

Illinois has several types of taxes which are collectively referred to as “sales tax.” The Retailers’ Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property at retail to purchasers for use or consumption. See [35 ILCS 120/1. et seq.](#) Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property purchased anywhere at retail from a retailer. See [35 ILCS 105/1. et seq.](#) and 86 Ill. Adm. Code [150.101](#).

A “retailer maintaining a place of business in the State,” under Section 2 of the Use Tax Act (i.e., a retailer that has nexus) is required to register with the Illinois Department of Revenue (IDOR) to collect and remit Use Tax on purchases made by Illinois purchasers. Effective January 1, 2020, Public Acts [101-0009](#) and [101-0604](#) amended the Illinois Use Tax Act to state that marketplace facilitators meeting certain gross receipts/transaction thresholds are considered the retailers for sales made over their marketplace by marketplace sellers for which Use Tax is due. As a result, these marketplace facilitators are required to collect and remit Illinois Use Tax.

The State has two Use Tax rates. The rate for general merchandise is 6.25%. The rate for qualifying food, drugs, and medical appliances is 1%. There are no locally imposed use taxes on general merchandise, food, drugs, and medical appliances that are collected by IDOR. Marketplace facilitators, marketplace sellers, and remote sellers without physical presence that sell titled and registered property (e.g., motor vehicles, watercraft, aircraft, and trailers) to Illinois purchasers are not required to collect and remit Use Tax on these items.

A serviceperson can be a remote seller when tangible personal property is transferred as part of the sale of service. A serviceperson should refer to our regulations to determine taxability.

[Registration Examples](#)

[Illinois Use Tax Matrix](#)

Filing, Paying, Registration, and Refunds			
ID	Description	Explanation	Reference
2001	Registration	Marketplace facilitators, marketplace sellers, or remote sellers who meet either threshold, as defined in Public Acts 100-587, 101-0009, and 101-0604, as well as any retailer who otherwise has nexus, are required to register with IDOR. Marketplace facilitators, marketplace sellers, or remote sellers who are required to be registered must obtain a Certificate of Registration by completing Form REG-1, Illinois Business Registration Application available at MyTax Illinois (mytax.illinois.gov). At the time of registration, IDOR will assign the marketplace facilitator, marketplace seller, or remote seller to a monthly or quarterly filing frequency.	86 Ill. Adm. Code 130.701 and 150.805
2002	Temporary registration	Illinois does not have a temporary or one-time registration for retailers or remote sellers.	

Filing, Paying, Registration, and Refunds			
ID	Description	Explanation	Reference
2003	Filing returns	Effective January 1, 2018, if a retailer's annual gross receipts average \$20,000 or more, as determined by IDOR, it is required to electronically file Form ST-1. Form ST-1 may be electronically filed for free using MyTax Illinois , or through a direct file service. Open accounts have a filing expectation, even if there are no taxable sales.	86 Ill. Adm. Code 130.535 and 130.545
2004	Due dates	Form ST-1 returns are due on the 20th of the month following the end of the reporting period in which sales are made.	86 Ill. Adm. Code 130.545
2005	Payments	Payment of tax is due with Form ST-1. A retailer with an average monthly liability of \$20,000 or more during the preceding four complete calendar quarters will be required to make accelerated payments following notification by IDOR. The amount of the payments will be equal to 22.5% of the actual liability for the month or 25% of the retailer's liability for the same calendar month of the preceding year or 100% of the actual liability for the quarter monthly reporting period. Retailers shall make payment to IDOR on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. Electronic payment is required for retailers with annual liabilities of \$20,000 or more.	86 Ill. Adm. Code 130.535
2006	Retailer's discount	Retailers who file returns and pay tax on time may take a discount of 1.75 percent (.0175) of the Use Tax properly collected on receipts from sales. The discount is not allowed on excess tax collected (tax improperly collected) or on Use Tax paid on purchases for use by the retailer. In the case of partial payment or accelerated payers, the discount will be calculated on the portion of timely paid tax. If a retailer is mandated to electronically file Form ST-1 and fails to file electronically, the discount will not be allowed. See Filing returns (ID 2003).	Publication 113 and 86 Ill. Adm. Code 130.535 and 130.545
2007	Penalties	Please see Publication 103 for a detailed explanation of penalties. To request an abatement of penalty for reasonable cause, submit a letter to IDOR detailing your request.	Publication 103

Filing, Paying, Registration, and Refunds

ID	Description	Explanation	Reference
2008	Tax paid in error - no direct refund from IDOR to purchaser allowed	IDOR does not refund sales or use tax remitted by retailers to IDOR directly to purchasers. Claims for credit or a refund must be filed by retailers on Form ST-1-X. To file a claim for credit or a refund the retailer must first return the tax to the purchaser or execute an instrument promising to unconditionally refund the tax to the purchaser before the claim for credit or a refund is allowed.	86 Ill. Adm. Code 130.1501
2009	Tax paid in error – claims for credit or refund must be filed by the retailer or remote seller	Retailers may, but are not required to, file a claim for credit if they have overpaid their sales or use tax obligation, providing they have unconditionally repaid to the purchaser any amount collected from the purchaser with respect to the same transaction. The statute of limitations for filing a claim is 36 months to 42 months depending upon the filing period in which the tax was erroneously paid.	86 Ill. Adm. Code 130.1501 and 140.1401
2010	Credit memorandum - refunds to retailer or remote seller	Once IDOR has approved a credit and issued a credit memorandum, a retailer may request a cash refund by filing Form ST-6 . Refunds shall be made only from such appropriations as may be available for that purpose. If it appears likely the amount appropriated would not be sufficient to pay every claim allowed during the period covered by such appropriation, IDOR will make such refunds only in hardship cases.	86 Ill. Adm. Code 130.1510 and 140.1401
2011	Credit memorandum - transfers	Once IDOR has approved a credit and issued a credit memorandum, a retailer may request to have the credit memorandum transferred to another retailer or remote seller by filing Form ST-6 . The credit memorandum will not be available to the second retailer until such time as IDOR notifies the retailer.	86 Ill. Adm. Code 140.1405
2012	Converting credits to accelerated payments	Retailers who are required to remit quarter-monthly payments may request IDOR to apply any credit on their account to their quarter-monthly payments. They may do so by notifying IDOR at least one day before the payment due date.	