

**Illinois Department of Revenue
Regulations**

Title 86 Part 475 Section 140	Returns
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TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 475
ILLINOIS HYDRAULIC FRACTURING TAX ACT

Section 475.140 Returns

a) Returns Filed by Purchasers

- 1) When a purchaser begins to purchase oil or gas from a well subject to the tax imposed by the Tax Act, the *purchaser shall make a return to the Department showing the quantity of oil or gas purchased during the month for which the return is filed, the price paid, total value, the name and address of the operator or other person from whom the same was purchased, a description of the production unit in the manner prescribed by the Department from which the oil or gas was severed, and the amount of tax due from each production unit for each calendar month. All taxes due, or to be remitted, by the purchaser shall accompany this return. The return shall be filed on or before the last day of the month after the calendar month for which the return is required. The Department may require any additional report or information it may deem necessary for the proper administration of the Tax Act. [35 ILCS 450/2-45]* The purchaser shall also provide a breakdown of the tax by the total percentage of royalty interest, total percentage of overriding royalty interest, and total percentage of working interest.

- 2) Oil and gas is purchased during the month it is removed from the production unit. The month in which the oil is measured or gauged by a first purchaser is not controlling, nor is the month of payment of proceeds to the producers and interest owners.

EXAMPLE: The first purchaser measures the quantity of oil in a tank on January 28 but removes the oil from the production unit on February 3. The first purchaser pays the interest owners for the oil removed on February 3 at the time interest owners are paid for the oil removed during the month of January. The oil removed from the production unit on February 3 must be reported on the return filed for the month of February and the tax shall accompany the February return filed on or before the end of the month.

- 3) *Returns shall be filed electronically in the manner prescribed by the Department. Purchasers shall make all payments of that tax to the Department by electronic funds transfer unless the Department grants an exception upon petition of a purchaser. Payment may be made either by ACH debit or ACH credit. Purchasers' returns must be accompanied by appropriate computer generated*

magnetic media supporting schedule data in the format required by the Department. [35 ILCS 450/2-45]

- 4) If an operator fails to provide a purchaser with the exemption certificate required by Section 475.130(b)(2) and, as a result, the purchaser must withhold tax, the purchaser must register with the Department and file the returns required by this Section.

b) Returns Filed by Operators

- 1) *Payment of taxes by operators shall be accompanied by a return to the Department showing the gross quantity of oil or gas removed during the month for which the return is filed, the price paid, and if no price is paid, the value of the oil and gas, a description of the production unit from which the oil or gas was severed, and the amount of tax. The Department may require any additional information it may deem necessary for the proper administration of the Tax Act. [35 ILCS 450/2-50(a)]* The operator shall also provide a breakdown of the tax by the total percentage of royalty interest, total percentage of overriding royalty interest and total percentage of working interest.
- 2) *Operators shall file all returns electronically in the manner prescribed by the Department unless, as provided by rule, the Department grants an exception upon petition of an operator. Operators shall make all payments of that tax to the Department by electronic funds transfer unless the Department grants an exception upon petition of an operator. Payment made be made by either ACH debit or ACH credit. Operators' returns must be accompanied by appropriate computer generated magnetic media supporting schedule data in the format required by the Department. [35 ILCS 450/2-50(b)]*