

**Illinois Department of Revenue
Regulations**

Title 86 Part 131 Section 165	Certified Automated Systems – Obligations – Procedures – Hold Harmless Provisions
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**TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE**

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

Section 131.165 Certified Automated Systems – Obligations – Procedures – Hold Harmless Provisions

- a) A certified automated system (CAS) is software that is designed for or by a remote retailer that wants to use certified tax calculation software but keep the responsibility for filing returns and remitting tax in-house.
- b) The software system of a CAS interfaces with a remote retailer's accounting system to:
 - 1) Identify which products are taxable;
 - 2) Apply the appropriate tax rate;
 - 3) Maintain a record of the transaction; and
 - 4) Determine the amount of tax the remote retailer must report and pay to the Department.
- c) Before a CAS can be utilized by a remote retailer, the CAS must be certified by the Department. Certification requires that a CAS applicant meet all established evaluation criteria. In addition, the systems of a CAS must have been tested and approved by the Department or properly determining the taxability of items to be sold, the correct rate of tax to apply to a transaction, and the appropriate jurisdictions to which the tax must be remitted.
- d) A remote retailer that uses a CAS shall be subject to all provisions of ROTA, including, but not limited to, recordkeeping, audit, confidentiality, and electronic filing and payment requirements.
- e) A remote retailer using a CAS shall maintain in its books and records the name of the owner or provider of the CAS it is using. A remote retailer shall also maintain this information in its books and records for any subsequent uses of a different CAS. This information shall be made available to the Department upon demand.
- f) A remote retailer using a CAS shall file its own returns and make payment of tax by electronic means, and perform all other sales and use tax functions.
- g) A remote retailer using a CAS shall be entitled to a retailers' discount of 1.75% of the tax that is remitted with a return that is timely and properly filed.

- h) *Remote retailers using certified automated systems and their certified automated systems providers are relieved of liability to the Department for having remitted the incorrect amount of tax resulting from reliance, at the time of the sale, on erroneous data provided by the Department in database files on tax rates, boundaries or taxing jurisdictions, or erroneous data provided by the Department concerning the taxability of products and services (Illinois Sales Tax Matrix). [35 ILCS 185/5-30]*
- i) *When a material revision to a certified automated system is contemplated, the owner or provider of the CAS must notify the Department at least 60 days prior to any such revision. Upon receipt of that notification, the Department shall discuss the proposed revision with the owner or provider of the CAS. If the Department determines that the revision is sufficiently material, the CAS must be recertified. *The Department shall test the proposed revision to assess whether the revised system of the CAS can properly determine the taxability of items to be sold, the correct tax rate to apply to a transaction, and the appropriate jurisdictions to which the tax shall be remitted. The Department shall recertify revised systems that meet these requirements. If the Department notifies the remote retailer using a CAS that a recertification is necessary, the remote retailer shall be liable for any tax resulting from errors caused by use of a revised system prior to recertification by the Department.* [35 ILCS 185/5-25]*
- j) *The Department will provide each CAS with a test deck two times per year, in December and June, as a check to ensure that the CAS's system can properly determine the taxability of items to be sold, the correct tax rate to apply to a transaction, and the appropriate jurisdictions to which the tax shall be remitted.*
- k) *A CAS must be recertified every three years. At least 1 year prior to expiration of a CAS's certification status, the Department shall contact the CAS to initiate the recertification process.*

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