

+ CHANGES IN HOME RULE SALES TAX IN NORRIDGE
 Summary: Your sales tax rate is changing on September 1.
 Remember to adjust your cash registers.

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|TO:| ALL RETAILERS AND
 +---+ SERVICE PERSONS
 CONDUCTING
 BUSINESS IN
 NORRIDGE

Norridge has a new home rule sales tax. You should begin collecting this new rate from customers who buy from you on September 1 and afterward.

It may be necessary to adjust your cash registers and any computer programs you use so that, beginning on September 1, you will be collecting and paying the correct amounts.

We are responsible for administering this tax. You will report it on your regular ST-1 beginning with your September return (which is due October 31.)

Norridge new home rule sales tax rate is 1 percent on general merchandise. This will be combined with your current rate of 7 percent for a total general merchandise rate of 8 percent.

You will report receipts from this general merchandise tax on line 4a on the ST-1. Your preprinted return will show the correct combined rate.

Norridge will also have a 1 percent home rule sales tax on qualifying food, drugs, and medical appliances. This will be combined with the current food and drug tax rate of 2 percent for a total food and drug rate of 3 percent.

You will report receipts from this food and drug tax on line 5a on the ST-1. Your preprinted return will show the correct combined rate.

WHAT DO I DO WHEN A CUSTOMER PAYS ME AFTER SEPTEMBER 1 FOR A PURCHASE MADE EARLIER?

If the original purchase was made at a different tax rate from those rates in Line 4a and 5a, you must report these receipts on Line 8a of the ST-1.

WHAT'S NEW FOR AUTO DEALERS?

If you sell cars or other items that require a title, you should pay special attention. The home rule sales tax does not apply to these sales, and receipts from these sales will continue to be taxed at the current rate of 7 percent when reported on Form ST-556.

However, the rate of 8 percent reported on Form ST-1 will apply to receipts from sales of general merchandise, such as the parts you sell over the counter and the parts you use during service of motor vehicles and airplanes.

WHAT ELSE CHANGES?

This is a new tax for Norridge and it has the same base for general merchandise and food and drugs as the state tax you are already familiar with. (The base refers to those items that are taxed. Any item that is exempt from state tax will also be exempt from this home rule tax.) The only real change is in the tax rate.

