

**Illinois Department of Revenue
Regulations**

Title 86 Part 429 Section 135 Books and Records

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

**PART 429
MEDICAL CANNABIS CULTIVATION PRIVILEGE TAX LAW**

Section 429.135 Books and Records

- a) Every cultivation center *shall keep books and records of all sales of medical 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 cultivation center. All books and records kept by a cultivation center pursuant to rules adopted by the Illinois 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 cultivation center'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.* [35 ILCS 120/7] However, if the Department allows a cultivation center to destroy books and records prior to the expiration of the preservation period, the cultivation center 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 person 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 record's 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 it acted with ordinary business care and prudence. [35 ILCS 120/7]*

(Source: Amended at 44 Ill. Reg. 10802, effective June 2, 2020)