
Form MC-1 General Information

What is the medical cannabis cultivation privilege tax?

“Medical cannabis cultivation privilege tax” is a tax that you (a medical cannabis cultivator) must remit for the medical cannabis sold to medical cannabis dispensing organizations.

Cultivation centers may only make sales of medical cannabis to registered medical cannabis dispensing organizations.

Who must file Form MC-1?

You must file Form MC-1, Medical Cannabis Cultivation Privilege Tax Return, if you are a medical cannabis **cultivation center**.

You must attach Schedule MC-2, Medical Cannabis Sales, to your MC-1 return to identify each dispensing organization to whom you made sales of medical cannabis during the reporting period.

You must attach Schedule MC-3, Medical Cannabis Deductions, to your MC-1 return to identify each dispensing organization for which you are claiming deductions of medical cannabis during the reporting period.

Note: Medical cannabis **dispensing organizations** must report sales of medical cannabis on Form ST-1, Sales and Use Tax and E911 Surcharge Return.

What is Schedule MC-2?

Use Schedule MC-2 to report medical cannabis sales to individual dispensing organizations. You will need to complete Schedule MC-2 before completing Form MC-1. See Schedule MC-2 instructions.

What is Schedule MC-3?

Use Schedule MC-3 to report deductions for medical cannabis. If you wish to claim deductions for medical cannabis, you will need to complete Schedule MC-3 before completing Form MC-1. See Schedule MC-3 instructions.

How do I calculate the medical cannabis cultivation privilege tax?

Tax is due on medical cannabis sold by a cultivation center to a dispensing organization. The cultivation privilege tax is calculated at a rate of 7 percent (.07) of the sales price per ounce of medical cannabis.

Tax on a package of medical cannabis infused product is based on the total weight in ounces of medical cannabis as shown on the label required by 8 Illinois Administrative Code Section 1000.420(e). For purposes of computing the tax on medical cannabis infused products, the sales price is the cultivation center’s average sales price per gram of high grade cannabis flowers. This price shall be determined at the beginning of the month and shall not change during the month.

The tax on a medical cannabis extract or concentrate is based on the sales price of the quantity (in ounces or partial ounces) of extract or concentrate sold by the cultivation center. The quantity for purposes of the tax is actual weight of the extract or concentrate contained in the package.

The medical cannabis sales price is determined without any deduction on account of the cost of property sold, material used, or labor or service or on account of any other expense whatsoever. See 86 Illinois Administrative Code Section 130.415 for rules regarding transportation and delivery charges.

The cultivation privilege tax is computed on the sales price of the medical cannabis sold after the application of any applicable discounts.

There is no cultivation privilege tax on free samples of medical cannabis given to a dispensing organization by a cultivation center. However, a cultivation center incurs Use Tax liability on the cost price of any free samples of medical cannabis given to dispensing organizations. See 86 Illinois Administrative Code Section 150.305(c).

What products are considered bulk medical cannabis for purposes of computing the tax?

Bulk medical cannabis is cannabis intended for medicinal use

- dried in its physical form to smoke; or
- in another physical form after extraction from the cannabis plant, such as hash, ice wax, bubble hash, oil, wax, budder, pie crust, taffy, shatter, nectar, caviar, and kief, regardless of how it is packaged or intended to be used; and
- not infused or combined with another product.

What products are considered infused medical cannabis for purposes of computing the tax?

Medical cannabis infused product is a product containing cannabis, including

- food and beverage products prepared for consumption;
- cooking oils;
- tinctures or tonics, such as sprays or drops;
- topicals, such as ointments, balms, oils, lotions, gels, or patches;
- bath salts or oils; and
- aromatherapy sprays or essences.

When must I file Form MC-1?

You must file this return, along with any payment you owe, on or before the 20th day of the month following the end of the reporting period.

Note: If the due date falls on a weekend or holiday, your return and payment are due the next business day.

How can I file and pay electronically?

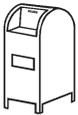
We encourage all taxpayers to file returns electronically. You can file Form MC-1, including Schedules MC-2 and MC-3, and make your payment through **MyTax Illinois** at tax.illinois.gov. This is a free, online program designed to be an easy, convenient, and fast way for you to electronically submit your return and payment any time. No software is required, and it is available 24 hours a day, 7 days a week.

MyTax Illinois has the following features that make filing returns and making payments easier.

- The calculation fields on your return will compute automatically, which reduces math errors.
- Dispensing organization information will be validated immediately and identifying information will be automatically populated for you, when available.
- Returns can be saved and edited at a later time before they are submitted or withdrawn.
- There are helpful tips available for many of the lines where common mistakes are made. These tips can be viewed or hidden by clicking on the blue question mark icon next to the lines.
- Multiple payments can be scheduled in advance, and changes can be made, as necessary, or the payment can be canceled, up to 2 business days prior to the date of debit.
- Fields that contain errors are displayed in red, providing a clear indication where changes must be made before the return or payment is submitted.

Where do I send my Form MC-1 if I choose to file on paper?

Mail your completed Form MC-1 and attachments to:



**SPRINGFIELD CASHIERING OPERATIONS
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19018
SPRINGFIELD IL 62794-9018**

How do I make a payment?

Payments must be made electronically through one of the following options:

- Easily make your payment online at tax.illinois.gov. Electronic payments can be made through **MyTax Illinois**. For your initial payment through **MyTax Illinois**, you must set up your account and follow the instructions provided.
- Submit your payment through ACH credit (payments authorized through your financial institution). If you wish to set up or make changes to this option, you must first contact IDOR's Electronic Funds Transfer Division at **217 782-6257** for additional information.

Note: Businesses that **cannot** pay electronically are required to make cash payments. Additional instructions for submitting cash payments to the Department will be provided upon request.

What if I fail to file or pay the amount I owe?

You owe a **late-filing penalty** if you do not file a processable return by the due date, a **late-payment penalty** if you do not pay the amount you owe by the original due date of the return, a **bad check penalty** if your remittance is not honored by your financial institution, and a **cost of collection fee** if you do not pay the amount you owe within 30 days of the date printed on a bill. Interest is calculated on tax from the day after the original due date of your return through the date you pay the tax. We will bill you for penalty and interest. For more information, see Publication 103, Penalty and Interest for Illinois Taxes, which is available on our website at tax.illinois.gov.

What if I need help?

Visit our website at tax.illinois.gov, or call us weekdays between 8:00 a.m. and 4:00 p.m. at **217 782-6045**.

Specific Instructions

When completing this form, please round to the nearest dollar by dropping amounts of less than 50 cents and increasing amounts of 50 cents or more to the next dollar.

You must use Schedule MC-2, Medical Cannabis Sales, to report sales to each dispensing organization.

You must use Schedule MC-3, Medical Cannabis Deductions, to report deductions for each dispensing organization for which you are claiming deductions.

Step 1: Figure the total number of ounces sold

Line 1a - Enter the sum of the number of bulk ounces sold to dispensing organizations from Schedule MC-2. (Enter ounces to three decimal places.)

Line 1b - Enter the sum of the number of deductible bulk ounces from Schedule MC-3. This amount cannot exceed the amount you entered on Line 1a. (Enter ounces to three decimal places.)

Line 1 - Subtract Line 1b from Line 1a. This is your net bulk ounces sold to dispensing organizations.

Line 2a - Enter the sum of the number of ounces infused into products sold to dispensing organizations from Schedule MC-2. (Enter ounces to three decimal places.)

Line 2b - Enter the sum of the number of deductible ounces infused into products from Schedule MC-3. This amount cannot exceed the amount you entered on Line 2a. (Enter ounces to three decimal places.)

Line 2 - Subtract Line 2b from Line 2a. This is your net ounces infused into products sold to dispensing organizations.

Line 3 - Add Lines 1 and 2. This is your total ounces sold to dispensing organizations subject to tax.

Step 2: Figure your privilege tax due

Line 4a - Enter the sum of the consideration received from dispensing organizations for bulk ounces from Schedule MC-2.

Line 4b - Enter the sum of deductible consideration for bulk ounces from Schedule MC-3. This amount cannot exceed the amount you entered on Line 4a.

Line 4 - Subtract Line 4b from Line 4a. This is your net consideration received from dispensing organizations for bulk ounces.

Line 5a - Enter the sum of the consideration received from dispensing organizations for ounces infused into products from Schedule MC-2.

Line 5b - Enter the sum of deductible consideration for ounces infused into products from Schedule MC-3. This amount cannot exceed the amount you entered on Line 5a.

Line 5 - Subtract Line 5b from Line 5a. This is your net consideration received from dispensing organizations for ounces infused into products.

Line 6 - Add Lines 4 and 5. This is your total consideration received from dispensing organizations subject to tax.

Line 7 - Multiply Line 6 by the tax rate. This is your privilege tax due.

Line 8 - If you file your return and pay the amount due by the due date, you are entitled to a discount. Multiply Line 7 by the percentage printed in Line 8.

Line 9 - Subtract Line 8 from Line 7. This is your net tax due.

Line 10 - If you have a credit memorandum or prior overpayment and you wish to use it toward what you owe, enter the amount you are using.

Line 11 - Subtract Line 10 from Line 9. This is your payment due. We will bill you for any penalty and interest amounts owed. See Publication 103, Penalties and Interest for Illinois Taxes, for more information.

Step 3: Sign below

We cannot process this form until it is signed by the owner, officer, or other person authorized to sign the return.