

+ CHANGES IN HOME RULE SALES TAX IN URBANA
 Summary: Beginning with your September 1 sales,
 report your home rule sales tax to the state.

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|TO: ALL RETAILERS AND
 +----+SERVICEPERSONS
 CONDUCTING
 BUSINESS IN URBANA

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.

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

This is to remind you that, beginning with sales you make on September 1, 1990, you will report and send to us both the home rule sales tax you collect and the state sales tax you have been collecting. These rates will be combined and preprinted on your Form ST-1, Sales and Use Tax Return.

In addition, Urbana will continue to exempt QUALIFYING FOOD, DRUGS, AND MEDICAL APPLIANCES from home rule sales tax. Thus the rate for these items appearing on your ST-1 will be 1 percent.

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?

HAS THE HOME RULE SALES TAX RATE CHANGED?

No change has occurred in Urbana's 1 percent home rule sales tax rate for GENERAL MERCHANDISE. Therefore, the combined general merchandise rate will be 7.25 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.

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 6.25 percent when reported on Form ST-556.

DO I CONTINUE TO PAY HOME RULE TAX ON A "CAPPED" AMOUNT?

No. In Urbana, the amount of home rule sales tax has been based upon a "capped" amount, the first \$500 of each sales transaction. After September 1, you will charge home rule sales tax on the entire amount of each transaction.

However, the rate of 7.25 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'S BEING TAXED?

Beginning with your

+ Quarterly filers

The home rule sales tax has the same BASE for general merchandise 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.)

WHAT'S NEW FOR RETAILERS OF MOTOR FUEL?

Effective September 1, motor fuel is subject to Urbana's 1 percent home rule sales tax on general merchandise. You will report these sales along with all of your other general merchandise sales on your ST-1, paying the combined general merchandise rate of 7.25 percent.

WHAT'S NEW FOR SELLERS OF PREPARED FOOD AND BEVERAGES?

You are accustomed to paying the following taxes on restaurant-type (prepared) food: 1) the state sales tax of 6.25 percent; and 2) an Urbana food and beverage tax of 0.5 percent, and 3) an Urbana home rule sales tax of 1 percent.

sales on September 1, you will collect and pay to us: 1) the state sales tax of 6.25 percent; and 2) the Urbana home rule sales tax of 1 percent. You will report these sales along with all of your other general merchandise sales on your ST-1, paying the combined general merchandise rate of 7.25 percent.

Then you should pay directly to the city of Urbana its food and beverage tax of 2 percent.

DO I CHARGE HOME RULE TAX TO ILLINOIS CUSTOMERS WHO LIVE OUTSIDE MY HOME RULE MUNICIPALITY?

Effective September 1, 1990, you will charge home rule tax on your sales (except sales reported on Form ST-556) regardless of your Illinois customer's address or the sale's point of delivery within this state.

WHAT ARE MY SPECIAL FILING INSTRUCTION?

+ Monthly filers Your September return will be the first return to have combined rates. The due date of October 31, 1990, for the return for September 1990.

You will have two returns for the third quarter. The return for July and August will be preprinted with the lower rates, and a return for September will be preprinted with the higher combined rates. The due date for both returns is October 31, 1990.

+ Annual filers You will have two returns. The return for January through August will be preprinted with the lower rates, and a return for September through December will be preprinted with the higher combined rates. The due date for both returns is January 31, 1991.

QUESTIONS?

If you have questions or need more information, please call or write us. Our telephone numbers and address are listed at the bottom of this bulletin.

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FOR INFORMATION CALL: 1 800 732-8866 or 1 217 782-3336 WRITE: Illinois Department of Revenue 101 W. Jefferson St., P.O. Box 19044

Springfield, IL 62794-9044
