

**Illinois Department of Revenue
Regulations**

Title 86 Part 420 Section 420.10 Gallonage Taxes

**TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 420
LIQUOR CONTROL ACT**

Section 420.10 Gallonage Taxes

- a) Measure of Tax
 - 1) Tax Imposed
 - A) A tax is imposed upon the privilege of engaging in business as a manufacturer or as an importing distributor of alcoholic liquor. The tax shall be at the following rates:
 - i) \$1.39 per gallon for wine containing less than 20% of alcohol by volume other than cider containing less than 7% alcohol by volume;
 - ii) 23.1¢ per gallon on beer;
 - iii) 23.1¢ per gallon for cider containing not less than 0.5% alcohol by volume nor more than 7% alcohol by volume; and
 - iv) \$8.55 per gallon on alcoholic liquor containing 20% or more of alcohol by volume.
 - B) The tax applies to alcoholic liquor:
 - i) manufactured, imported or purchased tax-free for sale or use by the manufacturer, or as agent for any other person; or
 - ii) imported or purchased tax-free for sale or use by the importing distributor, or as agent for any other person. (See 235 ILCS 5/8-1.)
 - 2) *For purposes of this Section, "cider" means any alcoholic beverage obtained by the alcohol fermentation of the juice of apples or pears including, but not limited to, flavored, sparkling, or carbonated cider. [235 ILCS 5/8-1]*
- b) Persons Liable for Tax
 - 1) Sales of alcoholic liquor by an Illinois licensed foreign importer to an Illinois licensed importing distributor of alcoholic liquor are not taxable even if both licenses are held by the same legal entity.
 - 2) Where one licensed manufacturer or importing distributor sells alcoholic liquor to another licensed manufacturer or importing distributor, the sale may be made tax-free to the extent to which the sale of alcoholic liquor by one Illinois licensed

manufacturer or importing distributor to another Illinois licensed manufacturer or importing distributor is authorized by the licensing provisions of Article V of the Act. When the sale is made tax-free, the purchasing manufacturer or importing distributor is responsible for paying the proper tax unless the purchaser sells the alcoholic liquor that he or she has bought tax-free to another licensed manufacturer or importing distributor under circumstances authorized by the licensing provisions of the Act and elects not to pay the tax. This procedure may be continued until a licensed manufacturer or importing distributor sells the alcoholic liquor to someone not licensed as a manufacturer or importing distributor, in which event, if the tax liability has not been assumed previously, the manufacturer or importing distributor who makes the sale to a purchaser not licensed as a manufacturer or importing distributor must pay the proper tax when filing his or her return for the month in which he or she makes the taxable sale unless there is some other basis for claiming tax exemption, such as the fact that the sale is in interstate commerce (see Section 420.30) or that the sale is made to a non-beverage user (see Sections 420.500 and 420.110(b)).

- 3) *The application form for a winery shipper's license filed under the Act includes an acknowledgement consenting to the jurisdiction of the Liquor Control Commission, the Department, and the courts of this State concerning the enforcement of the Act and any related laws, rules and regulations, including authorizing the Department and the Liquor Control Commission to conduct audits for the purpose of ensuring compliance with the Act. A winery shipper licensee must pay to the Department the State liquor gallonage tax under Section 8-1 of the Act for all wine that is sold by the licensee and shipped to a person in this State. For the purposes of Section 8-1 of the Act, a winery shipper licensee shall be taxed in the same manner as a manufacturer of wine. A winery shipper licensee who is not otherwise required to register under the Retailers' Occupation Tax Act [35 ILCS 120] must register under the Use Tax Act [35 ILCS 105] to collect and remit use tax to the Department for all gallons of wine that are sold by the winery shipper licensee and shipped to persons in this State. If a winery shipper licensee fails to remit the tax imposed under the Act in accordance with the provisions of Article VIII of the Act, the winery shipper's license shall be revoked in accordance with the provisions of Article VII of the Act. If a winery shipper licensee fails to properly register and remit tax under the Use Tax Act or the Retailers' Occupation Tax Act for all wine that is sold by the winery shipper licensee and shipped to persons in this State, the winery shipper's license shall be revoked in accordance with the provisions of Article VII of the Act. A winery shipper licensee must collect, maintain and submit to the Liquor Control Commission on a semiannual basis the total number of cases per resident of wine shipped to residents of this State. [235 ILCS 5/5-1(r)]*
- 4) *If any person received any alcoholic liquors from a manufacturer or importing distributor, with respect to which alcoholic liquors no tax is imposed under Article VIII of the Act, and that alcoholic liquor is thereafter disposed of in such a manner or under such circumstances as may cause that alcoholic liquor to become the base for the tax imposed by Article VIII of the Act, that person shall make the same reports and returns, pay the same taxes and be subject to all other provisions of that Article relating to manufacturers and importing distributors. [235 ILCS 5/8-1]*

- c) *The tax imposed under Section 8-1 of the Act shall be in addition to all other occupation or privilege taxes imposed by the State of Illinois or any political subdivision of the State. [235 ILCS 5/8-1].*

(Source: Amended at 42 Ill. Reg 23160 effective November 29, 2018)