



Illinois Department of Revenue

ST-47 Information for Direct Payment Program Participants

What is the Direct Payment Program?

Direct Pay is an arrangement between the Illinois Department of Revenue and taxpayers which represents a cost-saving alternative to traditional sales and use tax compliance methods. The Direct Payment Program applies only to retailers' occupation tax, applicable local taxes, and use tax. The Department's Audit Bureau administers the program and addresses all related inquiries.

You must request Form ST-45, Direct Payment Program Application, from the Audit Bureau, to apply. Once you are approved as a participant, you are considered a direct payment permit holder. When you make qualifying purchases* using the direct payment method, you must provide each vendor with a copy of your approved Form ST-46, Direct Payment Permit. Only the entity identified on the permit is authorized to use the permit. Form ST-46 cannot be assigned or transferred. By presenting the signed permit to the vendor, you voluntarily certify that you will pay tax, directly to the Department, on all purchases you make from this vendor. You cannot request your vendor to collect tax on some items and not on other items.

*Form ST-46 is only valid for qualifying purchases. You cannot use the direct payment method for purchases of

- food or beverages;
- tangible personal property required to be titled or registered by an agency of state government (e.g., vehicles, boats, airplanes, etc.);
- any transactions subject to the Service Occupation Tax Act or Service Use Tax Act; or
- telecommunications and other utility taxes.

If you have questions regarding the Direct Payment Program, please contact our Audit Bureau at REV.IllinoisDirectPaymentProgram@Illinois.gov.

How do I report my Direct Pay Permit purchases?

Retail sales and direct pay permit purchases from in-state retailers: To report purchases from one or more locations within Illinois, you must complete the following forms:

- Form ST-1, Sales and Use Tax and E911 Surcharge Return;
- Form ST-2, Multiple Site Form; and
- Form ST-2-DP, Direct Pay Multiple Site Form.

Even if you are registered as a single site filer, you must file Form ST-2 and Form ST-2-DP with your Form ST-1 to distinguish between the sales you make and your direct payment purchases. Report your sales on Form ST-2 and your direct payment purchases on Form ST-2-DP. Attach all Form ST-2 pages and only those pages of Form ST-2-DP on which you report tax due to your Form ST-1. On Form ST-2-DP we print the location code and applicable tax for each municipality and county in Illinois. If a location has more than one tax rate, we will print it more than once (see examples below). You must report your purchases on the appropriate location listing for the applicable tax rate. You may ask your vendor for this information.

Example 1

Barrington Hills has portions of the city located in four separate counties with four separate tax rates.

Form ST-2-DP will list Barrington Hills four times with each separate tax rate. You must determine which is the appropriate location listing and tax rate for your vendor.

Example 2

The Metro East Transit District (MED) covers multiple locations (cities). The Form ST-2-DP will list the location (city) twice, identified as either MED or non-MED. You must determine which is the appropriate location listing and tax rate for each vendor.

For each line number, 4a through 5b, the sum of all page totals you wrote on your ST-2-DP plus the sum of all page totals you wrote on your ST-2 must equal the amount on the corresponding line of your ST-1. For example, the sum of all ST-2-DP page totals for Line 4a plus the sum of all ST-2 page totals for Line 4a must equal the amount on Line 4a of your Form ST-1.

Use tax on purchases from out-of-state retailers: When you complete your Form ST-1, you must distinguish the purchases you make between registered and unregistered out-of-state retailers by reporting:

- registered out-of-state retailers on Lines 6a or 7a, as applicable, and
- unregistered out-of-state retailers on Lines 12a or 13a, as applicable.

Failure to follow the rules and regulations established for Direct Payment Program participants may result in revocation of your Direct Pay Permit.