount will be reduced and the taxpayer will be liable for penalties and interest on the difference.

If you file electronically using MyTax Illinois at [mytax.illinois.gov](https://mytax.illinois.gov), the discount will be calculated for you.

#### Example:

Taxpayer A is a retailer that sells motor fuel and is registered to file monthly Forms ST-1 and MMFT-1. For the January 2025 reporting period, the taxpayer is reporting \$100,000 in tax due on Form ST-1 and \$70,000 tax due on Form MMFT-1. The taxpayer is filing the returns and paying the taxes due before their due dates and is entitled to calculate a discount on these returns.

- The taxpayer multiplies the \$100,000 tax due on Form ST-1 by 1.75% (.0175) and gets the total \$1,750, which exceeds the maximum discount allowed on this return for this reporting period. The taxpayer cannot enter an amount exceeding \$1,000 on Line 10 of Form ST-1.
- The taxpayer multiplies the \$70,000 tax due on Form MMFT-1 by 1.75% (.0175) and gets the total \$1,225, which is more than the maximum discount allowed on this return for this reporting period. The taxpayer cannot enter an amount exceeding \$1,000 on Line 8 of Form MMFT-1.

Form	Tax Due	Discount Rate	Calculated Discount	Maximum Discount Allowed	Discount Allowed to Claim
ST-1	\$100,000	1.75%	\$1,750	\$1,000	\$1,000
MMFT-1	\$70,000	1.75%	\$1,225	\$1,000	\$1,000

### How does the discount cap impact sales or leases of items that must be titled or registered with an agency of Illinois state government?

As with the other returns, these changes impact transaction returns (*i.e.*, Forms ST-556 and ST-556-LSE). The \$1,000 monthly cap applies to vehicle sales with a delivery date on or after December 12, 2024, for the December liability period which corresponds to returns due **on or after January 1, 2025**.

IDOR will issue additional guidance with regard to the administration of the discount that can be claimed on transaction returns.