Illinois Department of Revenue
Regulations

Title 86 Part 422 Section 135 Books and Records

TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 422
CANNABIS CULTIVATION PRIVILEGE TAX

Section 422.135 Books and Records

a) *Every cultivator shall keep books and records of all sales of cannabis, together with invoices, bills of lading, sales records, copies of bills of sale, monthly inventories, inventories prepared as of December 31 of each year, and other pertinent papers and documents.* [35 ILCS 120/7]

b) *All books and records and other papers and documents that are required by this Section and the Law to be kept shall be kept in the English language and shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees.* [35 ILCS 120/7] Records shall be maintained at the physical location of the cultivator. All books and records kept by a cultivator pursuant to rules adopted by the Department of Agriculture to implement the Act shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. The Department shall also have access to the cultivator's automated data processing and/or point of sale system.

c) *Books and records and other papers reflecting gross receipts received during any period with respect to which the Department is authorized to issue notices of Tax liability shall, for purposes of this Part, be preserved until the expiration of that period unless the Department, in writing, authorizes their destruction or disposal prior to that expiration. The Department will not issue a notice of Tax liability on and after each July 1 and January 1 covering gross receipts received during any month or period of time more than 3 years prior to that July 1 and January 1, respectively.* [35 ILCS 120/7] However, if the Department allows a cultivator to destroy books and records prior to the expiration of the preservation period, the cultivator is not relieved of any obligation to maintain books and records under any rule or regulation adopted by another State agency to implement the Act.

d) Penalties

1) *Any cultivator who fails to keep books and records or fails to produce books and records for examination, as required by this Section, is liable to pay to the Department, for deposit into the Tax Compliance and Administration Fund, a penalty of:*

A) *$1,000 for the first failure to keep books and records or produce books and records for examination; and*

B) *$3,000 for each subsequent failure to keep books and records or produce books and records for examination.*

2) *The penalties imposed under this subsection (d) shall not apply if the taxpayer shows that he or she acted with ordinary business care and prudence.* [35 ILCS 120/7]

(SOURCE: Adopted at 44 Ill. Reg.10732, effective June 02, 2020.)