

A marketplace facilitator who has met the tax remittance threshold is the retailer for all sales made over its marketplace. The gross receipts for sales made over such a marketplace include all the consideration actually received by the marketplace facilitator from a sale. This includes costs of doing business as a marketplace facilitator, such as service fees retained by marketplace facilitators from the selling price paid by marketplace customers. 86 Ill. Adm. Code 130.401 and 131.135 (This is a GIL).

December 12, 2025

NAME
TITLE
COMPANY
EMAIL

Dear NAME:

This letter is in response to your email dated October 23, 2025, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department’s regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter (“GIL”) is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I hope all is well, I am writing to request clarification regarding the sales tax treatment of certain fees charged by marketplace facilitators to marketplace sellers under Illinois sales tax laws and regulations.

Specifically, I seek guidance on whether the following fees are subject to Illinois sales tax:

1. Currency Exchange Fee

A marketplace facilitator charges a currency exchange fee to marketplace sellers when transactions involve currency conversion. This fee may be recouped by the facilitator as a percentage of the sales price of goods or services retailed through the platform.

2. Payment Processing Fee

A marketplace facilitator charges a payment processing fee to marketplace sellers for processing customer payments. This fee is at least partially recouped as a percentage of the sales price of goods or services retailed by the facilitator through the platform.

3. Marketplace Platform Fee

A marketplace facilitator charges a platform fee to marketplace sellers for the privilege of listing the sellers' products or services on the facilitator's platform. This fee is recouped as a percentage of the sales price retailed by the facilitator. This platform fee is distinct from and in addition to separately billed service charges for payment processing, currency exchange, and other specific marketplace services.

The platform fee covers the use of the marketplace platform and is calculated as a percentage of successfully processed memberships and one-time purchases of services and goods.

Please note: These fees are based on a percentage of the overall sales transaction being processed and are not directly paid by the marketplace seller rather the marketplace seller receives revenue as the remainder of the sales transaction price after these fees have been deducted.

Our Understanding of Applicable Law:

It is our understanding that "selling price" means "the consideration for a sale valued in money whether received in money or otherwise, including cash, credits, property other than as hereinafter provided, **and services**;" See 35 ILCS 105/2. Such charges could include mandatory fees like currency exchange, payment processing, and platform fees. However, it is unclear whether this rule would apply to transactions between the marketplace provider and marketplace seller when the fee is directly tied to sales between a seller and purchaser that takes place through the marketplace.

Questions for Clarification:

December 12, 2025

1. Are any or all of these fees subject to Illinois sales tax when charged to marketplace sellers?
2. Do the currency exchange, payment processing, and marketplace platform fees described above constitute "charges by the seller for any services necessary to complete the sale" under 35 ILCS 105/2, thereby making them part of the taxable sales price?
3. Are there any specific exemptions or exclusions that would apply to these types of marketplace facilitator fees?

I would greatly appreciate your written guidance on these matters to ensure proper compliance with Illinois sales and use tax laws. If additional information is needed to provide a complete response, please contact me at the information provided below.

Thank you for your attention to this matter. I look forward to your response.

DEPARTMENT'S RESPONSE:

The Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property at retail to purchasers for use or consumption. See 86 Ill. Adm. Cod 130.101. Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales tax" in Illinois. Purchases of tangible personal property are subject to Illinois sales tax unless a purchase qualifies for an exemption under Illinois law.

A marketplace is a physical or electronic place, forum, platform, application, or other method by which a marketplace seller sells or offers to sell items. See 35 ILCS 120/1; 86 Ill. Adm. Code 131.105.

A marketplace facilitator is a person who, pursuant to an agreement with an unrelated third-party marketplace seller, directly or indirectly through one or more affiliates facilitates a retail sale by an unrelated third-party marketplace seller by:

- 1) Listing or advertising for sale by the marketplace seller in a marketplace, tangible personal property that is subject to tax under the Retailers' Occupation Tax Act; and
- 2) Either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace seller regardless of whether the marketplace facilitator

December 12, 2025

receives compensation or other consideration in exchange for its services. 86 Ill. Adm. Code 131.130(a)(1).

A marketplace seller is a person who makes sales through a marketplace operated by an unrelated third-party marketplace facilitator and who has obtained a certification from the marketplace facilitator as provided in Section 131.145. See 35 ILCS 120/1; 86 Ill. Adm. Code 131.105.

A marketplace facilitator, as defined above, is considered a retailer engaged in the occupation of selling at retail in Illinois for purposes of the Retailers' Occupation Tax Act if the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois made through the marketplace by the marketplace facilitator and by marketplace sellers are \$100,000 or more. See 35 ILCS 120/2 as amended by P.A. 104-0006, Article 25 to remove the 200-transactions tax remittance threshold for marketplace facilitators.

"Gross receipts" from the sales of tangible personal property at retail means the total selling price or the amount of such sales. 35 ILCS 120/1. The Department, in its own administrative rules, has further clarified the definition of "gross receipts" as all the consideration actually received by the retailer, except traded-in tangible personal property. 86 Ill. Adm. Code 130.401. Moreover, no deductions shall be made by a marketplace facilitator from gross receipts or selling prices on account of expenses from costs of doing business. These costs, such as service costs, overhead costs, and processing charges, are elements of retailer's cost of doing business subject to tax even if separately stated on the bill to the customer. See 86 Ill. Adm. Code 130.410. A marketplace facilitator who has met the tax remittance threshold is the retailer for all sales made over its marketplace. The gross receipts for sales made over such a marketplace include all the consideration actually received by the marketplace facilitator from a sale. This includes costs of doing business as a marketplace facilitator, such as service fees retained by marketplace facilitators from the selling price paid by marketplace customers.

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Information Division at 800-732-8866.

Very truly yours,

George L. Encarnacion, Jr.
Associate Counsel

GLE:sce