

Sales/Use:

Illinois DOR Addresses Impact of Drop Shipments in Calculating Economic Nexus Threshold

General Information Letter ST-21-0027, Ill. Dept. of Rev. (7/29/21). Responding to an inquiry on whether destination sales of drop shipments are included in Illinois' economic presence nexus threshold calculation, the Illinois Department of Revenue explains that if a sale is properly documented as a sale for resale under Illinois law, it generally would *not* count toward the economic nexus thresholds establishing Illinois sales and use tax remittance obligations. However, if there is not proper documentation that a transaction is a sale for resale in a drop shipment scenario, it may be considered a taxable retail sale by an out-of-state drop shipper when delivered to a purchaser in Illinois and would then count toward Illinois' economic nexus threshold computation. Please contact us with any questions.

URL: <https://www2.illinois.gov/rev/research/legalinformation/lett rulings/st/Documents/2021/ST21-0027-GIL.pdf>

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