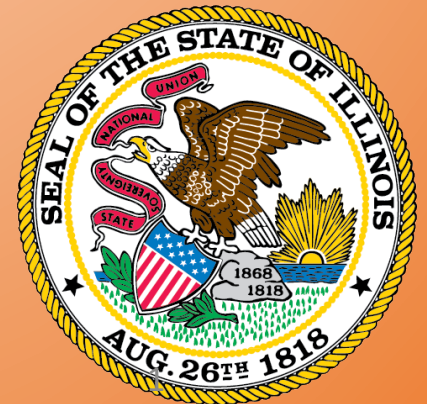


Illinois Department of Revenue

2023 IMTA Statewide Regional Meeting



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.

Local Tax Allocation Division (LTAD)

- The Local Tax Allocation Division (LTAD) acts as a liaison between the local governments and the Department of Revenue (IDOR). LTAD's primary responsibility is the disbursement of various taxes to municipalities, counties and various taxing districts; however, there are many other related functions that are performed by LTAD.

DISTRIBUTION OF TAXES

- Local governments receive a separate distribution for each tax type.
- IDOR suggests that all recipients sign up for direct deposit.
- Track your distributions on the Comptroller's website.
 - The Vendor TIN needed for their website can be found on our website under "Monthly Disbursements."

SALES TAX DISBURSEMENTS

- Retailers' Occupation Tax
- Service Occupation Tax
- Use Tax
- Service Use Tax
- Home Rule Sales Tax
- Non-Home Rule Sales Tax
- Business District Development and Redevelopment Tax
- County and Municipal Motor Fuel Taxes
- County and Municipal Cannabis Taxes
- County and Municipal Automobile Renting Taxes
- County Flood Prevention Tax
- County Public Safety, Public Facilities, Mental Health, Substance Abuse, or Transportation Tax
- Metro-East Park and Recreation District Tax
- County School Facility and Resources Tax
- Regional Transportation Authority Tax
- Metro-East Transit District Tax
- Aviation Fuel Tax
- Along With Many Others

ALLOCATION OF STATE SALES TAX COLLECTIONS

- General Merchandise:
 - State Tax Rate is 6.25%
 - 5.00% State Equivalent to 80% of tax collections
 - 1.00% Local Equivalent to 16% of tax collections
 - 0.25% County Equivalent to 4% of tax collections
- Qualifying Food, Drug, and Medical Appliances:
 - State Tax Rate is 1.00%
 - 1.00% Local Equivalent to 100% of tax collections
 - The state still allocates grocery tax revenue to local governments even though the tax is currently suspended.

SALES TAX ALLOCATION EXAMPLE

Selling Price	\$1,000.00	<u>Allocation Breakdown</u>	
+ 6.25% Tax	<u>\$62.50</u>	State	\$49.12 (80%)
	\$1,062.50	Local	\$9.83 (16%)
		County	<u>\$2.46 (4%)</u>
Total Tax Due	\$62.50		\$61.41
-1.75% Discount	<u>\$1.09</u>		
Total Remitted	\$61.41		

SALES TAX COLLECTION CYCLE

- 4 Month Cycle
- Example: Item purchased January 16th
 - January Liability Month
 - February Collection Month (Allocation Month)
 - March Processing Month
 - April Disbursement Month
- ST-1 Sales Tax Return is due the 20th of the collection month, or the next business day
- ULO and CUT follow the same 4-month cycle
- PPRT is disbursed 8 times per year
- INC is disbursed the month after it is collected

LOCALLY IMPOSED TAXES

- Taxes imposed at the county or municipal level are not imposed on:
 - Items that are titled or registered with an Illinois state agency, and
 - Qualifying food, drug, and medical appliances.
- Rates are imposed in increments of 0.25%.
- IDOR will notify impacted retailers with an informational bulletin via MyTax message.
- MyLocalTax users will also receive a copy of the bulletin via message, so you can share it with retailers that contact your local government directly.

TIPS FOR ALL ORDINANCES

- There are templates for the ordinances on our website.
- Legal will send a letter either stating that the ordinance will be imposed or requesting changes to the ordinance.
- At this time, required documentation must be mailed or submitted through the MLT portal.
- Upcoming Ordinance Deadlines:
 - May 1 - NHMR
- Regarding the ordinance deadline, we use the postmark date on the envelope.
- If you want to verify that we received your ordinance, please check with us before the deadline! This allows you to still meet the deadline if you must resend because it was lost in the mail.

Leveling the Playing Field Act

- Pursuant to the enactment of Illinois Public Acts (P.A.) [101-0031](#) and [101-0604](#), remote retailers and marketplace facilitators that meet certain thresholds are required to register to collect and remit Illinois Retailers' Occupation Tax (ROT) for sales of tangible personal property made on or after January 1, 2021.
- For tax determination, retailers are divided into three categories:
 - Illinois in-state retailers
 - Remote retailers
 - Out-of-state sellers

Illinois In-State Retailers

- Sales made by Illinois in-state retailers (e.g., brick & mortar)
 - Illinois purchases that are shipped out of a distribution center within Illinois will be taxed at the tax rate of the distribution center's location (origin rate).
 - This sale will generate MT/CT for the local government of origin, as well as any locally-imposed taxes.
 - This was not changed by LPF, so suppliers, distributors, or ordering centers in your community are not impacted.

Remote Retailers

- Sales made by remote retailers (no physical presence in Illinois but meet the statutory tax remittance threshold)
 - Illinois purchases that are shipped from outside Illinois will be taxed at the rate of the delivery address (destination rate).
 - This sale will generate MT/CT for the local government of destination, as well as any locally-imposed taxes.

Out-of-State Sellers

- Sales made by out-of-state sellers (an out-of-state retailer with physical presence in Illinois)
 - If selling activities occur within Illinois (e.g., sales are filled from inventory in Illinois or other selling activities occur in Illinois), then tax is calculated using the origin rate for that sale.
 - This sale will generate MT/CT for the local government of origin, as well as any locally-imposed taxes.
 - If selling activities occur outside Illinois, then 6.25% Use Tax must be collected and remitted for that sale.
 - This will be deposited into the State & Local Sales Tax Reform Fund for distribution to local governments based on population.

Tax Collections

- Sales made by retailers from all three categories are reported on the same ST-1 Sales and Use Tax and E911 Surcharge Return.
- This means that tax from online sales is collected and distributed the same way as sales made by local retailers.
- This also means that we do not have an exact calculation for you as to how much of your revenue comes from online versus brick-and-mortar sales.
 - However, later we will discuss some steps you can take to calculate a reasonable distinction between the two.

Leveling the Playing Field

- Changes you should see because of LPF
 - More non-local addresses on your taxpayer listings and allocation remittance reports. The sites are set up as changing locations and the non-local addresses are corporate addresses for these companies.
 - A decrease in Use Tax distributions.
 - Marketplace facilitators, including food delivery apps, should impose tax at the destination rate.
 - Business District tax should be imposed on destination rate sales as well (if a BD exists there, and the address is included in the BD). This includes residential addresses.

Leveling the Playing Field

- Tax Rate Finder
 - Search by Local Government
 - Search by Address – this file is only updated twice per year January 1 and July 1. To be included in the file update, changes must be submitted by April 1 (for the July 1 update) and October 1 (for the January 1 update).
 - By statute, beginning in February 2022, IDOR will have to provide a map of the current boundaries on file for your jurisdiction. You will receive a MyLocalTax (MLT) message with a link to our GIS website. Until February 2022, you will have to check individual addresses using the address-specific Tax Rate Finder.

Leveling the Playing Field

- Reallocations
 - We will only be reallocating LPF monies based on amended returns, not due to copies of an invoice, for example.
 - Businesses are held harmless if our tax rate finder file is incorrect. This means if they do file an amended return to correct a tax rate, they will not be required to pay additional tax, penalty, or interest due because of our error. If we do reallocate, you may only receive a maximum of what the original recipient received in distributions, even if your tax rate is higher.

LOCAL GOVERNMENT RESOURCES

- LTAD Website
 - Allocation amounts
 - Forms and agreements
 - Information about each tax type
 - Training materials
- MyLocalTax Portal (MLT)
- LTAD Quarterly Newsletter
 - January, April, July, October
 - Will be posted to our website, sent through MLT, and will receive a message through GovDelivery.

LOCAL GOVERNMENT RESOURCES

- GovDelivery
 - Sign up on website
 - Short messages to alert you of news
 - When this presentation posts, when the PPRT estimate is posted, when newsletters are posted, etc.

MLT PORTAL FUNCTIONS

- Complete Monthly TLV Process
- Enter or Amend Rebate Sharing Agreements
- Receive Annual Taxpayer Listing
- Request Allocation Remittance Report
- Request Taxpayer Listing
- Send/Receive Messages
- Submit Certified Ordinances/Resolutions
- Submit Reciprocal Agreement Documentation
- View Correspondence and Messages

MLT TIPS

- An account is not created once your name has been submitted on the approved list with the information exchange agreement. Each person must register for their own account.
- Please don't share accounts.
- Please alert us as soon as someone leaves employment with your local government so we can close their account.
- The answer to your security question is case sensitive.
- Please make sure you're logging into MyLocalTax and not MyTax or MyDec. They are separate portals.

Decoding MLT Reports

- Taxpayer Listings (TPL)
 - We provide a list annually, or you can order at any time through MLT using the “Request Taxpayer Listing” function.
 - Look for Changing Locations (CL) on the TPL in the “Type” column.
 - These will not provide you with an exact breakdown, because direct sales companies, such as Mary Kay and Tupperware may have already existed in your jurisdiction. Not all CLs are online retailers new to your report.

Decoding MLT Reports

- Allocation Remittance Reports
 - MLT accounts with confidential access can use the function “Request Allocation Remittance Report” to receive a report with the sales tax revenue generated by each business within your jurisdiction.
 - Once again, you can look for Changing Locations (CL) on the report in the “Type” column.
 - Also, in the “Business Name” column, some entries say “Jurisdiction Destination.”
 - Finally, the first allocation period to reflect LPF was 02/2021. CL businesses with “0” tax revenue prior to that period that began to generate revenue with the 02/2021 period can be assumed to be online retailers as well.

TPL Example

Location	Account Number	Account Type	Site ID	Type	SIC	Business Name	DBA	Street	Street2	City	State	Zip
Schaumburg	0000-2089	ST1	0	CL	2099	WATKINS INC	WATKINS INC	150 LIBERTY ST		WINONA	MN	55987
Schaumburg	0002-7936	ST1	0	CL	5963	MARY KAY INC & AFFILIATES	MARY KAY INC & AFFILIATES	PO BOX 799045	16251 DALLAS PKWY	DALLAS	TX	75379
Schaumburg	0006-6834	ST1	0	CL	5511	NAVISTAR USED TRUCK CENTER	NAVISTAR USED TRUCK CENTER	2701 NAVISTAR DR		LISLE	IL	60532
Schaumburg	0007-1986	ST1	1	PL	3559	HUNTER FOUNDRY MACHINERY CORPORATION	HUNTER FOUNDRY MACHINERY CORPORATION	2222 HAMMOND DR		SCHAUMBURG	IL	60196
Schaumburg	0009-0085	ST1	1	PL	3089	ILLINOIS TOOL WORKS INC	DUO-FAST	955 NATIONAL PKWY		SCHAUMBURG	IL	60173
Schaumburg	0009-1162	ST1	0	CL	4911	COMMONWEALTH EDISON CO	COMMONWEALTH EDISON CO	10 S DEARBORN ST		CHICAGO	IL	60603
Schaumburg	0009-2932	ST1	2	PL	5912	WALGREEN CO	WALGREENS #11623	1180 S ROSELLE RD		SCHAUMBURG	IL	60193
Schaumburg	0009-4412	ST1	0	CL	4813	AMERITECH	AMERITECH	11760 US HIGHWAY 1		NORTH PALM BEACH	FL	33408
Schaumburg	0017-6516	ST1	0	CL	3678	MOLEX LLC	MOLEX LLC	2222 WELLINGTON CT		LISLE	IL	60532
Schaumburg	0037-2226	ST1	0	CL	3482	OLIN CORP & SUB	OLIN CORP & SUB	190 CARONDELET PLZ STE 1530		CLAYTON	MO	63105
Schaumburg	0038-6626	ST1	0	CL	3011	BRIDGESTONE AMERICAS TIRE OPERATIONS LLC	BRIDGESTONE AMERICAS TIRE OPERATIONS LLC	200 4TH AVE S		NASHVILLE	TN	37201
Schaumburg	2281-0498	ST1	0	CL	5199	TRANS WORLD MARKETING CORP	SCHAUMBURG (COOK) DESTINATION	360 MURRAY HILL PKWY		EAST RUTHERFORD	NJ	07073
Schaumburg	2612-0569	ST1	0	CL	7311	RUSSELL-HAMPTON CO	SCHAUMBURG (COOK) DESTINATION	110 LEAWOOD DR		NEW CENTURY	KS	66031

Remittance Report Example

Account Type	Type	Business Name	11/30/2020	12/31/2020	01/31/2021	02/28/2021	03/31/2021	04/30/2021	05/31/2021	06/30/2021	07/31/2021
ST1	CL	ABC Co.	225	250	175	275	250	300	275	325	450
ST1	CL	Aaron's Store	0	0	0	85	90	30	220	25	115
ST1	PL	IDOR Inc.	7000	7500	8000	7000	7250	8000	7750	8250	8500
ST1	CL	SCHAUMBURG (COOK) DESTINATION	0	0	0	0	0	0	0	40	60

- The period(s) selected for the report are the Allocation Period
- Amounts on this report reflect the 1.75% discount, but not admin fees and interest. In other words, if you sum the column, it will not match your disbursement amount.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

History and Qualifications

- Revenues collected by IDOR to replace money lost by local governments when their powers to impose personal property taxes were taken away.
- Qualifications to receive a distribution:
 - Taxing district must have been in existence prior to July 1, 1979, and
 - Received revenue from personal property tax from the 1976 tax year for taxing districts in Cook County, or the 1977 tax year for taxing districts in the remaining 101 counties.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

PPRT Includes...

- Personal Property Replacement Tax includes:
 - Replacement Tax imposed on the net Illinois income of C-Corporations, Partnerships, Trusts, & S-Corporations;
 - Invested Capital Tax;
 - Electricity Distribution Tax (based on Kilowatt hours); and
 - Telecommunications Infrastructure Maintenance Fees.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

Net Collections

- The net collections of the taxes are deposited into the Personal Property Replacement Tax Fund and distributed to local taxing districts.
 - Net collections = total collections minus stipends, additional compensations, salary reimbursements, and deposits made into the refund fund.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

Proportionate Share

- Net Collections are divided into two portions:
 - One portion (51.65%) goes to districts in Cook County.
 - The other portion (48.35%) goes to districts throughout the remaining 101 counties.
- The proportionate share is determined by:
 - For Cook County districts, the amount of CPPRT they collected in 1976 in proportion to the total amount collected in Cook County that year.
 - For the remaining districts, the amount of CPPRT they collected in 1977 in proportion to the total amount collected outside Cook County that year.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

Distributions

- Eight distributions are sent each year to qualifying taxing districts (January, March, April, May, July, August, October, and December).
- Distributions to taxing districts are based on each district's share of personal property tax collection from the appropriate 1976 or 1977 tax year.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

Proportionate Share of PPRT Distributed

- Certain taxing districts are required to pay a proportionate share of personal property replacement tax funds they receive to the municipality, library, or cemetery if personal property taxes were previously levied in 1976 or 1977 and paid to those taxing districts.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

Fiscal Year Estimates

- Fiscal year estimates for PPRT are posted to our website around the first of August.
- This is an estimate.
 - We do not pay the difference if your actual distributions are less than estimated.
 - We do not ask you to pay the difference if distributions are more than estimated.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

Fiscal Year Estimates (continued)

- The estimate is posted in the same place on our website every year.
- You do not need to ask if we have the estimate; just check the website. As soon as we have it, we will post it.

GENERAL SUGGESTIONS

- For MyLocalTax questions, please refer to the tutorial and FAQ's first.
- For basic local tax questions, please refer to the website first.
- When sending an email or leaving a voice mail, please include details we'll need to answer your question(s).
- Communicate with all interested parties within your local government.
- Share information with your fellow members of various local government officials' associations.
- Read our messages!!

THANK YOU!

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