



Informational

Bulletin

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New Prepaid Wireless E911 Surcharge and ST-1 Changes

To all retailers filing Form ST-1

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

This bulletin summarizes the Public Act 97-0463 requiring retailers of prepaid wireless telecommunications service to collect and remit the new Prepaid Wireless E911 Surcharge on sales of prepaid wireless telecommunications service as part of their retail transaction and Form ST-1 filing. It also describes the changes made to Form ST-1 to accommodate the new surcharge.

For information or forms

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tax.illinois.gov

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

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

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1 800 544-5304

What is the Prepaid Wireless E911 Surcharge?

The Prepaid Wireless E911 Surcharge is a charge imposed on the consumer, to be collected by sellers, when a retail transaction takes place which includes prepaid wireless telecommunications service. Currently, consumers on subscription plans, including mobile and land line phones, pay a similar surcharge for 9-1-1 service. This new surcharge has been implemented to ensure that funding for the emergency assistance (9-1-1 service) is maintained with equal contribution from consumers of prepaid wireless telecommunications service. **Note:** This surcharge does not change previously established sales tax obligations on prepaid services.

What is prepaid wireless telecommunications service?

Prepaid wireless telecommunications service is service that must be paid for in advance and is sold in predetermined units or dollars. As the predetermined units are used, the amount remaining available for use declines in a known amount. Examples include prepaid calling cards and minutes added to "pay-as-you-go" phones.

Are all retailers required to collect the E911 Surcharge on retail transactions?

Yes. If you make sales of prepaid wireless telecommunications service, you are required to collect and remit the E911 Surcharge only on the portion of the receipts that is from the retail transaction of prepaid wireless telecommunications service. Receipts from sales of other tangible personal property are not subject to the surcharge.

When does the E911 Surcharge become effective?

The E911 Surcharge becomes effective January 1, 2012. Starting with your first reporting period of 2012 (whether monthly, quarterly, or annually), you will include the E911 Surcharge as part of your Form ST-1 filing.

What rate is charged for the E911 Surcharge?

If you are a retailer at a Chicago location, you must charge 7 percent (.07) on each retail transaction of prepaid wireless telecommunications service.

If you are a retailer at a non-Chicago location, you must charge 1.5 percent (.015) on each retail transaction of prepaid wireless telecommunications service.

IMPORTANT: The E911 Surcharge rate is only applied to the receipts from prepaid wireless telecommunications service sales. Other tangible personal property sold in the same transaction, such as batteries and electronic games, are not subject to the surcharge.

Can the rate charged for the E911 Surcharge change?

Yes. E911 Surcharge rates can change and will be posted on our website at tax.illinois.gov no later than 30 days in advance of the effective date of the change.

How do I handle special sales?

Minimal sales of prepaid wireless telecommunications service

Retailers who sell a minimal amount of prepaid wireless telecommunications service with a prepaid wireless device for a single, non-itemized price may elect not to apply the surcharge to this receipt. Minimal amounts of prepaid wireless telecommunications service can be defined as service denominated not to exceed 10 minutes or a \$5 value.

Telephone and online sales

Sales of minutes or other prepaid wireless telecommunications service made over the phone or online are subject to the surcharge if the consumer uses a credit card to purchase the service and the billing address of that credit card is in this state. This applies even if no product is shipped.

Are retailers required to disclose the E911 Surcharge to customers?

Yes. Retailers must disclose the surcharge by separately stating the figure on the receipt or invoice or through other documentation. Retailers' books and records must clearly identify the surcharge for retail transactions.

Are purchasers who are exempt from sales tax also exempt from paying the E911 Surcharge?

Yes. Purchasers (such as government agencies, schools, charitable organizations, and religious organizations) who are exempt from paying sales tax are exempt from paying the surcharge. **Note:** E911 Surcharge collected from customers and receipts from exempt sales should not be included in the total receipts on Line 1 on Schedule B of Form ST-1.

Is there any benefit to me as a retailer for collecting and remitting this surcharge?

Yes. During the first year of collection, retailers are allowed to deduct and retain a discount of 5 percent (.05) of E911 surcharges that are collected from consumers and timely filed and remitted with the department. Starting in January 2013, the discount will be reduced to 3 percent (.03).

How do I report the E911 Surcharge?

You will complete Schedule B on Form ST-1, Sales and Use Tax and E911 Surcharge Return, to calculate the E911 Surcharge due and then transfer the total to Line 21 on the front of your ST-1 return.

What changes have been made to Form ST-1?

Several changes had to be made to Form ST-1 to accommodate for the E911 Surcharge as well as changes made to improve taxpayer understanding of deductions.

- 1) Changes to the front of the form include:
 - The title of the form has been changed to "Sales and Use Tax and E911 Surcharge Return".
 - Line 19 has been changed to "Total prepayments." Prior overpayments will now be included in "Credit amount" on Line 24.
 - Line 20 has been changed to "Net tax due."
 - Line 21 has been changed to "E911 Surcharge" (from Schedule B, Line 10).
 - Line 22 has been changed to "Excess tax and excess surcharge collected."
 - Line 23 has been changed to "Total tax and surcharge due."
 - Line 24 has been changed to "Credit amount." This line will now include both credit memorandum and prior overpayment being used.
- 2) Changes to the back of the form include:
 - The worksheet previously used to calculate deductions has been reworked. It is now called **Schedule A - Deductions** and has a more specific breakdown of deductions. This total will still transfer to Step 2, Line 2 on the front of the return. **Note:** Many line numbers and descriptions have changed.
 - **Schedule B - E911 Surcharge** is entirely new and will be used to calculate the E911 Surcharge due. This total will transfer to Step 7, Line 21 on the front of the return.

Form ST-1, Sales and Use Tax and E911 Surcharge Return (front page, left column only)

The following pages identify the changes made to Form ST-1, including those previously outlined on Page 2.



Illinois Department of Revenue

ST-1

Sales and Use Tax and E911 Surcharge Return

Account ID _____ This form is for: _____
(Reporting period)

Form ST-1 is due on or before the 20th day of the month following the end of the reporting period.

You must round your figures to whole dollars. (See instructions.)

Step 1: Alcoholic Liquor Purchases (See instructions.)

If you are not required to report your purchases, go to Step 2.

Note: Distributors will also report your total purchases to us.

A Total dollar amount of alcoholic liquor purchased
 (invoiced and delivered) _____

Step 2: Taxable Receipts

- 1** Total receipts (Include tax.) **1** _____
- 2** Deductions - **include tax collected**
 (From Schedule A, Line 29.) **2** _____
- 3** Taxable receipts
 (Subtract Line 2 from Line 1.) **3** _____

Step 3: Tax on Receipts

Sales from locations within Illinois

General merchandise

4a _____ x **<rate>** = **4b** _____

Food, drugs, and medical appliances

5a _____ x **<rate>** = **5b** _____

Sales from locations outside Illinois

General merchandise

6a _____ x .0625 = **6b** _____

Food, drugs, and medical appliances

7a _____ x .01 = **7b** _____

Sales at prior rates

Receipts taxed at other rates

8a _____ x _____ = **8b** _____

9 Tax due on receipts

(Add Lines 4b, 5b, 6b, 7b, and 8b.) **9** _____

Step 4: Retailer's Discount and Net Tax on Receipts

10 If you filed and paid by the due date,
 multiply Line 9 by 1.75% (.0175). **10** _____

11 Net tax due on receipts
 (Subtract Line 10 from Line 9.) **11** _____

The title of the form has been changed to "Sales and Use Tax and E911 Surcharge Return."

You will now complete Schedule A in order to calculate total deductions to be reported on Line 2.

All changes to Form ST-1 have been incorporated into our existing WebFile program. We encourage you to continue, or start, filing electronically. It's fast, easy, and free when you use the WebFile application on our website.



Try filing electronically!

tax.illinois.gov



Form ST-1, Sales and Use Tax and E911 Surcharge Return (front page, right column only)



Illinois Department of Revenue

ST-1 Sales and Use Tax and E911 Surcharge Return

Account ID _____ This form is for: _____
(Reporting period)

Line 19 has been changed to "Total prepayments." Prior overpayments will now be included in credit amount on Line 24.

Line 20 has been changed to "Net tax due."

Line 21 has been changed to "E911 Surcharge." You must complete Schedule B if you have E911 Surcharge to report.

Line 22 has been changed to "Excess tax and excess surcharge collected."

Line 24 has been changed to "Credit amount." This line will now include both credit memorandum and prior overpayment being used.

Step 5: Tax on Purchases

General merchandise
12a _____ x .0625 = **12b** _____
 Food, drugs, and medical appliances
13a _____ x .01 = **13b** _____
 Purchases at other rates
14a _____ **14b** _____
15 Tax due on purchases
 (Add Lines 12b, 13b, and 14b.) **15** _____

Step 6: Net Tax Due

16 Tax due from receipts and purchases
 (Add Lines 11 and 15.) **16** _____
16a Manufacturer's Purchase Credit
 (See instructions.) **16a** _____
17 Prepaid sales tax
 (Attach PST-2 copy A.) **17** _____
18 Quarter-monthly payments
 (Paid on Form RR-3 or by EFT) **18** _____
19 Total prepayments
 (Add Lines 16a, 17, and 18.) **19** _____
20 Net tax due
 (Subtract Line 19 from Line 16.) **20** _____

Step 7: Payment Due

21 E911 Surcharge
 (From Schedule B, Line 10.) **21** _____
22 Excess tax and excess surcharge collected
 (See instructions.) **22** _____
23 Total tax and surcharge due
 (Add Lines 20, 21 and 22.) **23** _____
24 Credit amount
 (See instructions.) **24** _____
25 Payment due
 (Subtract Line 24 from Line 23.) **25** _____

Step 8: Sign Below

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true and correct. The information in this return is taken from the records of the business for which it is filed.

Taxpayer _____ Phone _____ Date / /
 Preparer _____ Phone _____ Date / /

Form ST-1, Sales and Use Tax and E911 Surcharge Return (back page, Schedule A only)

Schedule A will be used to calculate your total deductions. This total will transfer to Step 2, Line 2 on the front of the return.

ST-1 Worksheet for Line 2 has been changed to Schedule A - Deductions. Many line numbers and descriptions have changed.

Account ID: _____ This form is for: _____

Schedule A — Deductions

Section 1: Taxes and miscellaneous deductions - If no Section 1 deductions, go to Section 2.

1	Taxes collected on general merchandise sales and service	1	_____	_____
2	Taxes collected on food, drugs, and medical appliances sales and service	2	_____	_____
3	E911 surcharge collected	3	_____	_____
4	Resale	• 4	_____	_____
5	Interstate commerce	• 5	_____	_____
6	Manufacturing machinery and equipment (including photoprocessing)	• 6	_____	_____
7	Farm machinery and equipment	• 7	_____	_____
8	Graphic arts machinery and equipment	• 8	_____	_____
9	Supplemental Nutrition Assistance Program (SNAP - formerly called food stamps)	• 9	_____	_____
10	Enterprise zone	• 10a	_____	_____
	a Sales of building materials	• 10b	_____	_____
	b Sales of items other than building materials			
11	High impact business	• 11a	_____	_____
	a Sales of building materials	• 11b	_____	_____
	b Sales of items other than building materials			
12	River edge redevelopment zone building materials	• 12	_____	_____
13	Exempt organizations	• 13	_____	_____
14	Sales of service - identify here _____	14	_____	_____
15	Other (including cash refunds, newspapers and magazines, etc.) - identify below _____	15	_____	_____
16	Total Section 1 deductions. Add lines 1 through 15.	16	_____	_____

Taxes collected through sales and service will now be reported on the same line. A separate line has been added to report E911 surcharge collected.

Enterprise zone, High impact business, and River edge redevelopment have now been separated into three different lines for better data collection.

"Other" deductions will now include more categories. Cash refunds and newspapers and magazines have both been incorporated into this line.

Section 2: Motor fuel deductions - If no Section 2 deductions, go to Section 3.

State motor fuel tax		Number of gallons		Rate				
17	Gasoline	17a	_____	x	19¢	=	17b	_____
18	Gasohol and majority blended ethanol	18a	_____	x	19¢	=	18b	_____
19	Diesel (including biodiesel and biodiesel blends)	19a	_____	x	21.5¢	=	19b	_____
20	Dieselhol	20a	_____	x	21.5¢	=	20b	_____
21	Other special fuels	21a	_____	x	19¢	=	21b	_____
Specific fuels sales tax exemption		Receipts		Percentage				
22	Gasohol	22a	_____	x	20% (.20)	=	22b	_____
23	Biodiesel blend (90 - 99 percent petroleum-based product)	23a	_____	x	20% (.20)	=	23b	_____
24	Biodiesel blend (1- 89 percent petroleum-based product)	24a	_____	x	100% (1.00)	=	24b	_____
25	100 percent biodiesel	25a	_____	x	100% (1.00)	=	25b	_____
26	Majority blended ethanol fuel	26a	_____	x	100% (1.00)	=	26b	_____
27	Other motor fuel deductions _____						27	_____
28	Total Section 2 deductions. Add lines 17b through 26b and 27.						28	_____

Section 3: Total deductions

29 Add Lines 16 and 28. Write this amount on Step 2, Line 2 on the front page of this return. → 29 _____

Schedule A - Deductions have been divided into sections for easier calculation.

Form ST-1, Sales and Use Tax and E911 Surcharge Return (back page, Schedule B only)

Schedule B will be used to calculate your E911 Surcharge due. This total will transfer to Step 7, Line 21 on the front of the return.

Schedule B - E911 Surcharge was created to accommodate reporting of the new E911 Surcharge collected on retail transactions of prepaid wireless telecommunications service. You will notice that Schedule B is divided into two categories based on location: Chicago and non-Chicago. Also included is a calculation for a 5 percent discount, allowed for the first 12 months of timely filed and paid returns, and then reduced to 3 percent.

Schedule B — E911 Surcharge

- 1 Receipts from retail transactions of prepaid wireless telecommunications service
Do not include E911 Surcharge collected from customers or receipts from exempt sales. **1** _____|_____
- Figure your breakdown of retail transactions for Chicago locations**
- 2 For Chicago locations **2a** _____|_____ x **<rate>** = **2b** _____|_____
- 3 For Chicago locations at prior rates **3a** _____|_____ x _____ = **3b** _____|_____
- 4 Total E911 Surcharge for Chicago. Add lines 2b and 3b. **4** _____|_____
- Figure your breakdown of retail transactions for non-Chicago locations**
- 5 For non-Chicago locations **5a** _____|_____ x .0150 = **5b** _____|_____
- 6 For non-Chicago locations at prior rates **6a** _____|_____ x _____ = **6b** _____|_____
- 7 Total E911 Surcharge for non-Chicago locations. Add lines 5b and 6b. **7** _____|_____
- Figure your net E911 Surcharge**
- 8 Total E911 Surcharge. Add lines 4 and 7. **8** _____|_____
- 9 If you filed and paid by the due date, multiply Line 8 by 5% (.05). **9** _____|_____
- 10 Subtract Line 9 from Line 8. Write this amount on Step 7, Line 21. **➔ 10** _____|_____

EXAMPLE - DO NOT FILE