



# Illinois Department of Revenue

## ST-48 Information for Retailers Who Sell To Direct Payment Program Participants

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Direct Pay Permit program participants should give you a copy of this information (ST-48), which briefly explains the Direct Payment program and how it affects you as the participating entity's vendor.

### What is the Direct Payment Program?

The Direct Payment Program 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.

Under this program, a participant will provide their vendor a copy of Form ST-46, Direct Pay Permit, to show they are purchasing goods using the direct payment method. This allows the Direct Pay Permit holder to make purchases from you and pay all applicable state and local taxes due on those purchases on their own Form ST-1, Sales and Use Tax and E911 Surcharge Return. Once a Direct Pay Permit holder designates their choice of the direct payment method of purchasing goods from you, all purchases — except those types identified below\* — must be made using this method. A Direct Pay Permit holder cannot request that you collect tax on some purchases and other purchases are tax-free.

\* The Direct Pay Permit must be presented to you and is only valid for qualifying purchases. It cannot be used 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.

### How do I, the retailer, report purchases from a Direct Pay Permit holder?

You must show these transactions as exempt sales on Line 16, Other, of your Form ST-1, Schedule A, Deductions, and identify the exemption as "direct pay." The permit holder must provide you with a copy of their ST-46, Direct Payment Permit. You must keep the copy of the permit in your records to support the deduction. Only the business identified on the permit is authorized to use the permit. Form ST-46 cannot be assigned or transferred. The permit has no expiration. By presenting the signed permit to you, the permit holder certifies that he or she will pay all applicable sales and use taxes directly to the Department.

If you have questions regarding the Direct Payment Program, please contact the Illinois Department of Revenue – Audit Bureau at [REV.IllinoisDirectPaymentProgram@Illinois.gov](mailto:REV.IllinoisDirectPaymentProgram@Illinois.gov).