

ADULT USE CANNABIS

P.A. 101-27- Adult Use Cannabis

- On June 25, 2019, Gov. J.B. Pritzker signed into law H.B. 1438, which will end cannabis prohibition and replace it with a system to tax and regulate cannabis for adults 21 and over.
- In addition to legalizing cannabis possession and use for adults, the new law expands the current medical cannabis licensing system, includes automatic expungement for cannabis offenses, adds the ability for medical patients to grow cannabis at home, and offers significant benefits to communities hit hardest by inequities that were part of the war on drugs.

P.A. 101-27- Adult Use Cannabis

- P.A. 101-27 created the Cannabis Regulation and Tax Act. The Act provides for the controlled legalization of Adult Use Cannabis and sets forth rules and provisions for the taxation of adult use cannabis in the state of Illinois.
- New taxes include:
 - Cannabis Cultivation Privilege Tax
 - Cannabis Purchaser Excise Tax
 - County Cannabis Retailers' Occupation Tax
 - Municipal Cannabis Retailers' Occupation Tax

P.A. 101-27- Adult Use Cannabis

Cannabis Cultivation Privilege Tax

- Effective 9/1/2019, though first sales cannot occur until 12/1/19.
- Tax imposed upon the privilege of cultivating cannabis at the rate of 7% of receipts from the first sale of adult use cannabis by a cultivator or craft grower.
- Electronic registration, filing and payment are required
 - Cultivators and craft growers are required to be licensed by the Department of Agriculture prior to registering with IDOR.
 - Electronic payment waiver provisions are included to accommodate any unbanked businesses.
- Due on the 20th day of the month for the preceding calendar month.
 - Allows for a cost of collection discount of 1.75%, not to exceed \$1,000.00 per return period
- Mandates quarter-monthly “accelerated” payment requirements
- Reported using Forms CC-1 and CC-2

P.A. 101-27- Adult Use Cannabis



Form CC-1

- Only used for the sale of adult use cannabis
 - The Cannabis Cultivation Privilege Tax is not imposed on medical cannabis.
 - Medical cannabis sales must be reported on the MC-1 (Medical Cannabis Cultivation Privilege Tax Return)
- You must file this return along with any payment you owe, on or before the 20th day of the month following the end of the reporting period.
 - If the due date falls on a weekend or holiday, your return and payment are due the next business day.

Illinois Department of Revenue
CC-1 Adult Use Cannabis Cultivation Privilege Tax Return
REV 01 FORM 880 (N-10/19)

Legal Name: <>
DBA Name: <>
Account ID: <>
Filing Period: <>
Due Date: <>
License no: <>

Step 1: Figure your taxable receipts from adult use cannabis sold
Note: Do not include medical cannabis sales.

1	Total receipts from adult use cannabis sold		1	_____
	Deductions from adult use cannabis sold			
	a Returned Product	2a		_____
	b Sales of cannabis on which tax was previously paid	2b		_____
	c Tax reimbursement collected	2c		_____
	d Other	2d		_____
	Add Lines 2a, 2b, 2c and 2d. This is your total deductions from adult use cannabis sold.	2		_____
3	Subtract Line 2 from Line 1. This is your taxable receipts from adult use cannabis sold.	3		_____

(For multiple site returns - this amount should equal the total of Lines 3 from your attached Schedule CC-2.)

Step 2: Figure your Cannabis Cultivation Privilege Tax due on adult use cannabis

4	Multiply Line 3 by 7% (.07). This is your Cannabis Cultivation Privilege Tax due.	4		_____
5	If you timely file and pay electronically, calculate your discount. (See instructions.)	5		_____
6	Subtract Line 5 from Line 4. This is your net Cannabis Cultivation Privilege Tax due.	6		_____
7	Quarter-monthly (accelerated) payments	7		_____
8	Subtract Line 7 from Line 6. This is your Cannabis Cultivation Privilege Tax due after quarter-monthly payments.	8		_____
9	Excess Cannabis Cultivation Privilege Tax collected (See instructions.)	9		_____
10	Add Lines 8 and 9. This is your total Cannabis Cultivation Privilege Tax due.	10		_____
11	Credit Amount (See instructions.)	11		_____
12	Subtract Line 11 from Line 10. This is your total payment due.	12		_____

Draft Subject to Change

P.A. 101-27- Adult Use Cannabis



Form CC-2

- Sub schedule of Form CC-1
 - Used if you have a single business but cultivate and sell adult use cannabis at multiple locations. (Similar to the ST-2)
- If required to complete this form, it is due with the CC-1.

Illinois Department of Revenue

CC-2 Multiple Site Form for Adult Use Cannabis Cultivators
Attach to Form CC-1.

REV 01
FORM 881

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

Cultivation Sites You must round your figures to whole dollars. See instructions.

Location code _____ Taxable receipts (total receipts less deductions) from
adult use cannabis sold 3 _____

Location _____

DBA name _____

Site address _____

City, state, ZIP _____

Draft Subject to Change

P.A. 101-27- Adult Use Cannabis

Cannabis Purchaser Excise Tax

- Effective 1/1/2020
- Tax imposed on purchasers for the privilege of using cannabis, cannabis concentrate, and cannabis-infused products.
- Collected and remitted by cannabis dispensaries.
- Tax imposed at the following rates:
 - 10% of taxable receipts from adult use cannabis sold, other than cannabis-infused products, with 35% THC (tetrahydrocannabinol) or less
 - 25% of taxable receipts from adult use cannabis sold, other than cannabis-infused products, with greater than 35% THC
 - 20% of taxable receipts of adult use cannabis-infused products sold.
- Cannabis dispensaries are also subject to state and local ROT on sales of adult use cannabis.

P.A. 101-27- Adult Use Cannabis

Cannabis Purchaser Excise Tax

- Electronic registration, filing, and payments are required.
 - Dispensaries are required to be licensed by the Department of Financial and Professional Regulation prior to registering with IDOR.
 - Electronic payment waiver provisions are included to accommodate any unbanked businesses.
- Allows for a cost of collection discount of 1.75%, not to exceed \$1,000.00 per return period.
- Mandates quarter-monthly “estimated” payment requirements.
- Reported using Forms CD-1, CD-2, and CD-3.

P.A. 101-27- Adult Use Cannabis

Form CD-1

- You must file Form CD-1, Cannabis Dispensary Tax Return, if you are licensed to make retail sales of cannabis.
- If you only sell medical cannabis you are required to complete this form.
 - Do Not* complete Step 2
 - These sales are currently reported on the Form ST-1, but starting with the January 2020 reporting period will be reported on the Form CD-1
- You must file this return, along with any payment you owe, on or before the 20th day of the month following the end of the reporting period.
- Illinois law requires this form to be filed electronically.

<Confirmation Number: 9-999-999-999
Date Submitted: 12/31/9999
Date Printed: 12/31/9999>

Legal Name: <>
DBA Name: <>
Account ID: <>
Filing Period: <>
Due Date: <>
License no: <>

 Illinois Department of Revenue
CD-1 Cannabis Dispensary Tax Return
REV 01 FORM 883 (N-10/19)

Step 1: Figure your Sales and Use Tax due on Cannabis

Part 1-Figure your Sales and Use Tax taxable receipts

1	Total receipts from cannabis sold		1	
2	Deductions from cannabis sold			
	a Returned Product	2a		
	b Resale	2b		
	c Taxes collected	2c		
	d Other	2d		
	Add Lines 2a, 2b, 2c and 2d. This is your total deductions from cannabis sold.		2	
3	Subtract Line 2 from Line 1. This is your taxable receipts from cannabis sold.		3	

Part 2-Figure your Sales and Use Tax due on cannabis

4	Taxable receipts from adult use cannabis sold	4a	X		
	<small>(For multiple site returns - the totals for Lines 4a and 4 come from Schedule CD-2 - see instructions.)</small>				
5	Taxable receipts from medical cannabis sold	5a	X	=	5
	<small>(For multiple site returns - the totals for Lines 5a and 5 come from Schedule CD-2 - see instructions.)</small>				
6	Add Lines 4 and 5. This is your Sales and Use Tax due on receipts.				6
7	If you file and pay the amount due by the due date, multiply Line 6 by 1.75% (.0175).				7
8	Subtract Line 7 from Line 6. This is your net Sales and Use Tax due on receipts.				8

Step 2: Figure your Cannabis Purchaser Excise Tax

P.A. 101-27- Adult Use Cannabis



Form CD-2

- Sub schedule of Form CD-1
 - Used if you have a single business but sell adult use and/or medical cannabis at multiple locations. (Similar to the ST-2)
- If required to complete this form, it is due with the CD-1.

Illinois Department of Revenue
CD-2 Sales and Use Tax Multiple Site Form
for Cannabis Dispensaries Attach to Form CD-1. REV 01
FORM 884

Do not write above this line.

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

Dispensary Sites You must round your figures to whole dollars. See instructions.

Draft Subject to Change

Location code	_____	Taxable receipts from adult use cannabis sold
Location	_____	4a _____ X _____ = 4 _____ (rate)
DBA name	_____	Taxable receipts from medical cannabis sold
Site address	_____	5a _____ X _____ = 5 _____ (rate)
City, state, ZIP	_____	

P.A. 101-27- Adult Use Cannabis



Form CD-3

- Sub schedule of Form CD-1
 - Used if you have a single business but sell adult use cannabis at multiple locations. (Similar to the ST-2)
- If required to complete this form, it is due with the CD-1.

Illinois Department of Revenue
CD-3 Cannabis Purchaser Excise Tax Multiple Site Form
for Cannabis Dispensaries Attach to Form CD-1. REV 01 FORM 885

Do not write above this line.

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

Dispensary Sites You must round your figures to whole dollars. See instructions.

Location code	_____	Taxable receipts from adult use cannabis sold (with 35% THC or less)	12a	_____
Location	_____			
DBA name	_____	Taxable receipts from adult use cannabis sold (with greater than 35% THC)	13a	_____
Site address	_____			
City, state, ZIP	_____	Taxable receipts from adult use cannabis infused products sold	14a	_____

Draft Subject to Change

P.A. 101-27- Adult Use Cannabis

County Cannabis Retailers' Occupation Tax*

- Local governments can adopt ordinances imposing a local tax rate
 - These rates can go into effect beginning 7/1/2020
 - Imposed by ordinance in .25% increments
- Tax may not exceed:
 - 3.75% of the gross receipts of the sales of cannabis (other than Medical Cannabis) made in unincorporated areas of the county
 - 3% of the gross receipts from sales of cannabis (other than Medical Cannabis) made in a municipality located in the county

*As amended by P.A. 101-0363 and S.B. 1557 enrolled

P.A. 101-27- Adult Use Cannabis

Municipal Cannabis Retailers' Occupation Tax*

- Local governments can adopt ordinances imposing a local tax rate
 - These rates can go into effect beginning 7/1/2020
 - Imposed by ordinance in .25% increments
- Tax may not exceed 3% of the gross receipts from sales of cannabis (other than Medical Cannabis) made in the municipality

*As amended by S.B. 1557 enrolled

P.A. 101-27- Adult Use Cannabis

Additional Information Coming

- Informational Bulletin FY 2020-12
 - Explains the major aspects of each tax associated with cannabis sales and how each cannabis business will register with, report sales to, and pay tax to IDOR
- Updates to IDOR website:
 - Legal references
 - Overviews
 - Filing and payment requirements
 - Form Instructions
 - Where to find additional information