

**Illinois Department of Revenue
Regulations**

Title 86 Part 420 Section 420.90 Books and Records

**TITLE 86: REVENUE
PART 420
LIQUOR CONTROL ACT**

Section 420.90 Books and Records

a) **Manufacturers, Importing Distributors and Foreign Importers:**

It is the duty of each manufacturer, importing distributor and foreign importer to keep, at his licensed address or place of business, complete and accurate records of all sales or other dispositions of alcoholic liquor, and complete and accurate records of all alcoholic liquor produced, manufactured, compounded or imported, whether for himself or for another, together with a physical inventory made as of the close of each period for which a return is required, covering all alcoholic liquors on hand. All books and records, which manufacturers, importing distributors and foreign importers are required by the Act to keep, shall be preserved for a period of 3 years, unless the Department, in writing, authorizes their destruction or disposal at an earlier date.

b) **Shipping Records:**

- 1) Each manufacturer, importing distributor and foreign importer is required to retain invoices and bills of lading covering purchases and invoices and duplicate copies of bills of lading covering sales of alcoholic liquors.
- 2) To support deductions on the ground that deliveries of alcoholic liquors were made outside this State, records shall include satisfactory evidence of delivery to and receipt by out-of-State consignees. (See Section 420.30.)

c) **Inventories:**

- 1) A physical inventory must be taken and a record thereof preserved as of the close of business on the last business day of each calendar month.
- 2) As to alcoholic liquors owned by them, manufacturers of alcohol and spirits shall include as "Inventory on Hand", only bottled alcoholic liquors and not bulk alcoholic liquors in stock. As to alcoholic liquors lawfully held by them as agent for another, manufacturers of alcohol and spirits shall include, as "Inventory on Hand", all alcoholic liquors (whether bottled or in bulk) so held by them as agent. Bottled alcoholic liquors owned by a manufacturer of alcohol and spirits and stored in bonded or other warehouses in Illinois, and bottled or bulk alcoholic liquors lawfully held by a manufacturer of alcohol and spirits as agent for another and stored in bonded or other warehouses in Illinois, must be included in inventory.

- 3) Breweries shall include, as "Inventory on Hand", all beer which is on hand when the inventory is required herein to be taken and which has been removed from the Federally bonded premises of the brewery, together with all beer which is on hand when the inventory is taken and which is required to be reported in Schedules "F"--Alcoholic Liquor Transactions, and Schedule "G"--Tax-Paid Inventory, accompanying the Liquor Revenue Return.
- 4) Wineries and wine-makers shall include, as "Inventory on Hand", all bottled wine, bulk wine remaining in bottling tanks and all barreled wine whether stored on the licensed premises or elsewhere in Illinois and whether stored in or out of bond, and this is true whether such wine is owned by the winery or lawfully held by the winery as agent for another.
- 5) Importing distributors shall include in "Inventory on Hand", both bulk and bottled alcoholic liquors, including those in bond and other warehouses, and this is true whether such alcoholic liquors are owned by the importing distributor or whether such alcoholic liquors are lawfully held by the importing distributor as agent for another.

d) Invoices of Sale:

- 1) Each manufacturer and importing distributor must at the time of sale of any alcoholic liquors render to the purchaser an invoice describing the alcoholic liquor sold (including the tax rate category applicable to the product sold, as described in Section 420.10 (a) of this Part), the date of sale, to whom sold, and the quantity sold. Duplicate copies of all such invoices must be made and preserved by such manufacturer or importing distributor for audit purposes.
- 2) Where a manufacturer or importing distributor sells alcoholic liquors to a licensed retailer or distributor, each original and duplicate invoice pertaining to such sale must be printed, stamped, or bear in writing language substantially as follows:

his Liquor Tax made by vendor issuing this invoice."

- 3) This legend must appear on sales invoices covering tax-paid containers of alcoholic liquors even though the licensed manufacturer or importing distributor purchased the containers of alcoholic liquors covered therein tax-paid.
- 4) Where a manufacturer or importing distributor sells any alcoholic liquors to another licensed manufacturer or importing distributor and does not assume the tax liability, each such invoice covering such sale must be printed, stamped or bear written language substantially as follows:

"Liquors described herein sold without payment of Illinois tax to holder of Illinois license No. _____"

- 5) Where a manufacturer or importing distributor sells alcoholic liquors to a second manufacturer or importing distributor and assumes payment of gallonage tax

with respect to such sales, invoices pertaining to such sales should be stamped with the language first set forth in subsection (d)(2).

- 6) Failure of any manufacturer or importing distributor to print, stamp or write upon any invoice covering alcoholic liquor sold in Illinois any statement relating to payment of Illinois gallonage tax will oblige the Department to assume that the alcoholic liquors described therein were sold to persons not licensed as Illinois manufacturers or importing distributors, and the vendor is liable for tax with respect to such sales.

e) Bottling Losses:

At the time of an audit no deduction for bottling losses will be allowed unless accurate records are kept for each month, day by day, of the gallonage dumped or tanked for bottling and the number of cases and bottles produced therefrom, together with an inventory of the amount of beer, wine or alcohol and spirits remaining in the tanks at the end of each month. This deduction is allowable only when it relates to alcoholic liquors which are carried in inventory in the Liquor Revenue Return at the time when such bottling loss occurs.

f) License Numbers For Purchasers Must Appear On Sales Records:

No manufacturer or importing distributor shall sell or deliver any original package of alcoholic liquor to another person for resale, unless the person to whom such package is sold or delivered is authorized to receive such package in accordance with the provisions of the Act. All manufacturers or importing distributors must place the license number, if any, of the person receiving such liquors for resale on all receipts, bills, invoices, statements, etc., covering such sales or deliveries.

g) Records Maintained At Licensed Address:

Books and records of manufacturers and importing distributors must be maintained at the licensed addresses of such manufacturers and importing distributors. The Department may in its discretion prescribe uniform methods for keeping such records.

h) Breakage Losses:

- 1) At the time of an audit or hearing, no gallonage deduction, on account of breakage, which occurs on the premises of a manufacturer or importing distributor, will be allowed unless complete and accurate records are kept for each month, day by day, of the gallonage spilled or wasted by reason of breaking of containers.
- 2) The entry must be made in the breakage record on the date that the loss through breakage occurs, and entry should include the date, the number of bottles, cases or other containers broken, the gallonage of each class of alcoholic liquors spilled or lost from each type of container and the total gallonage lost on that particular day. In addition, the claimed loss through breakage will not be allowed unless the entries made in the licensee's breakage record are carried over to and entered in such licensee's general books and records.

- 3) Likewise, at the time of an audit or hearing, no gallonage deduction on account of breakage, which occurs off the premises of a manufacturer or importing distributor, will be allowed unless supported by competent documentary proof from an independent source.
- 4) No allowance for breakage will be made unless the containers of alcoholic liquors which are involved have not had tax paid with respect thereto and unless the alcoholic liquors which are involved are carried in inventory in the Liquor Revenue Return at the time when such breakage occurs.

(Source: Amended at 27 Ill. Reg. 830, effective January 3, 2003)