

## Sales/Use/Indirect:

### Illinois: Proposed Rules Address Sourcing Rules and Leveling the Playing Field for Retail Act

*Proposed Amended 86 Ill. Adm. Code sections 220.115 & 270.115, Ill. Dept. of Rev. (8/5/22).* The Illinois Department of Revenue proposed rule amendments under the Home Rule County Retailers' Occupation Tax Act and Home Rule Municipal Retailers' Occupation Tax Act to, among other changes, "harmonize the current sourcing rules established by *Hartney Fuel Oil Co. v. Hamer*, 2013 IL 115130, with the provisions of the Leveling the Playing Field for Illinois Retail Act," explaining that certain aspects do not apply to remote retailers and marketplace facilitators except as specifically stipulated. The proposed revisions:

**URL:** [https://www.ilsos.gov/departments/index/register/volume46/register\\_volume46\\_issue\\_32.pdf](https://www.ilsos.gov/departments/index/register/volume46/register_volume46_issue_32.pdf)

1. Include related requirements for keeping books and records;
2. Discuss destination sourcing for sales to Illinois purchasers by remote retailers and clarifies the effect of inventory in determining a retailer's in-state physical presence;
3. Describe destination sourcing for sales made to Illinois purchasers by marketplace facilitators on behalf of marketplace sellers; and
4. Describe the sourcing rules applicable to sales made by marketplace facilitators to Illinois purchasers not on behalf of marketplace sellers – providing that marketplace facilitators generally incur origin sourcing on their own sales to Illinois purchasers when the sale is fulfilled from inventory located in Illinois or selling activities otherwise occur at a location in Illinois, and that marketplace facilitators generally incur destination sourcing on their own sales to Illinois purchasers when the sale is fulfilled from inventory located outside of Illinois or selling activities otherwise occur outside Illinois.

Comments on these proposed changes are due no later than 45 days from their August 5, 2022 publication date. Please contact us with any questions.

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