

■ Sales and Use Tax Quarter-monthly Payments

TO: Taxpayers Who Pay Sales and Use Tax on a Quarter-monthly Basis

This bulletin addresses frequently asked questions about the requirement to pay sales and use tax on a quarter-monthly basis.

What are sales and use tax quarter-monthly payments and who is required to make them?

Quarter-monthly payments are sales and use tax payments you must make four times a month, instead of paying your total tax liability when you file your monthly Form ST-1, Sales and Use Tax Return. The payment of tax is therefore "accelerated."

You must make quarter-monthly payments if your average monthly tax liability has been \$10,000 or more during the previous four complete calendar quarters. We review your average monthly liability and automatically notify you if you are required to make quarter-monthly payments. We will also notify you if you are no longer required to make these quarter-monthly payments.

How much am I required to pay?

You must choose one of the two following options to determine your payments for the month.

- Option 1 - each payment must be a minimum of 22.5 percent of the actual liability for the current month. For example, if you anticipate your liability for the month will be \$100,000, you must pay at least \$22,500 each time you make a payment.
- Option 2 - each payment must be a minimum of 25 percent of the actual liability for the same month of the preceding year. For example, if your January 1997 monthly liability was \$100,000, you must pay \$25,000 each time you make a payment for your January 1998 liability.

When are the quarter-monthly payments due?

We must receive your quarter-monthly payments on or before the 7th, 15th, 22nd, and the last day of the month. If the due date falls on a weekend or holiday, your payment is due the next business day. If you have made all four payments in the amount required under either Option 1 or Option 2 and you still owe additional tax, the remaining payment is due when you file your monthly Form ST-1.

What if my quarter-monthly payment is late or underpaid?

If your payment is late or underpaid, you will be billed for any tax due, plus penalty and interest, and you will lose the related portion of your discount.

Note: If you are making your payments by EFT, your payment must settle on or before the due date. If you are sending your payment by mail, it must be postmarked by the United States Postal Service on or before the date the payment is due.

What methods may I use to send my quarter-monthly payments?

There are two payment methods: by mail and by electronic funds transfer (EFT).

If you pay by mail, we will send you a supply of 12 quarter-monthly payment forms at the beginning of each quarter. Form RR-3, Sales and Use Tax Quarter-Monthly Payment, specifies the amount you must pay if you use Option 2 to determine your payments for the month, the date the payment is due, and the liability period for which each payment applies.

It is important that you use the correct week's Form RR-3 when you send your payment. Not using Form RR-3 in date order may delay processing of your payment. In addition, please do not mail your quarter-monthly payments in the same envelope with your Form ST-1, or any other tax payment or tax return.

Certain taxpayers are **required** to file their quarter-monthly payments using the EFT program. Payments must be made by EFT if your average monthly tax liability is \$50,000 or more. We will notify you if you meet the requirements for EFT.

Any taxpayer who makes quarter-monthly payments may voluntarily participate in the EFT program instead of paying by mail. To voluntarily participate, you must first register for this program with us by completing Form EFT-1, Authorization Agreement for Electronic Funds Transfer.

All participants in the EFT program will receive information about the program and Form EFT-2, Quarter-monthly Payment Schedule instead of Form RR-3. This schedule specifies the amount you must pay if you use Option 2 to determine your payments for the month and also lists the dates your payments are due.

What if I overpay my final liability?

If your sales and use tax quarter-monthly payments exceed the total liability for the month shown on Form ST-1, we will create a credit for the overpaid amount. This credit is called a "prior overpayment."

How do I use prior overpayments or credit memoranda?

Prior overpayments and credit memoranda may be applied to an EFT payment or a payment for Form RR-3, or Form ST-1.

- To apply a prior overpayment or credit memorandum to a quarter-monthly payment that you pay by mail, write the amount you wish to use on the appropriate line of Form RR-3. Reduce your payment by this amount.

Note: These instructions replace the instructions in the ST-19, Retailer's Tax Booklet, revised September 1997.

- To apply a prior overpayment or credit memorandum to a quarter-monthly payment that you pay by EFT, call our EFT unit at 217 782-6257 on or before the date your payment is due.

Can quarter-monthly payments be waived?

We will consider a written request for waiver of the quarter-monthly payment requirement if, for example,

- you sold or had a substantial change in your business,
- you made unusual purchases that resulted in a large, one-time payment of use tax during the liability period, or
- you expect to pay a reduced amount of sales tax due to a recent change in law.

Note: Your request for a waiver must include estimates of your future monthly sales and use tax liability. We will waive the requirements if we find that your change in status is likely to be long-term (*i.e.*, not seasonal). If we grant a waiver, the waiver is only in effect for one quarter. Additional waivers must be requested each quarter.

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.



For information or forms...

Call us at 1 800 732-8866 or 217 782-3336

Call our TDD (telecommunications device for the deaf) at 1 800 544-5304

Write us at Illinois Department of Revenue, 101 W. Jefferson St., P.O. Box 19044, Springfield, IL 62794-9044

Visit our Web site at <www.revenue.state.il.us>

Call our "Illinois Tax Fax" fax-on-demand service at 217 785-3400

Call our 24-hour Forms Order Line at 1 800 356-6302