

Sales/Use:

Illinois DOR Warns Some Retailers May Not be Properly Collecting, Remitting and Reporting Taxes

Compliance Alert – Compliance and Reporting Issues for Form ST-1, Sales and Use Tax Return, Ill. Dept. of Rev. (6/21). The Illinois Department of Revenue (Department) issued a compliance alert warning that some retailers may not be properly assessing, collecting, remitting and reporting Illinois taxes on some or all of their sales – announcing that it “has identified a large number of retailers who filed Form ST-1 returns for periods after January 1, 2021, with sales amounts reported only on lines 6a and 7a, the lines used to report tax on sales subject only to Illinois Use Tax.” The Department explains that some of their sales “may be subject to Retailers’ Occupation Tax at the origin rate or destination rate, depending on the specifics of each sale.” Accordingly, the Department suggests that retailers “should review their sales and filing records to ensure they are meeting their tax collection and remittance requirements,” as impacted retailers that “do not comply with the proper tax collection and remittance requirements can face additional penalties and interest.”

URL: <https://www2.illinois.gov/rev/research/publications/compliancealerts/Documents/CA%202021-05.pdf>

Moreover, the Department provides that retailers “should also ensure that they are reporting sales to the proper taxing jurisdiction,” and for those required to remit sales tax at the destination rate, “this would include determining the correct state and local tax amounts to collect and remit based on the address of the purchaser or delivery, registering the taxing location to your account, and correctly completing the Form ST-2, Multiple Site Form.” The Department warns that retailers who incorrectly report taxing jurisdictions “may be subject to additional tax at the proper rate, late payment penalties, and interest associated with the tax.” For any return previously filed incorrectly, the Department explains that an amended return must be filed to correct any such errors and/or discrepancies. Please contact us with any questions.

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