



■ Miscellaneous Sales and Use Tax Changes

TO: Sales Tax Accounts

Recent legislation has affected Illinois Sales and Use tax. A brief summary follows.

Protest Period Extension

Effective September 3, 1991, taxpayers have 60 days (rather than 20 days) in which to protest a sales tax notice of tax liability.

Redefinition of Tax-Exempt Mandatory Service Charges (Tips)

Effective September 3, 1991, only the portion of a separately stated mandatory service charge that is actually turned over to service employees is exempt from sales tax.

For example, if a restaurant turns over **part** of a mandatory service charge appearing on a customer's bill as tips (or as a substitute for tips) to its service employees, that part of the charge is exempt from sales tax. The remaining part of the mandatory service charge is not exempt.

The change means that it is no longer necessary for a service business to turn over to its service employees **all** of a separately stated mandatory service charge in order for that portion of the charge to qualify as exempt from sales tax.

New Restriction on Liquor Retailer's License Renewals

Effective January 1, 1992, liquor retailers will not qualify for renewal of any liquor license if the retailer is delinquent in

- filing any return we require or
- paying any amount owed the state of Illinois.

Questions?

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



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(248,200 copies - 10/91 - P.O. Number 43559)