



# informational

## Bulletin

David Harris, Director

## Municipal and County Cannabis Retailers' Occupation Tax Rate Changes Summary

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

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**To: All dispensaries engaged in the business of selling adult use cannabis at retail in taxing jurisdictions that have enacted Municipal or County Cannabis Retailers' Occupation Taxes effective January 1, 2021**

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**For information**  
Visit our website at:  
[tax.illinois.gov](http://tax.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

Register and file your return online at:  
[mytax.illinois.gov](http://mytax.illinois.gov)

Effective **January 1, 2021**, certain taxing jurisdictions have imposed, by ordinance, a Municipal or County Cannabis Retailers' Occupation Tax on the gross receipts from sales of adult use cannabis (65 ILCS 5/8-11-23, 55 ILCS 5/5-1006.8). These are new taxes that have been authorized to be imposed by municipalities and counties exclusively on sales of adult use cannabis. These taxes are in addition to Illinois Retailers' Occupation Tax on general merchandise (6.25%) and any locally-imposed retailers' occupation tax on general merchandise, which also apply to sales of adult use cannabis.

You must adjust your cash register and any computer program so that beginning on January 1, 2021, you will collect and pay the correct tax.

To verify your new combined state and local retailers' occupation tax rate (*i.e.*, state and local sales taxes) on adult use cannabis, go to the [Tax Rate Database](#) at [tax.illinois.gov](http://tax.illinois.gov) and select rates for January 2021.

### What is taxed?

Municipal and County Cannabis Retailers' Occupation Taxes are imposed on gross receipts from adult use cannabis sold at retail. These taxes, however, are not imposed on cannabis purchased under the Compassionate Use of Medical Cannabis Program Act.

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### What is the tax rate that counties and municipalities can impose by ordinance on retail sales of cannabis?

Municipalities may impose a tax on retail sales of cannabis, other than medical cannabis, at a rate that may not exceed 3%, imposed in one-quarter percent (0.25%) increments. Counties may impose a tax (also in one-quarter percent increments) on retail sales of cannabis, other than medical cannabis, at the following rates:

- In unincorporated areas of the county, the rate may not exceed 3.75%.
- In a municipality located in the county, the rate may not exceed 3%.

As with any local government tax administered by the Illinois Department of Revenue (IDOR), municipalities and counties must submit their ordinances to IDOR by a statutory deadline in order to begin imposing the tax.

For more information, refer to [Informational Bulletin FY 2020-16](#), *Municipalities and Counties may impose a local Cannabis Retailers' Occupation Tax beginning July 1, 2020*.

### Where can I find tax rate changes or combined sales tax rates?

For a complete list of all sales tax rates, go to the [Tax Rate Database](#) at [tax.illinois.gov](http://tax.illinois.gov). Enter the municipality or county name and effective date (in this case, January 1, 2021).

### Where can I find more information about Municipal and County Cannabis Retailers' Occupation Taxes?

For more information about Municipal and County Cannabis Retailers' Occupation Taxes, visit the [Cannabis Taxes Information Page](#) on our website. You may also contact the Local Tax Allocation Division at **(217) 785-6518** or at [Rev.Localtax@illinois.gov](mailto:Rev.Localtax@illinois.gov).