



informational

Bulletin

Constance Beard, Director

Use Tax Guidance for Remote Sellers

To: Remote (out-of-state) sellers making sales to Illinois purchasers

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

For information or forms

Visit our website at:
tax.illinois.gov

Register and file your return online at:
mytax.illinois.gov

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

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

Remote sellers are retailers that make sales from locations outside Illinois. If those retailers have sufficient contact, or “nexus,” with Illinois, they are required to register to collect and remit tax on their sales to Illinois purchasers. Until October 1, 2018, registration is required only of remote sellers that have a physical presence in this state.

However, [Illinois Public Act \(P.A.\) 100-587](#) and the subsequent U.S. Supreme Court’s decision in *South Dakota v. Wayfair, Inc.* created a new type of nexus, in which certain retailers with no physical presence in Illinois that are making sales of tangible personal property to Illinois purchasers must collect and remit Illinois Use Tax.

Remote sellers with no physical presence in Illinois that meet either of the following thresholds must register with the Department to begin collecting and remitting Illinois Use Tax for sales made to Illinois purchasers on or after October 1, 2018:

- *the retailer’s cumulative gross receipts from sales of tangible personal property to purchasers in Illinois are \$100,000 or more; or*
- *the retailer enters into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois.*

How do I determine whether I need to register with Illinois as a remote seller?

Do I have physical presence* nexus with Illinois?

- If yes, you should already be registered. This bulletin does not apply to you.
- If no, go to the next question.

Do I sell tangible personal property to Illinois purchasers?

- If yes, continue to the next question.
- If no, you are not required to register to collect and remit Use Tax.

Do I make exclusively nontaxable sales to Illinois purchasers (100% sales for resale or 100% exempt sales)?

- If yes, you do not need to register with the Department.
- If no, go to the next question.

Do I have sales to Illinois purchasers that meet either of the thresholds?

- If yes, even if you don’t have physical presence nexus with Illinois, you must register to collect and remit Illinois Use Tax.
- If no, you are not required to register, but you may voluntarily register to collect and remit Illinois Use Tax as a courtesy to your Illinois customers.

* Physical presence includes, but is not limited to, the following:

- having an office or other facility in Illinois,
- having employees in Illinois, or
- having other representatives operating in Illinois.

See [86 Ill Adm. Code 150.201](#).

How do I determine whether I meet a threshold requiring me to begin collecting Use Tax on October 1, 2018?

A remote seller must examine its selling activities in Illinois for the period of September 1, 2017, through August 31, 2018. If, during this period, the remote seller meets either of the thresholds listed on page 1 of this bulletin, the remote seller must register with the Department to collect Illinois Use Tax beginning October 1, 2018.

What sales are excluded from the threshold determination?

As part of the threshold determination, remote sellers must exclude the following types of sales:

- sales for resale (see [86 Ill. Adm. Code 130.201](#)),
- sales of tangible personal property that is required to be registered with an agency of this State, including motor vehicles, watercraft, aircraft, and trailers, when these sales are made from locations outside Illinois to Illinois purchasers, and
- occasional sales (see [86 Ill. Adm. Code 130.110](#)).

All sales other than these, even if they are exempt from tax, must be included in calculating the thresholds.

What if I determine that I do not meet either of the thresholds requiring me to begin collecting Use Tax on October 1, 2018?

The remote seller must determine, on a quarterly basis, whether it is obligated to begin collecting Illinois Use Tax. In this case, for each quarter ending on the last day of March, June, September, and December, the remote seller must examine its sales to Illinois purchasers for the immediately preceding 12-month period. If the remote seller met either threshold for the immediately preceding 12-month period, the remote seller is required to register to collect and remit Use Tax for a one-year period.

EXAMPLE: *Remote Seller A begins making sales to Illinois purchasers on December 1, 2018. On December 31, 2018 (its first quarterly period after September 30, 2018), the remote seller determines that it has not met either threshold for the previous 12 months. At the end of March 2019 (its next quarterly period), however, the remote seller determines that it made \$200,000 in sales to Illinois purchasers for the preceding 12-month period. As a result, the remote seller is required to register to collect and remit Use Tax on sales to Illinois purchasers for a one-year period beginning April 1, 2019, through March 31, 2020. On March 31, 2020, the remote seller must examine its sales to Illinois purchasers for the one-year lookback period beginning April 1, 2019, through March 31, 2020, to determine whether the remote seller must continue to collect Use Tax.*

If you determine that you are no longer required to collect and remit Illinois Use Tax you must contact the Department to update your registration. If your registration is not updated with the Department you will be considered to be actively registered with the Department and required to collect and remit Illinois Use Tax.

I already voluntarily collect and remit Use Tax, should I continue?

Remote sellers that were voluntarily registered in Illinois prior to P.A. 100-587 will continue to collect and remit Use Tax. However, if you meet either threshold, your status with the Department will change to that of a mandatory Use Tax collector. You must contact the Department to update your registration. This will not affect the way you collect and remit Use Tax to the Department. Once you become a mandatory Use Tax collector, you will be subject to all provisions of the Use Tax Act, including late file/late pay penalties.

How do I register with the Department?

Register with the Department electronically using MyTax Illinois, available at mytax.illinois.gov:

- To register a new business, click on the blue button that says "Registration," and then click "Register a New Business" to complete Form REG-1, Illinois Business Registration Application. After you receive an email that the application has been processed, allow one business day before signing up for MyTax Illinois. To create a MyTax Illinois account, click on the "Sign up Now" button, and submit the requested information.
- If you already have a MyTax Illinois account you can register for new tax types by simply logging into your MyTax Illinois account and clicking on "Register for New Tax Accounts" to complete the registration.

Contact our Central Registration Division at 217 785-3707 for information or assistance with registering your business.

Note: There is no charge to register with the Department.

What is the Use Tax rate?

The Use Tax rate is 6.25% for general merchandise and 1% for qualifying food, drugs and medical appliances. Refer to the [Illinois Remote Seller Use Tax Matrix](#) for details. The Department does not collect any locally-imposed use taxes on general merchandise or qualifying food, drugs or medical appliances.

When is tax due?

You must file Form ST-1, Sales and Use Tax and E911 Surcharge Return, along with any payment you owe, on or before the 20th day of the month following the end of your reporting period. New registrants will receive a letter informing them of their filing status (*i.e.*, monthly or quarterly).

How do I file and pay the tax due?

Once you are registered with the Department, you can use [MyTax Illinois](#) to file your Form ST-1. MyTax Illinois also allows for electronic payment of any tax due.

You can also file Form ST-1 using a [third party software vendor](#) or through our [Electronic Filing Program](#).

Where can I find more information?

See 86 Ill. Adm. Code 150.803, Nexus Without Physical Presence.