Compliance Alert -

STATE OF Illinois
DEPARTMENT OF REVENUE
tax.illinois.gov

Tax Collection Obligations of Remote Retailers, Marketplace Sellers, and Marketplace Facilitators for Chicago Home Rule Municipal Soft Drink Retailers' Occupation Tax, Prepaid Wireless E911 Surcharge, and Illinois Telecommunications Access Corporation Assessment

October 2021 - supersedes CA-2021-01

This compliance alert is being issued to supersede Compliance Alert 2021-01, issued February 2021.

Compliance Problem

Under Public Acts 101-0031 and 101-0604, remote retailers and marketplace facilitators are required to collect and remit State and local retailers' occupation taxes (ROT) administered by the Illinois Department of Revenue (IDOR). This includes the Chicago Home Rule Municipal Soft Drink ROT.

Remote retailers and marketplace sellers are liable, if applicable, for other taxes administered by IDOR, such as, the Prepaid Wireless E911 Surcharge and Illinois Telecommunications Access Corporation (ITAC) Assessment even though the Public Acts mentioned above do not affect these taxes. Marketplace facilitators making their own sales of tangible personal property are liable for these taxes, if applicable. Marketplace facilitators are not required to collect and remit these taxes on sales made by marketplace sellers over a marketplace.

Remote retailers, marketplace facilitators, and marketplace sellers that are liable for IDOR-administered taxes, as described above, must register with IDOR to remit those taxes. This Compliance Alert is issued to clarify their registration, tax collection, and remittance obligations.

Note: Remote retailers, marketplace sellers, and marketplace facilitators may be liable for taxes not administered by IDOR, including, but not limited to, taxes imposed and administered by a home rule municipality on food prepared for immediate consumption and on alcoholic beverages. Contact the local taxing authority for information about these taxes.

Background

Under Illinois Public Acts 101-0031 and 101-0604, remote retailers that meet or exceed a tax remittance threshold are engaged in the business of selling at retail at the location where tangible personal property is delivered and as such are considered to be Illinois retailers. Generally, marketplace facilitators that meet a tax remittance threshold collect and remit the IDOR-administered State and local ROT for marketplace sellers making sales of tangible personal property over a marketplace. However, marketplace sellers may still be liable for IDOR-administered taxes not collected and remitted by the marketplace facilitators.

Remote retailers are liable for

- E911 Surcharge and ITAC Assessment on any prepaid wireless service sold to the location of the Illinois purchaser, and
- Chicago Home Rule Municipal Soft Drink ROT on canned and bottled soft drinks sold to a purchaser in Chicago.

Marketplace sellers are liable for the E911 Surcharge and the ITAC Assessment on any prepaid wireless service sold to an Illinois purchaser.

Effective October 1, 2021, marketplace facilitators that meet a tax remittance threshold are liable for the Chicago Home Rule Municipal Soft Drink ROT on all canned and bottled soft drinks sold through the marketplace to purchasers in Chicago.

The content of this Compliance Alert is informational only and does not take the place of statutes, rules and regulations, and court decisions.

Marketplace facilitators are not liable for the E911 Surcharge or the ITAC Assessment for sales made on behalf of their marketplace sellers; however, marketplace sellers remain liable for these taxes on their own sales of these items.

Solution

Remote retailers, marketplace facilitators, and marketplace sellers that are liable for these IDOR-administered taxes, as described above, must register with IDOR to remit such taxes.

In the case of marketplace sellers that incur E911 Surcharges and ITAC Assessments IDOR encourages them to make arrangements with their marketplace facilitators to collect these surcharges and assessments and provide them to the marketplace seller who would then remit the surcharges and assessments to IDOR as required. Regardless, the marketplace sellers remain liable for these surcharges and assessments.

Use MyTax Illinois to register for these taxes. Existing MyTax Illinois account users will "Register for New Tax Accounts." New users will "Register a New Business." All users will add, under "Business Activities," if applicable,

- "General merchandise – retail" which includes the E911 Surcharge and the ITAC Assessment, or
- "Chicago Soft Drink."

To determine the correct amount to collect for

- E911 Surcharge and ITAC Assessment, use the Other Miscellaneous Taxes, Fees, and Surcharges portion of the Tax Rate Database found on our website, tax.illinois.gov.
- Chicago Soft Drink Tax, which is currently 3%, use the 'Search by Address' selection on the MyTax Illinois Tax Rate Finder. Remote retailers and marketplace facilitators will enter the address of the Chicago purchaser.

Taxpayers subject to:	will file the following return:
E911 Surcharge and ITAC Assessment	Form ST-1, Schedule B, E911 Surcharge and ITAC Assessment
Chicago Soft Drink	Form ST-14, Chicago Soft Drink Tax Return

Questions

For more information about these taxes, surcharges, and assessments, see Publication 113, Retailer's Overview of Sales and Use Tax, Prepaid Wireless E911 Surcharge, and Illinois Telecommunications Access Corporation (ITAC) Assessment and IDOR's website, tax.illinois.gov.

For more information about Leveling the Playing Field for Illinois Retail Act, see the Resource Page for the Leveling the Playing Field for Illinois Retail Act or our website, tax.illinois.gov.

For registration questions, contact Central Registration at REV.CentReg@illinois.gov or 217 785-3707.

If you have questions regarding this compliance alert, contact us at 1 800 732-8866 or 217 782-3336.