



Local Governments’ Guide to Tax Allocations

What is a rebate sharing agreement?

A rebate sharing agreement is an agreement made by a local government (municipality or county) to share or rebate any portion of retailers’ occupation taxes (including, but not limited to, the local share of the state retailer’s occupation taxes, or home rule, non-home rule, or business district taxes) generated by retail sales of tangible personal property. This includes agreements with retailers, developers, consultants, or other local governments or taxing jurisdictions.

What is the rebate sharing agreement reporting requirement?

Illinois law requires all units of local government to report electronically to the Illinois Department of Revenue (IDOR) agreements commonly known as “rebate sharing agreements.” The law also requires that the report information be available on IDOR’s website at tax.illinois.gov. -Using MyLocalTax, local governments must report detailed information on any existing or new agreements to share or rebate any portion of retailers’ occupation taxes generated by retail sales of tangible personal property.

Do rebate sharing agreements between local governments and other taxing jurisdictions have to be reported?

Yes. Any agreement in which a local government shares a portion of the sales tax allocations with another business, local government, or taxing district needs to be reported. This includes agreements between two municipalities, between a municipality and a county, or between a municipality and a school district. If the second unit of local government does not have a sales tax account ID, the FEIN should be entered as the Account ID.

Are agreements in which sales taxes are dedicated to the repayment of bonds issued by a municipality or county required to be reported?

No. Agreements by a municipality or county to dedicate sales tax revenues to the repayment of bonds issued by the municipality or county are not subject to the rebate sharing reporting requirement. These agreements are not considered to be “sharing” of the sales taxes.

When is my rebate sharing agreement report due?

Agreements are required to be reported electronically through MyLocalTax within 30 days following the execution of the agreement. IDOR can assess a delinquency penalty of \$20 per day to local governments that fail to timely submit a rebate sharing agreement.

Rebate Sharing Agreements

Is there a reporting requirement if my local government does not have any rebate sharing agreements at this time?

No. If the local government does not have any rebate sharing agreements, there is no reporting requirement.

If my municipality is in more than one county, which location code do I use to log in and report a rebate sharing agreement?

You must log in to MyLocalTax using the first seven digits of the location code for the business from which the rebated sales taxes are generated. Send a message through MyLocalTax or email the Local Tax Allocation Division at rev.localtax@illinois.gov if you have questions.

How do I complete the agreement report if the rebate sharing agreement is between my local government and a developer or consulting firm?

In the business information section, enter the FEIN for the developer or consulting firm in the account ID field if the business does not have a sales tax account ID. In the business name field, enter the name of the developer or consulting firm. Then, under location address(es), enter the business address within your local government from which rebated sales are made. For example, the location address may be the developer's address at the development, such as the mall office.

Under the terms of the agreement, describe the formula used to distribute the rebate of sales tax for each year of the agreement. For example, 50 percent of the retailers' occupation taxes generated by tenants of the development (shopping mall) will be paid to the developer for each year of the agreement until a total aggregate of \$1.5 million is paid, or 10 years have passed, whichever comes first.

Under the terms of the agreement, enter the starting and ending dates for the rebate sharing agreement. Note: If there is a distribution limit on the amount to be rebated which would end the agreement prior to the ending date entered in, specify the limit in.

Under the terms of the agreement, list the name of each additional business that is or is not a party to the agreement and each business which directly or indirectly receives a share, refund, or rebate of the retailers' occupation tax.

How do I report agreements with multiple parties to the agreement?

In the business information section, enter the account ID and business name of the primary party.

Under the terms of the agreement, list the name of each additional business that is a party to the agreement and who directly or indirectly receives a share, refund, or rebate of the retailers' occupation tax.

Rebate Sharing Agreements

How do I enter the end date of the terms of the agreement if there is no defined end date for the agreement?

Enter a placeholder date, such as 12/31/2099.

What if I need to correct a mistake, amend, or update the end date on an agreement?

Log in to your allocation account through MyLocalTax and select “Enter or Amend Rebate Sharing Agreements” under the “I Want To” section of the portal. You can submit your amendment through that link.

What information is publicly available?

The agreement reports are searchable by business name and local government name. The information from the rebate sharing agreement reports is viewable once selected; however, IDOR redacts confidential information as required by statute. The uploaded copy of the agreement is not included with the rebate sharing reports.

Statutory References

Illinois Municipal Code - 65 ILCS 5/8-11-21
Counties Code - 55 ILCS 5/5-1014.3