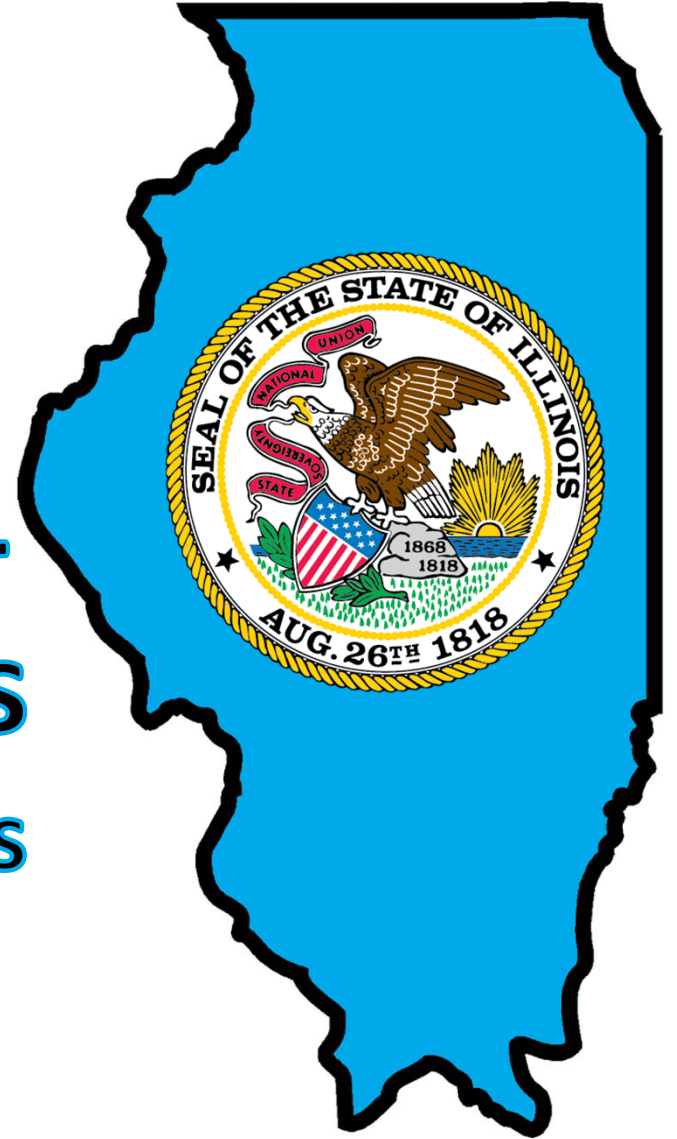


Illinois Department of Revenue
What's New in 2021
for Remote Retailers
and Marketplace Facilitators



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 (IDOR) 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.

Due to the information that is presented throughout, you are encouraged to view this presentation in its entirety. Certain scenarios may not reflect your situation, but that section may contain information that you may need or wish to know.

Quick notes about navigating through this presentation:

- To advance to the next slide, left click with your mouse, press spacebar, use the down or right arrow keys, or roll your mouse wheel down.
- To go back to the previous slide, use the up or left arrow keys or roll your mouse wheel forward.
- Right click anywhere on the screen to open a menu that will give you additional navigation tools.
- Press escape at anytime to leave the presentation.

Hello!

Welcome to Illinois!


We have big changes
happening in 2021 for
remote retailers and
marketplace facilitators.

Let me tell you a bit
about them.



“Illinois enacted new laws that are intended to ‘level the playing field’ between Illinois-based retailers and **remote retailers** by requiring certain retailers selling to Illinois purchasers to collect and remit state and local retailers’ occupation taxes.

The new law is called the ‘Leveling the Playing Field for Illinois Retail Act’ and went into effect on January 1, 2021 (35 ILCS 185).”

A map of the United States where the state of Illinois is highlighted in blue. A speech bubble with a black border and white background is positioned over the upper part of the map, containing text. The rest of the map is green, and the names of various US states are written in black text across the background.

A **remote retailer** is an out-of-state retailer, who does not have a physical presence in Illinois, that sells tangible personal property to Illinois purchasers.

ILLINOIS
REVENUE

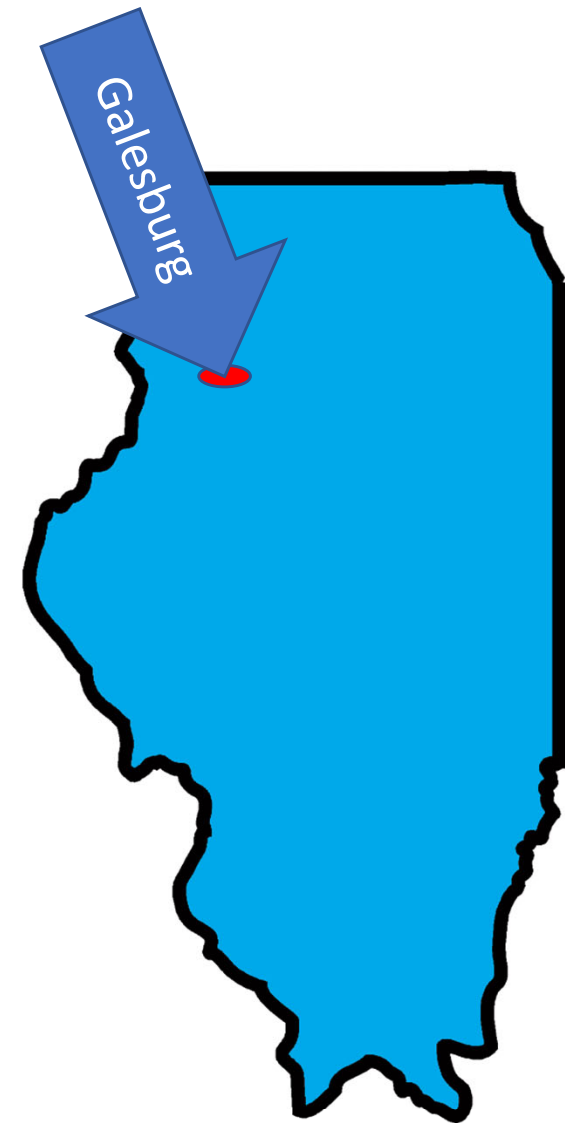


What does that mean for Remote Retailers?

It means that starting January 1, 2021, **remote retailers** who meet a tax remittance threshold and have no physical presence in Illinois must start collecting and remitting Retailers' Occupation Tax at the rate in effect at the location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser, also known as the **"destination-based" rate.**



“For example, if you are a **remote retailer** who meets a tax remittance threshold and who doesn’t have physical presence in Illinois **and** you make a sale to someone in Galesburg, Illinois, you are required to collect and remit state and local Retailers’ Occupation Tax based on the rate in effect at the Galesburg address.”



“What are ‘tax remittance thresholds’?”

“ ‘Tax remittance thresholds’ means the standards established by Illinois Compiled Statute, 35 ILCS 120/2. The thresholds are used to determine tax collection obligations for remote retailers that meet specific selling thresholds but have no physical presence in Illinois. Beginning January 1, 2021, remote retailers that meet or exceed either of the following thresholds shall be liable for all applicable state and locally imposed retailers’ occupation taxes administered by the Illinois Department of Revenue (IDOR) on all retail sales to Illinois purchasers.

\$100K
OR
200
Transactions

1. \$100,000 or more in cumulative gross receipts from sales of tangible personal property to purchasers in Illinois; *or*
2. 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois. ”

As a **remote retailer**, you will total your sales to Illinois purchasers to see if they meet either of the tax remittance thresholds.

Transactions that are excluded when determining if you meet one of the thresholds are:

1. Sales for resale
2. Sales through a marketplace that are the responsibility of the Marketplace Facilitator
3. Sales of items that are required to be registered with an agency of Illinois such as motor vehicles or boats
4. Occasional sales



What do you mean by “Physical Presence”?

“Physical presence in Illinois refers to:

- having or maintaining a permanent or temporary office, distribution house, sales house, warehouse, or other place of business, or
- having a permanent or temporary agent or other representative operating within Illinois under the authority of the retailer.

Physical presence in Illinois can be either directly or through a subsidiary regardless of whether the retailer or subsidiary has a license to do business in Illinois or not.

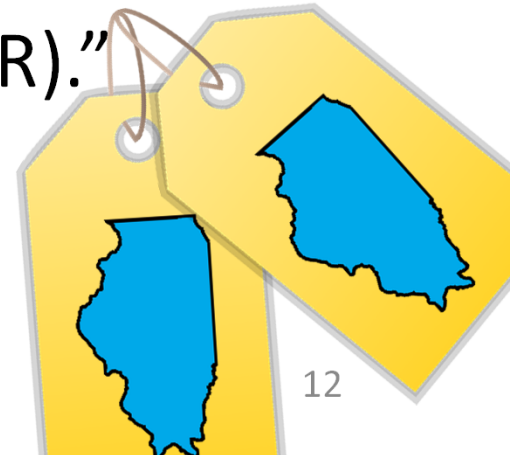
See [35 ILCS 105/2 \(1.1\) and \(1.2\)](#) for more information and further examples.”





Is Retailers' Occupation Tax the same thing as Sales Tax?

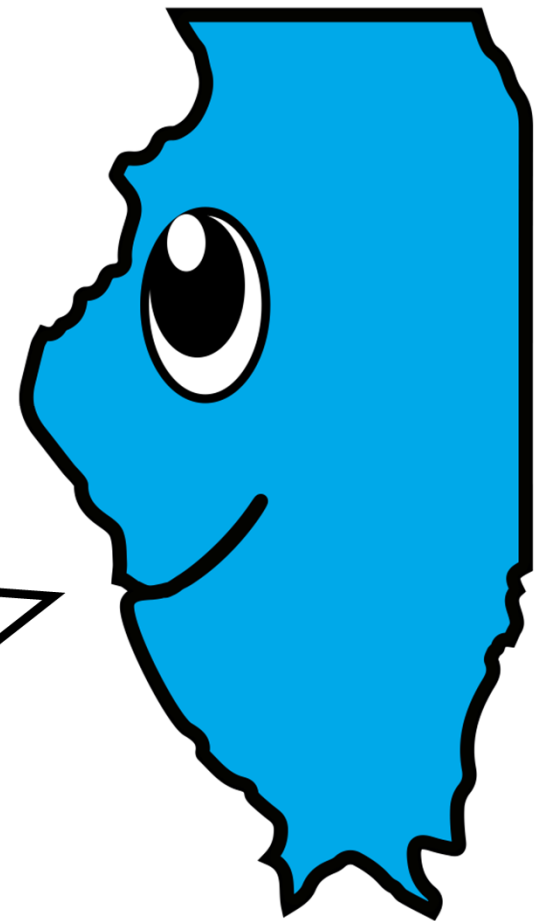
“Essentially, yes. Most people use Retailers' Occupation Tax (or ROT for short) and Sales and Use Tax interchangeably. Officially, “retailers' occupation tax” is a tax imposed on retailers engaged in the occupation of selling tangible personal property at retail in Illinois. It includes the taxes levied under the Retailers' Occupation Tax Act (35 ILCS 120) **and** all applicable local retailers' occupation taxes collected by the Illinois Department of Revenue (IDOR).”





But I make all of my sales on a large online marketplace that collects and remits tax on my behalf. Do I need to do anything else?

In addition to the new rules for **remote retailers**, Illinois has also passed legislation that requires **marketplace facilitators** to remit state and local retailers' occupation taxes on sales made on behalf of marketplace sellers (retailers who sell over the marketplace) if they meet a tax remittance threshold, as well as their own sales. If all of your sales are through the marketplace and the marketplace meets one of the tax remittance thresholds, the **marketplace facilitator** is responsible for collecting the ROT (sales tax) for all sales made on their marketplace, including yours.

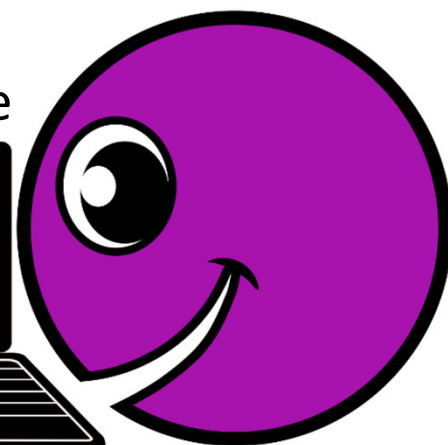




What is a Marketplace Facilitator?

“A **‘marketplace facilitator’** is a person who has an agreement with an unrelated marketplace seller to facilitate a retail sale, either directly or indirectly through an affiliate, by:

1. Listing or advertising for sale by the marketplace seller in a marketplace, tangible personal property that is subject to tax under the Retailers’ Occupation Tax Act; and
2. Either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace seller regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.”



\$100K
or
200
Transactions

“**Marketplace facilitators** still use the same tax remittance thresholds that I mentioned earlier.

However, transactions that a **marketplace facilitator** excludes when determining if they meet a threshold are a bit different than those for **remote retailers**.

Transactions that **marketplace facilitators** exclude when determining if they meet one of the thresholds are:

1. Sales for resale, and
2. Sales of items that are required to be registered with an agency of Illinois such as motor vehicles or planes.

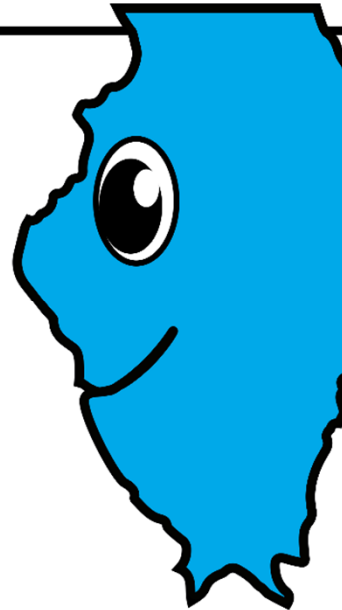
Note that no sale made by a **marketplace facilitator** is considered an ‘occasional sale’, therefore **marketplace facilitators** will have no ‘occasional sales’ to exclude.”

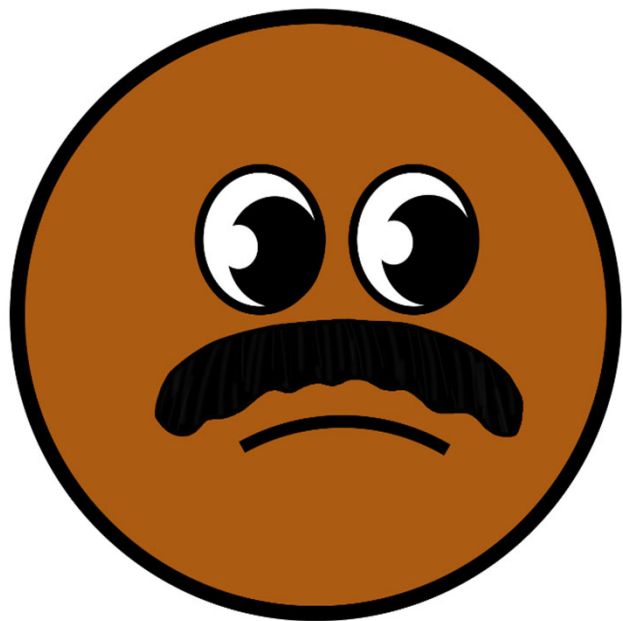
Good News!

If all of your sales are made over a marketplace that meets a tax remittance threshold, you have no ROT (sales tax) obligation in Illinois.



Great!





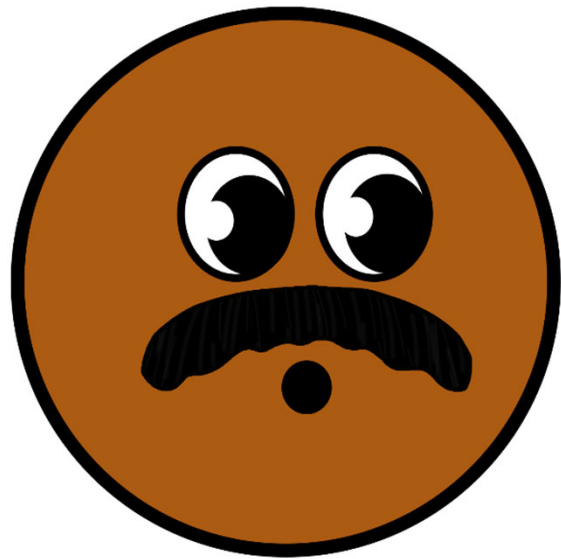
But wait a minute! I am also a remote retailer without physical presence in Illinois. Part of my sales are done over a large marketplace, but some of my sales are not. How do I figure out my tax obligation?

If the **Marketplace Facilitator** is liable for your sales made over the marketplace, you are responsible for your “other” sales that are not made on the marketplace.

You must determine if you meet either of the tax remittance thresholds for your “other” sales.

- If you do, then you are required to remit ROT (sales tax) at the “**destination-based rate**”.
- If not, you have no obligation to remit tax. However, you could voluntarily collect and remit Illinois Use Tax on behalf of your Illinois purchasers.



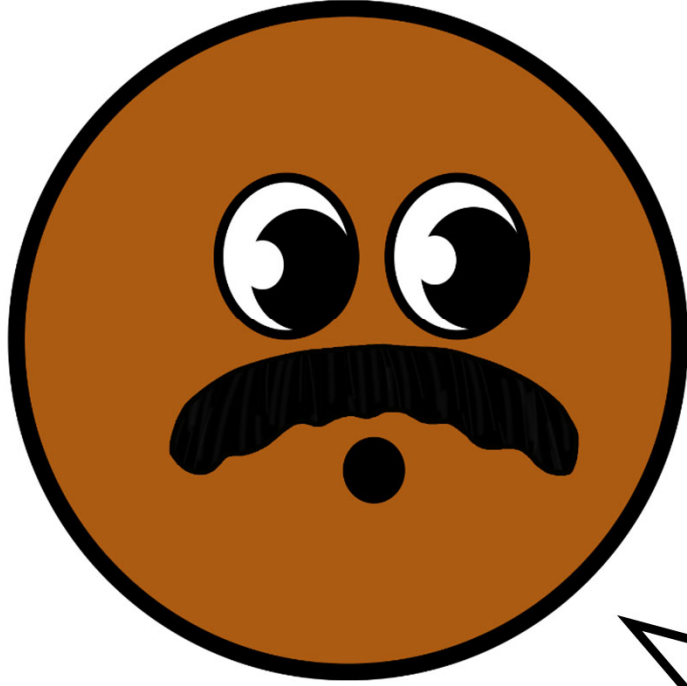


So, I only need to check my “other” sales against the thresholds for determining whether I need to remit sales tax at the “destination rate”?

Yes. Total your sales and transactions from sales made in the prior year that are not through the marketplace to determine if you meet one of the thresholds.

Be sure to exclude all sales that fall into any of the exclusion categories that I mentioned earlier.



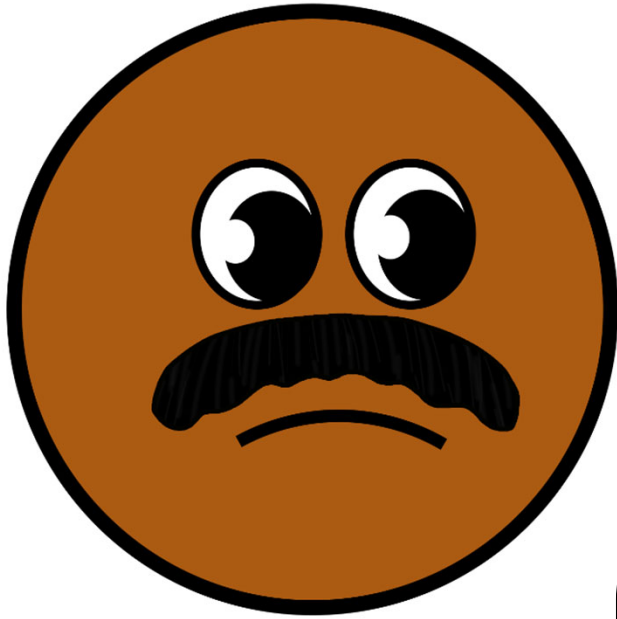


I have met one of the thresholds, now what?

Register

“You will need to get your IDOR account ready to start collecting and remitting ‘**destination-based**’ Sales Tax.

- If you are registered with IDOR and have an active Sales Tax account, you are ready.
- If you are not registered with IDOR, you must register your business and add a Sales Tax account by completing a REG-1. Visit tax.illinois.gov for more information.
- If you were registered but only reported Use Tax, contact IDOR’s Central Registration Division at 217-785-3707 or REV.Centreg@illinois.gov to switch your account to a Sales Tax account.”

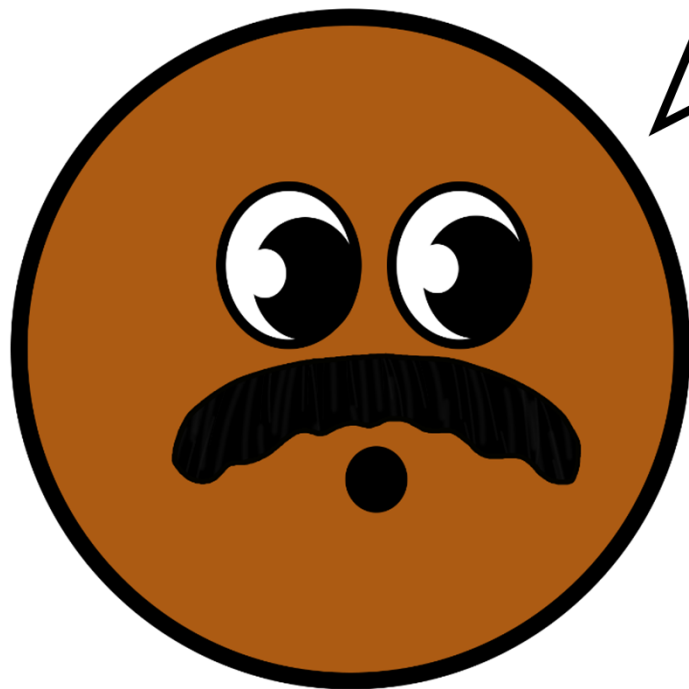


How do I know what rates to charge if I have to collect the taxes in effect at the purchaser's address?

“The easiest way to find the correct tax rates is to visit [MyTax Illinois’s Tax Rate Finder](#). It will allow you to search by address and will return the proper tax rate as needed.



IDOR also has address specific machine-readable files that may be utilized by software developers. See the [IDOR website](#) for more information.”



Okay.
I have found the tax rate that I need to use.
Now how do I report the transaction?

• If the vehicle or trailer is titled and registered to an out-of-state location, you (the dealer) may be required to collect tax. Refer to **ST-58, Reciprocal - Non-Reciprocal Vehicle Tax Rate Chart.**

Adult Use Cannabis
Medical Cannabis

7.250%*
6.250%

* "Rates shown are specific to a certain location. Rates vary by location. Be sure to check the Tax Rate Finder for your specific rate."

Carrying Food and Drugs
Vehicle (RUT-25) and RUT-25-LSE
Aviation Fuel

6.250%
1.000%
6.250%

Illinois Department of Revenue
ST-1
 Account ID _____ This form is for: _____
 (Reporting period)

You must round your figures to whole dollars. (See instructions.)
Step 1: Alcoholic Liquor Purchases (See instructions.)
 (You are not required to report your purchases.)
 Note: Distributors will file this form for you.

Step 2: _____
 to us.

Step 5: Tax on Purchases

General merchandise
 12a _____ x .0625 = _____

Food, drugs, and medical appliances
 13a _____ x .01 = _____

Purchases at other rates
 14a _____

15 Tax due on purchases
 (Add Lines 12b, 13b, and 14b.)

Step 6: Net Tax Due

16 Tax due from receipts and purchases
 (Add Lines 11 and 15.)

16a Manufacturer's Purchase Credit
 (See instructions.)

17 Prepaid sales tax
 (Attach PST2 copy A.)

18 Quarter-monthly (accelerated)
 payments

19 Total prepayments
 (Add Lines 16a, 17, and 18.)

20 Net tax due
 (Subtract Line 19 from Line 16.)

Step 7: Payment Due

21 E911 Surcharge and ITAC Assessment
 (From Schedule B, Line 10.)

22 Excess tax, surcharge, and
 assessment collected (See instructions.)

23 Total tax, surcharge, and assessment
 due (Add Lines 20, 21, and 22.)

24 Credit amount
 (See instructions.)

25 Payment due

Receipts taxed at other rates
 8a _____ x _____ (rate) = 8b _____

9 Tax due on receipts
 (Add Lines 4b, 5b, 6b, 7b, and 8b.)

Step 4: Retailer's Discount and Net Tax on Receipts

10 Retailer's discount - If qualified,
 multiply Line 9 by the applicable rate.
 (See instructions.)

11 Net tax due on receipts
 (Subtract Line 10 from Line 9.)

“You will be required to file a Form ST-1 to report your Sales and Use Tax obligations. ST-1 may be filed either through MyTax Illinois or by direct file (usually done through tax software or a vendor). Please refer to [Form ST-1 Instructions](#) for more information.”



When completing the ST-1, you will use Form ST-2, Multiple Site Form, to report the sales to each of your locations. Your ST-2 should list each different taxing location that sales were made to for your period, along with the amount of sales for that location. If you make more than one sale to a certain taxing location, the sales will be added as one entry for that location. See the [ST-2 Instructions](#) and the [Destination-Based Sales Tax Assistance page](#) for more information.




“In order to file for each taxing location, however, **remote retailers** must register each taxing location in Illinois that a sale or sales were made to. Locations are added to your registration through [MyTax Illinois](#). For more information on registering and adding locations visit the [Leveling the Playing Field for Illinois Retail Act resource page](#).”

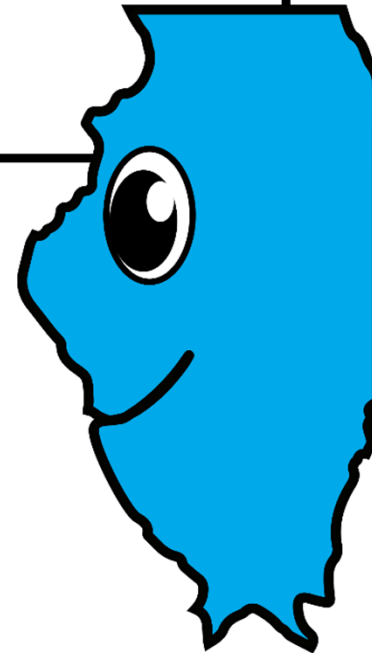
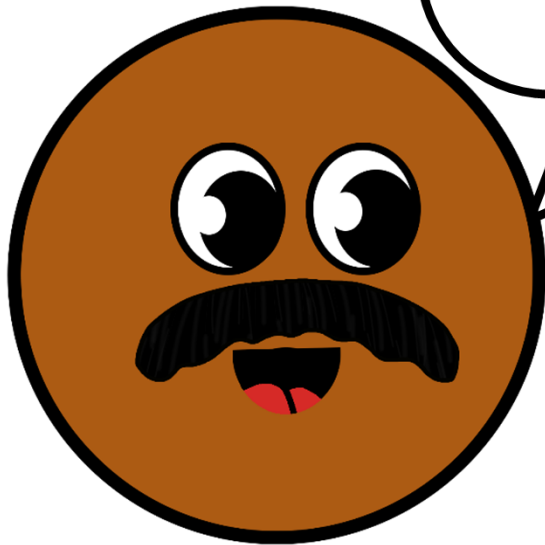


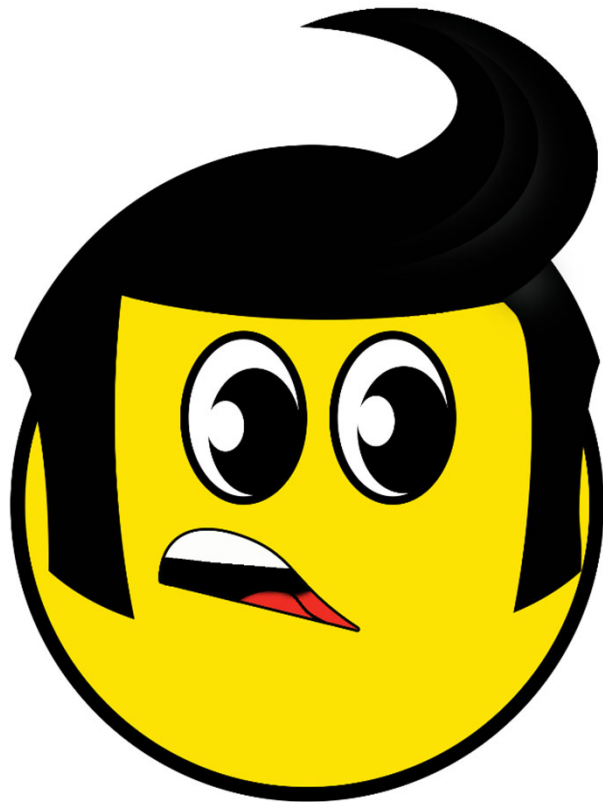
For example, if you make a sale to an address located in the Springfield-South Central Business District, you will need to:

1. Find the appropriate taxing location and rate using the Tax Rate Finder (or the Address Specific Machine-Readable files).
2. Add the Springfield-South Central Business District taxing zone to your registration using MyTax Illinois. (If you have already added this business district to your registration because you previously made a sale there, you may skip this step.)
3. File an ST-1 at the end of your filing period with the Springfield-South Central Business District (and the taxable amount of sales made within) listed on Form ST-2.

- 
- 1.
 - 2.
 - 3.

**Wow!
That really helps.
Thanks.**

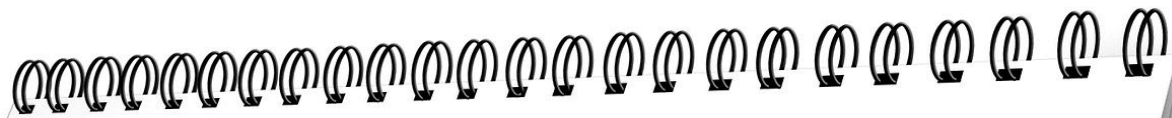




Hey, what about me?

I don't make any sales through a marketplace. I live in Tennessee with no physical presence in Illinois. I only make sales through my own website.

I need to determine if I meet one of the thresholds, right?

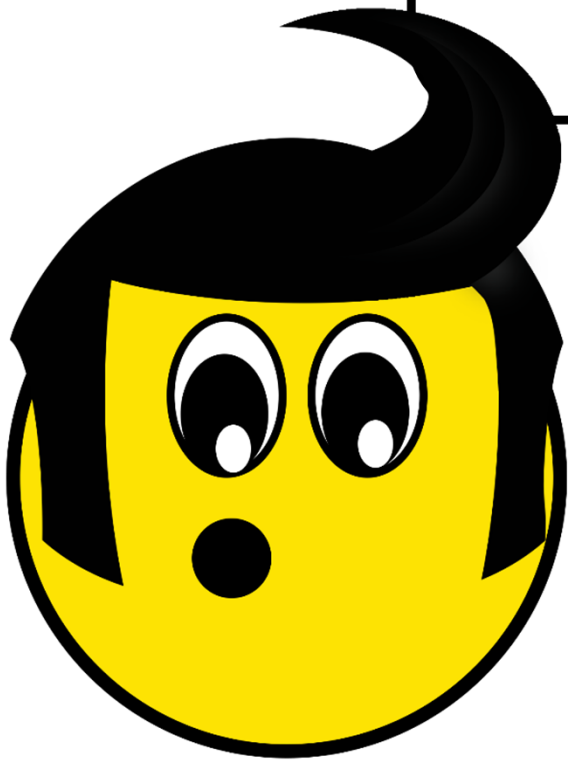


JANUARY							FEBRUARY							MARCH							APRIL							
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	
					1	2			1	2	3	4	5	6													1	2
3	4	5	6	7	8	9			7	8	9	10	11	12	13													
10	11	12	13	14	15	16			14	15	16	17	18	19	20													
17	18	19	20	21	22	23			21	22	23	24	25	26	27													
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31																												
MAY							JUNE							JULY							AUGUST							
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SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER							
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“If you have no physical presence in Illinois, then ‘Yes’. Review the prior 12 months sales to determine if you meet one of the thresholds. Be sure to exclude all sales that fall into any of the exclusion categories that I mentioned earlier.”



**Bummer, I did not make enough sales to Illinois purchasers for the prior 12 months to meet either threshold!
Now what do I need to do?**



“First, you need to determine what to do with your Illinois tax account if you have one.

- You may voluntarily collect and remit Use Tax as a courtesy to your Illinois purchasers, since those purchasers will still incur a Use Tax liability. Contact IDOR if you intend to voluntarily collect Use Tax.
- If you do not wish to collect Use Tax voluntarily and you have an active IDOR account, contact IDOR to deactivate your account.

Either way contact Central Registration at 217-785-3707 or REV.Centreg@illinois.gov if you need help switching an IDOR account.”

JANUARY

FEBRUARY

“Secondly, you must re-examine your Illinois sales on a quarterly basis.

In other words, every March, June, September, and December do a look back at the prior 12-month period. If at any time you meet a threshold, re-activate or, if you don't have one, create your ROT (sales tax) account and begin collecting taxes for sales beginning on the first day of the quarter immediately following the end of the 12-month lookback period.”

MARCH

SATURDAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
4				1	2	3	4
11	5	6	7	8	9	10	11
18	12	13	14	15	16	17	18
25	19	20	21	22	23	24	25
	26	27	28	29	30	31	

JUNE

SATURDAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
6					1	2	3
13	4	5	6	7	8	9	10
20	11	12	13	14	15	16	17
27	18	19	20	21	22	23	24
	25	26	27	28	29	30	

SEPTEMBER

SATURDAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
5						1	2
12	3	4	5	6	7	8	9
19	10	11	12	13	14	15	16
26	17	18	19	20	21	22	23
	24	25	26	27	28	29	30

DECEMBER

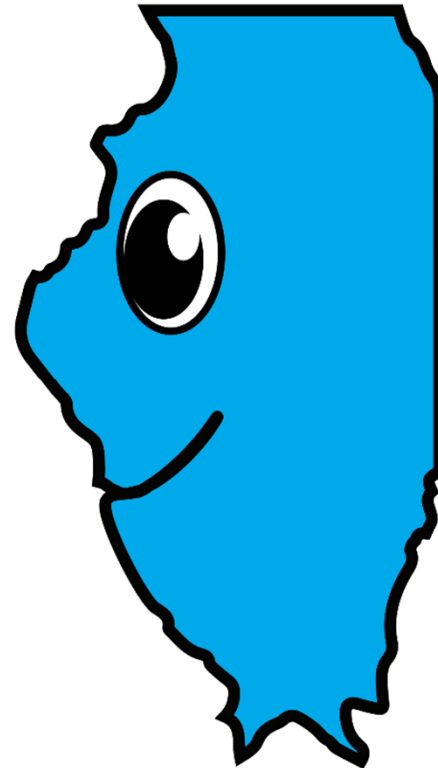
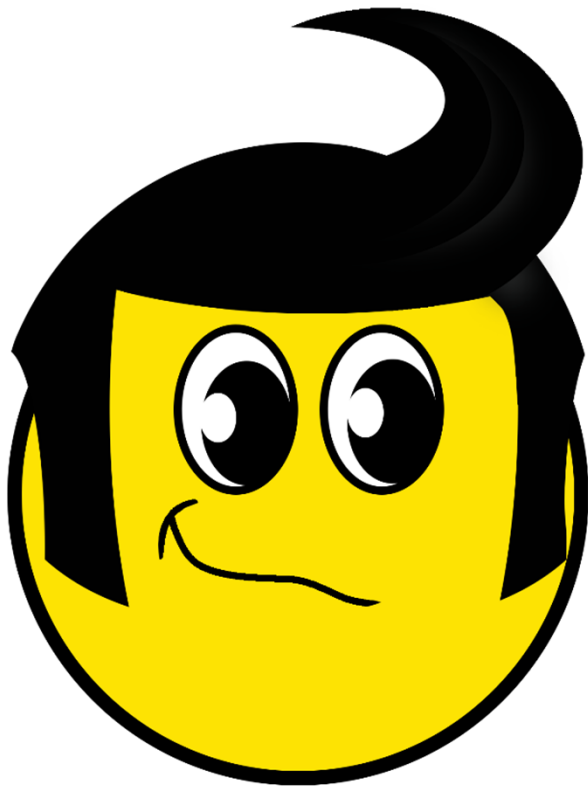
SATURDAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1	2
	3	4	5	6	7	8	9
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	17	18	19	20	21	22	23
	24	25	26	27	28	29	30
	31						



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22	23	24	25	26	27	28
29	30	31				

	1	2	3	4		
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

**Thank you, thank you
very much!**



I am a remote retailer that sells through a small marketplace and I don't have an agreement with a marketplace facilitator to collect taxes. They are not remitting sales tax on my behalf.

What am I supposed to do?

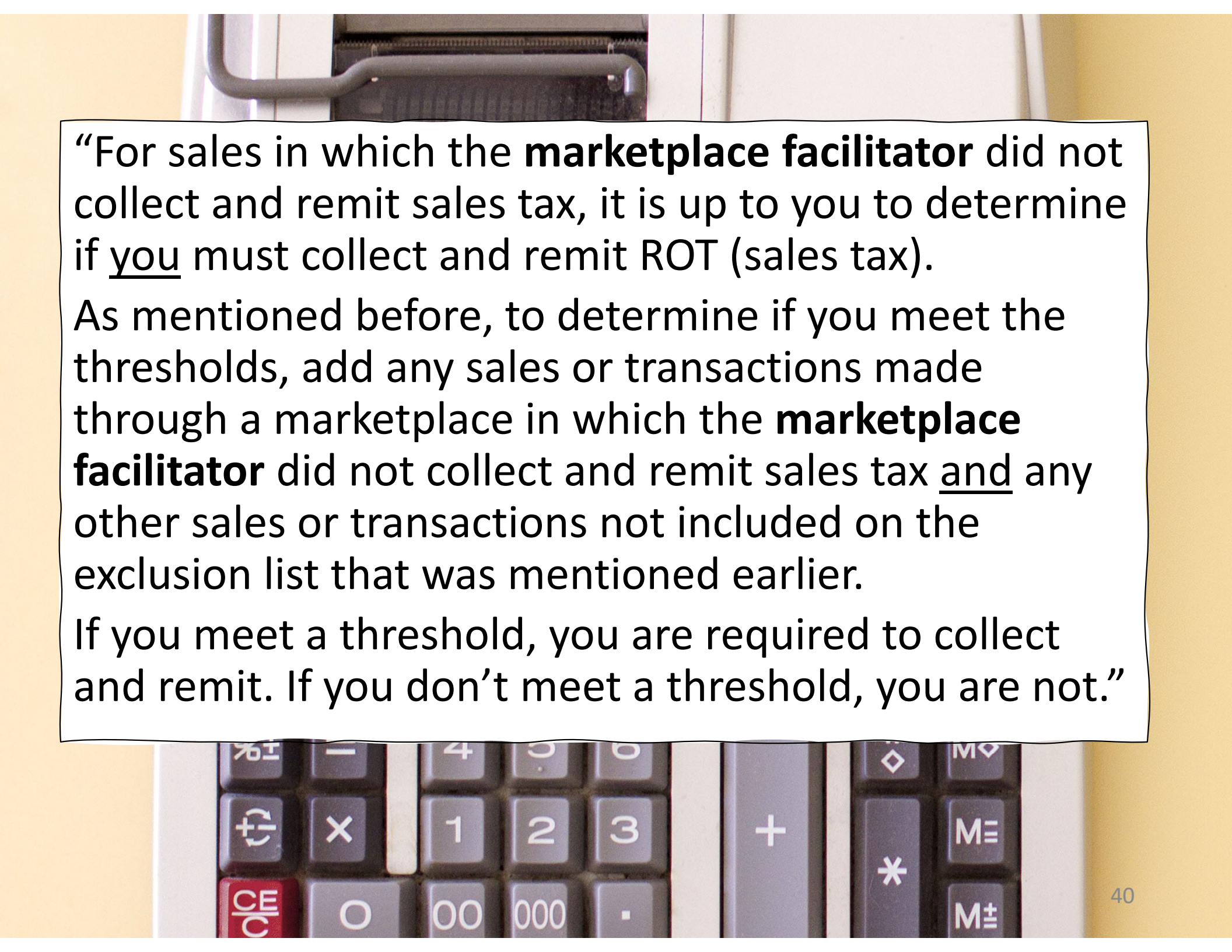


If the **marketplace facilitator** is not remitting sales tax on your behalf, you may be required to remit sales tax for your sales through the marketplace depending on whether you meet one of the thresholds or not.

If the **marketplace facilitator** is remitting sales tax on your behalf, you only need to worry about any sales tax for sales not made over the marketplace.

If you are unsure whether your marketplace is remitting sales tax on your behalf, contact the **marketplace facilitator** immediately.



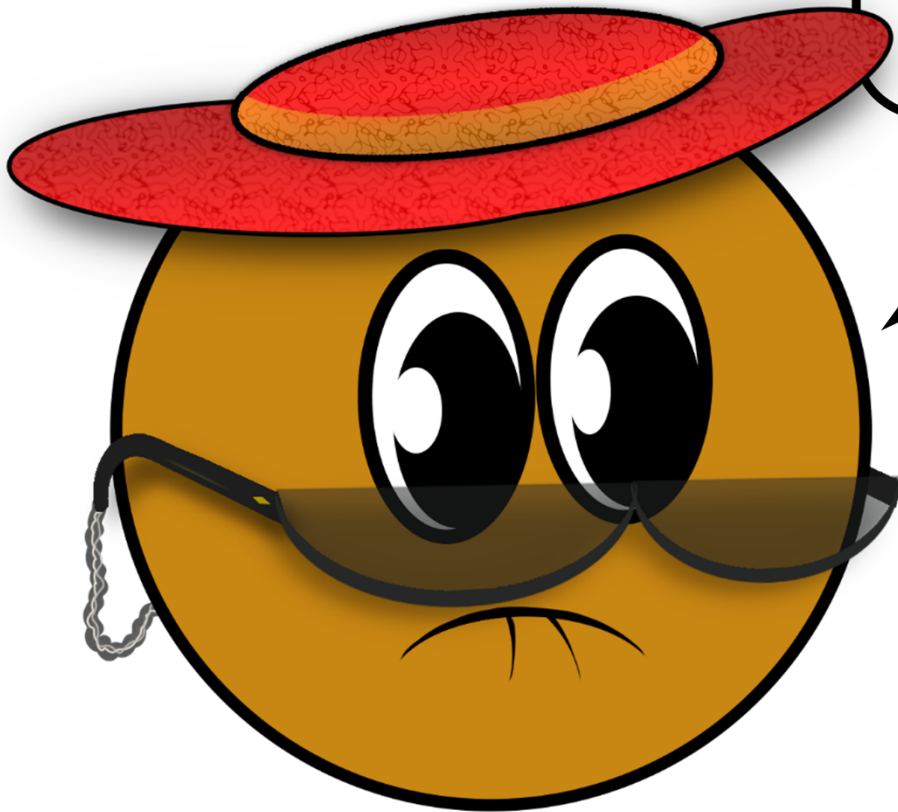
A close-up photograph of a computer keyboard, showing keys like 'x', '1', '2', '3', '+', '*', 'M=', and 'M±'. A semi-transparent calculator interface is overlaid on the keyboard, with a white text box containing the main text. The text box has a thin black border and a white background. The text inside is black and uses bold and underlined formatting for emphasis.

“For sales in which the **marketplace facilitator** did not collect and remit sales tax, it is up to you to determine if you must collect and remit ROT (sales tax).

As mentioned before, to determine if you meet the thresholds, add any sales or transactions made through a marketplace in which the **marketplace facilitator** did not collect and remit sales tax and any other sales or transactions not included on the exclusion list that was mentioned earlier.

If you meet a threshold, you are required to collect and remit. If you don't meet a threshold, you are not.”

When is the marketplace facilitator supposed to be remitting sales tax on my behalf?



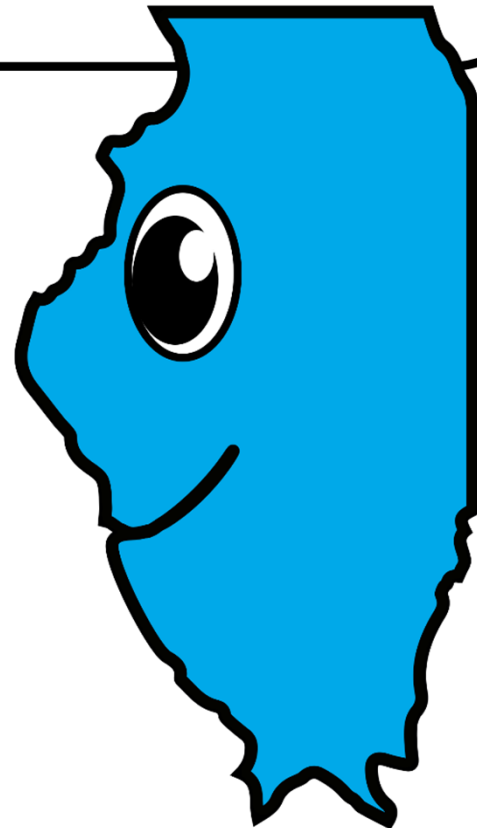
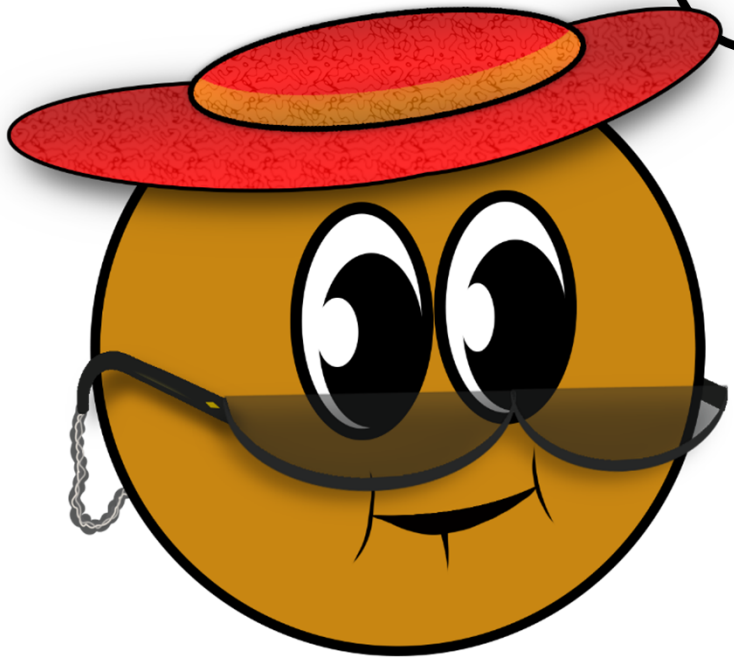
“When they meet a threshold.

Just as **remote retailers** do, **marketplace facilitators** are required to review the sales and transactions made through the marketplace quarterly to see if they meet a tax remittance threshold.

If they meet either of the thresholds, the **marketplace facilitator** is responsible to remit and collect the Illinois ROT (sales tax) on sales made through the marketplace beginning at the start of the next quarter following the review.”



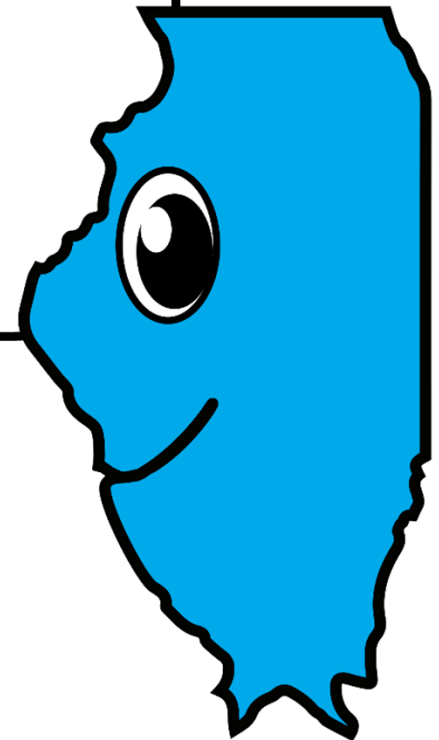
**Thank you so much.
Is there somewhere I can
go for more information?**



Here are a few places to go for more information:

- A good starting place for remote retailers is the [Leveling the Playing Field for Illinois Retail resource page](#) on IDOR's website.
- IDOR's website, tax.Illinois.gov, has additional information including FAQs, forms and instructions, bulletins, and contact information.

Be sure to check back often for new or additional information!



Thanks
and
Happy Selling!



Website: tax.illinois.gov



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