

Illinois Department of Revenue
J. Thomas Johnson, Director
101 West Jefferson Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY87-19

TO: All Illinois Sales Tax Return Filers
SUBJECT: Changes Enacted by the General Assembly

The purpose of this bulletin is to inform you of recent and soon-to-be-effective changes in the Illinois sales tax. You may have received detailed bulletins on some of these issues recently. Also, please note some items may not apply to your business.

LOWER INTEREST RATE

Starting January 1, 1987, the interest rate we charge for past due sales tax is 1.25 percent per month (or fraction of a month). The old rate of 2 percent applies to unpaid tax up to January 1.

REMINDER: Paying late is costly. You lose the discount (2.1 percent), incur a penalty (7.5 percent), and are charged interest (1.25 percent).

COAL MINING EQUIPMENT

Certain equipment and replacement parts sold after January 1, 1987, will not be taxed by the State (5 percent rate). However, local, mass transit, county supplementary and county water commission taxes (where applicable) will still be due. Leased equipment also qualifies. The equipment and parts must be used in coal exploration, mining, off-highway hauling, processing, maintenance, or reclamation. However, motor vehicles required to be registered with the Secretary of State do not qualify. Finally, the item must cost at least \$250 to be eligible.

ACCELERATED PAYMENTS

Those of you who make quarter-monthly payments will be able to make a smaller minimum payment starting with January, 1987. To avoid penalty and interest, pay with each card (Form RR-3 or PST-3) 26.25 percent (formerly 27.5 percent) of the liability you incurred for the same month of the previous year or 22.5 percent of your actual liability for the current month.

REVOKING CERTIFICATE OF REGISTRATION

Taxpayers which violate the provisions of one tax may lose their certificates of registration for all taxes for which they are registered. Violations include such practices as not filing returns and not paying final assessments. Of course, before a certificate is actually revoked, the taxpayer will be notified of the Department's intention and given the

opportunity for a hearing.

SPECIAL NOTE

Please use the sales tax form (RR-1-A) we send you. Coding on the back of that form is important in processing your return. It speeds processing and reduces errors.

J. Thomas Johnson,
Director of Revenue

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