

**Illinois Department of Revenue
Regulations**

Title 86 Part 423 Section 115 Bundling of Taxable and Nontaxable Items; Prohibition; Taxation

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

**PART 423
CANNABIS PURCHASER EXCISE TAX**

Section 423.115 Bundling of Taxable and Nontaxable Items; Prohibition; Taxation

- a) The Act prohibits dispensing organizations from *selling cannabis, cannabis-infused products, and concentrates in combination or bundled with each other or any other items for one price.* [410 ILCS 705/15-70(n)(17)]
- 1) *If a cannabis retailer sells cannabis, concentrate, or cannabis-infused products in combination or bundled with items that are not subject to the Tax under the Law for one price in violation of the prohibition on this activity under Section 15-70 of the Act, then the Tax is imposed on the purchase price of the entire bundled product.* [410 ILCS 705/65-11]
- 2) The tax rate applicable to the entire bundle shall be determined as follows:
- A) A retailer must aggregate all cannabis items in the bundle that are taxed at the same rate (i.e., 10%, 20%, 25%).
- B) The retailer must calculate the total selling price for all cannabis products in each tax rate group.
- C) The tax rate attributable to the tax rate group with the highest selling price shall be applied to all cannabis products in the bundle.

EXAMPLE: A dispensary makes gift baskets that contain a ¼ ounce of cannabis with less than with less than 35% THC that normally sells for \$65, a pipe that normally sells for \$15, 4 cannabis-infused pods that normally sell for a total of \$40, and an electronic device the pods can be used with that normally sells for \$45. The dispensary offers the basket for \$135. The Tax is imposed at the rate of 10% on the purchase price of \$135.

- b) *Each item of cannabis, concentrate and cannabis-infused product must be separately identified by quantity and price on the receipt.* [410 ILCS 705/15-70(n)(17)]

(SOURCE: Adopted at 44 Ill. Reg.10751, effective June 02, 2020.)