

**Illinois Department of Revenue
Regulations**

Title 86 Part 150 Section 150.802 Trade Show Appearances

TITLE 86: REVENUE

**PART 150
USE TAX**

Section 150.802 Trade Show Appearances

- a) Except as provided in subsection (b), the presence of an out-of-State retailer or its representative in Illinois to engage in trade show activities brings that retailer within the definition found in Section 2 of the Use Tax Act of a "retailer maintaining a place of business in this State". As a result, the out-of-State retailer is required to register with the Department and collect and remit Use Tax on all sales to Illinois purchasers.

- b) Safe Harbor – Requirements. The presence in Illinois of an out-of-State retailer for purposes of engaging in trade show activities will not result in the determination that the retailer is a "retailer maintaining a place of business in this State" if the retailer meets each of the following 3 conditions:
 - 1) The retailer attends no more than 2 Illinois trade shows during any calendar year.

 - 2) The retailer is physically present at those 2 Illinois trade shows for an aggregate total of no more than 8 days during any calendar year. For purposes of calculating the 8 days, the Department will apply the following criteria:
 - A) Days during which a retailer is present in Illinois but is not engaged in activity related to the trade show will not count toward the 8 day limit. For example, a retailer arrives in Illinois on the day before a trade show begins and stays in a hotel the night before the trade show. The day before the trade show begins will not count as one of the 8 days. Similarly, if a retailer stays in Illinois as a tourist for 3 days after the trade show, those 3 days will not count toward the 8 days.

 - B) It does not matter whether the retailer has one representative at the Illinois trade show or more than one representative at the Illinois trade show. In both situations, each day of the trade show only counts as one of the 8 days.

 - C) Any portion of a day that a retailer is physically present at an Illinois trade show counts as a whole day. For example, if the only representative at the trade show leaves the trade show after one hour, that hour counts as a whole day.

 - D) Days spent setting up displays prior to a trade show and days spent tearing down displays after a trade show do not count toward the 8 days.

- 3) Combined gross receipts from sales made subject to Retailers' Occupation Tax at all Illinois trade shows during any single calendar year do not exceed \$10,000 (see subsection (e)).
- c) For purposes of this Section, a representative need not be an agent. It does not matter that a representative may engage in business on his or her own account in other transactions, nor that he or she may act as a representative for other persons in other transactions. Similarly, it does not matter that a representative is not an employee but is an independent contractor acting as a representative. The term "representative" is broader than the term "employee" and includes anyone acting under the seller's authority.
- d) "Trade show activity" means any activity, traditionally conducted at conventions, trade shows or similar meetings, whose purpose is, in whole or part, to create, maintain or enhance a business market in Illinois. "Trade show activity" includes activities to attract persons in an industry generally, as well as members of the public, to the trade show for the purpose of displaying industry products or to stimulate interest in and demand for industry products or services, or to educate persons engaged in the industry in the development of new products and services.
- e) Sales made by retailers at an Illinois trade show are subject to Retailers' Occupation Tax, including applicable local taxes, regardless of whether the retailer falls within the safe harbor for Use Tax collection or of the amount of gross receipts from sales at the trade show. For rules regarding liability for Retailers' Occupation Tax and applicable local taxes, see 86 Ill. Adm. Code 270.115. Retailers making retail sales at Illinois trade shows must be registered under the Retailers' Occupation Tax Act and must file all returns required under that Act (see 86 Ill. Adm. Code 130.501). Out-of-state retailers that are subject to Retailers' Occupation Tax as a result of sales of tangible personal property made at trade shows may comply with their return and payment obligations by completing a Special Event Tax Collection Report and Payment Coupon Form. Event coordinators generally distribute this form to event participants; if they fail to do so, however, retailers may contact the Department directly to obtain this form. The Special Event Tax Collection Report and Payment Coupon Form may only be utilized by retailers attending no more than 2 trade shows for an aggregate total of no more than 8 days during any calendar year. Retailers exceeding this limit must register with the Department and file returns on a regular basis.
- f) **EXAMPLE 1:** An athletic clothing and shoe retailer located outside Illinois maintains a display booth at a sports and fitness exposition that runs for 2 days immediately prior to the Chicago Marathon. Attendance at the expo is the only activity of the retailer in Illinois during the calendar year. At the expo, the retailer displays new merchandise to race participants, provides information to local athletic stores regarding its product line, and distributes promotional materials such as t-shirts, hats and other gear. The retailer also makes sales at the expo totaling \$20,000. Presence at the expo creates nexus for the retailer. While the retailer only attends one trade show for less than 8 days, its sales total more than \$10,000. As a result, the retailer has not met all 3 requirements necessary for safe harbor. Its presence at the expo requires it to collect Use Tax on sales made into Illinois from its out-of-State location. As explained in subsection (e), all sales (\$20,000) made at the trade show by the retailer are subject to Retailers' Occupation Tax.

EXAMPLE 2: An out-of-State flooring manufacturer attends 2 trade shows in Illinois each year for the purpose of exhibiting its products to builders, contractors and the general public. Seven employees of the manufacturer attend each show and are physically present for a combined total of 10 days. The employees are present for 2 of the 10 days for purposes of setting up and tearing down displays. No sales are made at the trade shows. The manufacturer's attendance at the trade shows meets all 3 requirements for safe harbor. Consequently, the manufacturer is not required to collect Use Tax on sales into Illinois from its out-of-State location.

EXAMPLE 3: An out-of-State retailer holds its annual management meeting in Chicago. The purpose of the meeting is to provide orientation for new managers, instruct managers about new company policies and procedures, and conduct team building exercises. The purpose of the annual meeting is not to create, maintain or enhance a business market in Illinois. Consequently, the meeting does not constitute a trade show, and the retailer's presence in Illinois for these purposes does not create tax collection obligations.

EXAMPLE 4: A tech company developing mobile voting apps using blockchain technology sends 3 interns to Chicago to attend a trade show. While there, they talk to different vendors about new developments in the field. The tech company is not engaging in "trade show activities" merely by sending interns as visitors to the trade show.

EXAMPLE 5: Company A sends a representative to a trade show to present a seminar promoting the benefits and upcoming availability of its newest biotech product. Presentation of the seminar constitutes a trade show activity, and if other activities of Company A fall outside the safe harbor rules in subsection (b), nexus for Use Tax collection is established.

EXAMPLE 6: Company Z hosts a booth at a trade show. It displays its products, answers inquiries about the products and collects orders for the products that will be finalized and fulfilled several weeks later at its corporate headquarters in New York. Company Z's activities constitute trade show activities and if its other activities fall outside the safe harbor rules in subsection (b), nexus for Use Tax collection is established.

(Source: Added at 42 Ill. Reg.15446, effective July 27, 2018)