

**Illinois Department of Revenue
Regulations**

Title 86 Part 131 Section 107 Description of Different Types of Retailers On and After January 1, 2021 – Scope of Regulations
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**TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 131
LEVELING THE PLAYING FIELD FOR ILLINOIS RETAIL ACT**

Section 131.107 Description of Different Types of Retailers On and After January 1, 2021 – Scope of Regulations

- a) Different Types of Retailers On and After January 1, 2021. Public Acts 101-0031 and 101-0604 added several new types of retailers with different tax liabilities to the State's existing sales tax structure. As a result, retailers now include the following:
 - 1) Remote retailers incurring State and local retailers' occupation tax using destination sourcing for sales made to Illinois purchasers;
 - 2) Marketplace facilitators incurring State and local retailers' occupation tax using destination sourcing for sales made over the marketplace on behalf of marketplace sellers to Illinois purchasers;
 - 3) Marketplace facilitators incurring State and local retailers' occupation tax using origin sourcing for their own sales that are fulfilled from inventory located in Illinois and incurring State and local retailers' occupation tax using destination sourcing for all other sales of its own;
 - 4) Out-of-State retailers with a physical presence in Illinois incurring a Use Tax collection obligation for sales made outside Illinois and shipped or delivered to Illinois purchasers; such retailers also incur State and local retailers' occupation taxes using origin sourcing for any sales made in Illinois;
 - 5) Illinois retailers, including brick and mortar retailers, incurring no State or local retailers' occupation taxes for sales made over a marketplace (the marketplace facilitator will now incur State and local retailers' occupation tax liability based on destination sourcing for these sales); and
 - 6) Illinois retailers, including brick and mortar retailers, incurring State and local retailers' occupation taxes based on origin sourcing for sales made in Illinois.
- b) As a result of these differing tax obligations, it is critical that retailers examine their selling activities to determine their specific tax liabilities. This is especially important for retailers that engage in multichannel retailing (for example, retailers that engage in selling through their own website, as well as through a marketplace, or Illinois brick and mortar retailers that also sell over a marketplace).

- c) Scope of Regulations. The rules established in this Part for remote retailers, marketplace facilitators, and marketplace sellers apply only to the remittance of State Retailers' Occupation Tax and local retailers' occupation taxes administered by the Department. Remote retailers or marketplace sellers that incur other taxes administered by the Department, or other taxes not administered by the Department, remain liable for the remittance of those taxes to the Department or other taxing authority.
- 1) Examples of other taxes administered by the Department that are not subject to the provisions of this Part include, but are not limited to, the Prepaid Wireless 9-1-1 Surcharge imposed at 50 ILCS 753/15 and the tax imposed at 70 ILCS 210/13 upon persons engaged in the business of selling food, alcoholic beverages and soft drinks within the boundaries of the Metropolitan Pier and Exposition Authority.
 - 2) Examples of other taxes not administered by the Department include, but are not limited to, taxes imposed and administered by a home rule municipality on food prepared for immediate consumption and on alcoholic beverages under the authority of 65 ILCS 5/8-11-6a.
 - 3) Remote retailers, marketplace sellers and marketplace facilitators that remain liable for the other Department-administered taxes described in this subsection (c) must register with the Department to remit those taxes. In the case of marketplace sellers incurring these additional taxes for tangible personal property sold over a marketplace, the Department strongly encourages them to work with their marketplace facilitators to make arrangements allowing the marketplace facilitator to collect these taxes and remit them to the marketplace seller, along with the gross receipts from the sale, so that the marketplace seller can then remit the taxes to the Department as required.
 - 4) Remote retailers, marketplace sellers, and marketplace facilitators that remain liable for the other taxes not administered by the Department are strongly encouraged to contact the appropriate local taxing authority with questions related to registration and remittance of tax.

(SOURCE: Adopted at 45 Ill. Reg. 931, effective December 31, 2020.)