



# Publication 140

## April 2023

### *Reporting Requirements for Business Incentives*

#### ***About this publication***

Publication 140, Reporting Requirements for Business Incentives, has been developed to help taxpayers gain a general understanding of the reporting requirements regarding tax incentives. This publication pertains to High Impact Businesses (HIB), entities certified under the Reimagining Energy and Vehicles (REV) or Manufacturing Illinois Chips for Real Opportunity (MICRO) Acts, businesses located in Enterprise Zones (EZ) or River Edge Redevelopment Zones (RERZ), Building Materials Exemption Certificate holders, and utility providers.

This publication provides a brief description of the reporting requirements. For more information visit the Illinois Department of Revenue's (IDOR) website at [tax.illinois.gov](https://tax.illinois.gov). To get started, select the "Businesses" link under the "Tax Resources" drop-down menu on the homepage and then select the "Business Incentives Reporting" quick link.

The information in this publication is current as of the date of the publication. Please visit IDOR's website at [tax.illinois.gov](https://tax.illinois.gov) to verify you have the most current revision.

The contents of this publication are informational only and do not take the place of statutes, rules, and court decisions. For further clarification or more detail, refer to the provided citations which can be located in the [Illinois Compiled Statutes](#) or the [Illinois Administrative Code](#).

**For information or forms, visit IDOR's website at:  
[tax.illinois.gov](https://tax.illinois.gov)**

#### **Who is Required to File a Report?**

The following summarizes reporting requirements, including who is required to file a report, and the types of reports required.

- **Building Materials Exemption Certificate (BMEC) report** – Contractors, subcontractors, or other entities to whom a building materials exemption certificate is issued by IDOR\* are required to file a report with IDOR providing the dollar amount of exempt building materials that they purchased. If no purchases were made, the report must still be filed with IDOR stating that fact. A report must be filed for each year the certificate is valid.

The requirement to file a BMEC report is mandated as follows:

- EZ and HIB – 20 ILCS 655/8.1(a-5)
- REV – 20 ILCS 686(30)(f)
- MICRO – 35 ILCS 45/110-30(f)
- RERZ – 65 ILCS 115/10-10.2(a-5)

\* For information on applying for a Building Materials Exemption Certificate, see Publication 139, Application Process to Obtain Sales Tax Exemption Certificates for Building Materials.

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- **Business report** – Business entities that receive tax incentives other than or in addition to a building materials exemption, because they are located within either an Enterprise Zone or River Edge Redevelopment Zone, because they are designated as a High Impact Business, or because they are certified under the REV or MICRO Acts, must file a business report with IDOR. Each business entity that receives tax incentives must provide the information IDOR requests.

The requirement to file a business incentives report is mandated as follows:

- EZ and HIB – 20 ILCS 655/8.1(a)
  - REV – 20 ILCS 686(30)(f)
  - MICRO – 35 ILCS 45/110-30(f)
  - RERZ – 65 ILCS 115/10-10.2(a)
- **Utility company report** – Entities that are required to file a return under the Gas Revenue Tax Act, Gas Use Tax Act, Electricity Excise Tax Act, or the Telecommunications Excise Tax Act must file a report with IDOR providing required information about utility customers that received tax incentives due to the customer’s location within an Enterprise Zone or River Edge Redevelopment Zone, the customer’s designation as a High Impact Business, or the customer’s certification under the REV or MICRO Acts.

The requirement to file a utility company report is mandated as follows:

- EZ and HIB – 20 ILCS 655/8.1(b)
- REV – 20 ILCS 686(30)(f)
- MICRO – 35 ILCS 45/110-30(f)
- RERZ – 65 ILCS 115/10-10.2(b)

## When are reports due?

All reports for the previous calendar year are due no later than May 31 of the following year. However, if a report deadline falls on a Saturday, Sunday, or holiday, the deadline to file automatically defaults to the following business day. For example, if May 31 falls on a Saturday, the reports for the previous calendar year are due on Monday, June 2.

## How do I file a report?

Use IDOR’s online reporting system available through the Department’s website, [tax.illinois.gov](http://tax.illinois.gov). After selecting the “Businesses” link under the “Tax Resources” drop-down, click on “Business Incentives Reporting and Building Materials Exemption Certification.” From there, click “Click Here to Begin Filing a Report” to go to the filing system. After reading the general information about the system, click the “Next” button to start your filing session.

If you are a:

- **BME certificate holder**, select the tab labeled “Building Materials Exemption Certificate Report.”
- **utility company**, select the tab labeled “Utility Company Report.”
- **business that received incentives other than or in addition to a building materials exemption**, select the tab labeled “Business Incentive Report.”

The system includes prompts and tips, indicated with a “?” to guide you through the report.

## What do I need to file a report?

Depending on the type of filer you are, you should have the following information available when filing a report.

- **BMEC report filers** – Certificate holders need the number used to register for their building materials exemption certificates (Federal Employer Identification Number (FEIN), Social Security number (SSN), or Applicant Identification number). Once logged into the system, the reporting application provides a list of all current certificates you hold for which you have a reporting requirement. For each project-related certificate, you will need to declare the dollar value of the building materials you purchased in the previous calendar year, using each of your certificates.
- **Utility report filers** – You are required to enter your Federal ID number or license number, and exemption figures for all businesses that are certified exempt.
- **Business report filers** – You are required to enter identifying information for your business, such as Tax ID number, the type of zone, and zone name, if applicable. In addition, you must report any tax incentives that you have received other than or in addition to a building materials exemption. Incentives may be related to income tax, utility taxes, sales tax, property tax, or jobs created.

## What if I make a mistake or need to correct a report that I already filed?

If you make a mistake or need to correct a report that you already filed, you must submit an entirely new report for all of your certificates again, even the ones that were correctly filed the first time. Please log into your account and file a new report. This new report will completely replace your earlier submissions.

## Are there penalties if a certificate holder or business fails to file a report?

Certificate holders who fail to report sales tax exemption benefits for building materials purchased may have their certificates revoked and may become ineligible to receive certificates for other projects. The penalties for not complying with reporting requirements are:

- **1st offense** – A contractor, sub-contractor, or other entity will have its non-compliant exemption certificate suspended until the reporting requirement is met.
- **2nd offense** – A contractor, sub-contractor, or other entity who fails to comply with reporting requirements for two reporting periods within a five-year period will have all exemption certificates issued to it suspended for 30 days past the date that all filing requirements have been met.
- **Subsequent offenses** – A contractor, sub-contractor, or other entity who fails to comply with reporting requirements for more than two reporting periods within a five-year period will have all exemption certificates issued to it suspended for 180 days past the date that all filing requirements have been met.

Furthermore, contractors, sub-contractors, or other entities engaged in the fraudulent use of exemption certificates may be subject to further penalties including a permanent revocation of all exemption certificates.

Refer to 86 Ill. Admin. Section 130.1951(g), 130.1952(g) and 130.1954(f) for more information on penalties for building materials exemption certificate holders. Businesses that fail to report benefits may lose their eligibility to receive incentives.

### For more information:

Find the most up-to-date information on the Illinois Department of Revenue's website at [tax.illinois.gov](http://tax.illinois.gov).

Frequently Asked Questions (FAQ) pages have been developed to provide more specific detail about each reporting type. Select the "Businesses" link under the "Tax Resources" drop-down menu on IDOR's homepage and look for the "Business Incentives Reporting and Building Materials Exemption Certification" quick link.