

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2899

Introduced 2/6/2025, by Rep. Curtis J. Tarver, II

SYNOPSIS AS INTRODUCED:

35 ILCS 120/2-13 new

Amends the Retailers' Occupation Tax Act. Creates the Remote Retailer Amnesty Program. Requires the Department of Revenue to establish the Remote Retailer Amnesty Program for remote retailers owing State and local retailers' occupation taxes that are administered by the Department. Provides that the Program shall operate for a period from August 1, 2026 through October 31, 2026. Provides that the Program shall include a simplified retailers' occupation tax rate designed to allow a remote retailer who participates in the Program to report and remit at the authorized simplified retailers' occupation tax rate in lieu of the retailers' occupation tax rate otherwise due on sales made to Illinois customers. Provides that, upon payment by a remote retailer of all taxes due from that remote retailer using the simplified retailers' occupation tax rate for the eligible period, the Department shall abate and not seek to collect any interest or penalties that may be applicable, and the Department shall not seek civil or criminal prosecution against the remote retailer for the period of time for which amnesty has been granted to the taxpayer. Creates conditions for the provision of amnesty and remittance of local retailers' occupation tax under the Program. Provides conditions for the depositing of the net revenue realized under the Program. Provides that the Department shall have exclusive responsibility for reviewing and accepting applications for participation in the Program, as well as reviewing the eligibility of participants in the Program. Effective immediately.

LRB104 03442 HLH 19884 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Retailers' Occupation Tax Act is amended by
5 adding Section 2-13 as follows:

6 (35 ILCS 120/2-13 new)

7 Sec. 2-13. Remote Retailer Amnesty Program.

8 (a) As used in this Section:

9 "Eligibility period" means the period from January 1, 2021
10 through June 30, 2026.

11 "Eligible transaction" means the sale of tangible personal
12 property by a remote retailer to an Illinois customer that
13 occurs during the eligibility period and that requires the
14 remote retailer to ship or otherwise deliver the tangible
15 personal property to an address in the State.

16 "Local retailers' occupation tax" means a retailers'
17 occupation tax imposed by a municipality, county, or other
18 unit of local government and administered by the Department.

19 "Program" means the Remote Retailer Amnesty Program
20 established under this Section.

21 "Remote retailer" means a remote retailer, as defined in
22 Section 1 of this Act, who has met a tax remittance threshold
23 under subsection (b) of Section 2 of this Act for all or part

1 of the eligibility period and who is participating in the
2 Program established under this Section.

3 "Remote retailer amnesty period" means the period from
4 August 1, 2026 through October 31, 2026, during which the
5 Department will accept returns and payment of State and local
6 retailers' occupation taxes at the simplified retailers'
7 occupation tax rate for eligible transactions that occur
8 during the eligibility period.

9 "Simplified retailers' occupation tax rate" means the
10 combined State and average local retailers' occupation tax
11 rate imposed on remote retailers participating in the Program.
12 The simplified retailers' occupation tax rate shall be (i) 9%
13 of the gross receipts from sales of tangible personal property
14 that are subject to the 6.25% State rate of tax imposed by
15 Section 2-10 of this Act or (ii) 1.75% of the gross receipts
16 from sales of tangible personal property that are subject to
17 the 1% State rate of tax imposed by Section 2-10 of this Act.

18 "Taxing jurisdiction" means a municipality, county, or
19 other unit of local government that imposes a local retailers'
20 occupation tax.

21 (b) The Department shall establish a Remote Retailer
22 Amnesty Program for remote retailers that owe State or local
23 retailers' occupation taxes on eligible transactions. The
24 Program shall operate during the remote retailer amnesty
25 period.

26 The Program shall allow a remote retailer who participates

1 in the Program to report and remit, at the simplified
2 retailers' occupation tax rate, State and local retailers'
3 occupation taxes that are due in connection with eligible
4 transactions. The payment shall be made by the remote retailer
5 during the remote retailer amnesty period and shall be in lieu
6 of reporting and remitting State and local retailers'
7 occupation taxes at the rate otherwise provided by law. The
8 payment of the tax at the simplified retailers' occupation tax
9 rate relieves the remote retailer of any additional State or
10 local retailers' occupation taxes with respect to the eligible
11 transaction.

12 The Program shall provide that, if the remote retailer
13 satisfies its State and local retailers' occupation tax
14 liability during the remote retailer amnesty period by
15 reporting and remitting payment to the Department at the
16 simplified retailers' occupation tax rate, the Department
17 shall abate and not seek to collect any interest or penalties
18 that may be applicable with respect to those eligible
19 transactions, and the Department shall not seek civil or
20 criminal prosecution of the remote retailer for the period of
21 time for which amnesty has been granted to the retailer. The
22 remote retailer must make full payment of all State and local
23 retailers' occupation taxes due with respect to the remote
24 retailer's eligible transactions, using the simplified
25 retailers' occupation tax rate, during the remote retailer
26 amnesty period for amnesty to be granted, unless the remote

1 retailer enters into an approved repayment plan with the
2 Department during the remote retailer amnesty period. In that
3 case, amnesty shall be granted upon successful completion of
4 the repayment plan as long as the taxpayer remains in
5 compliance with the terms of the payment plan throughout its
6 duration. Failure to pay all taxes due using the simplified
7 retailers' occupation tax rate for the eligible period, unless
8 tax has previously been remitted using the applicable State
9 and local retailers' occupation tax rates, shall invalidate
10 any amnesty granted under this Act, and all retailers'
11 occupation tax due for the eligible period shall be due at the
12 applicable State and local rate for the particular selling
13 location.

14 (c) Amnesty shall be granted only if all amnesty
15 conditions are satisfied by the taxpayer. The amnesty provided
16 by this Section shall be granted to any remote retailer who,
17 during the remote retailer amnesty period, files all returns
18 and remits all State and local retailers' occupation tax on
19 all eligible transactions using the simplified retailers'
20 occupation tax rate or otherwise applicable State and local
21 retailers' occupation tax rates due for all of the remote
22 retailer's eligible transactions. In addition, the following
23 requirements apply to the Program:

24 (1) to participate in the Program, the remote
25 retailers must be registered with the Department as set
26 out in Section 2a of this Act;

1 (2) returns filed under the Program shall be filed
2 electronically in the manner prescribed by the Department
3 in Section 3 of this Act and shall be filed only during the
4 remote retailer amnesty period;

5 (3) the remote retailer shall remit the tax at the
6 simplified retailers' occupation tax rate or, if the tax
7 was collected, in the amount of the tax collected,
8 whichever is greater; the required reporting for each
9 return period from the remote retailer shall include only
10 statewide totals of the retailers' occupation taxes
11 remitted at the simplified retailers' occupation tax rate
12 and shall not require information related to the location
13 of purchasers or amount of sales into a specific taxing
14 jurisdiction;

15 (4) amnesty is not available for any retailers'
16 occupation tax remitted to the Department prior to the
17 remote retailer amnesty program period by the remote
18 retailer;

19 (5) amnesty shall not be granted to taxpayers who are
20 a party to any criminal investigation or to any civil or
21 criminal litigation that is pending in any circuit court,
22 any appellate court, or the Supreme Court of this State
23 for nonpayment, delinquency, or fraud in relation to any
24 State tax imposed by any law of the State of Illinois;

25 (6) amnesty shall not be granted to taxpayers who
26 commit fraud or intentional misrepresentation of a

1 material fact in any document filed under the Remote
2 Retailer Amnesty Program; and

3 (7) amnesty is applicable only to retailers'
4 occupation taxes due from the remote retailer in his or
5 her capacity as a remote retailer and not to any other
6 taxes that may be owed by the remote retailer pursuant to
7 another tax Act.

8 (d) Except as otherwise provided in paragraph (3) of
9 subsection (c), no remote retailer shall be required to remit
10 the tax at a rate greater than 9% or 1.75%, as applicable,
11 regardless of the combined actual tax rates that may otherwise
12 be applicable. Additionally, no gross receipts for which State
13 and local retailers' occupation tax is remitted at the
14 simplified retailers' occupation tax rate shall be subject to
15 any additional retailers' occupation tax from any taxing
16 jurisdiction imposing a retailers' occupation tax with respect
17 to the sale of the property, regardless of the actual tax rate
18 that might have otherwise been applicable.

19 (e) The remote retailer shall remit the State and local
20 retailers' occupation tax at the simplified rate on all gross
21 receipts from sales of tangible personal property into
22 Illinois unless the remote retailer can produce a valid
23 exemption number or certificate, resale certificate, or direct
24 pay permit issued by the Department. The remote retailer shall
25 retain all exemption numbers or certificates, resale
26 certificates, or direct pay permits in its books and records,

1 or in such other manner as directed by the Department.

2 (f) Remote retailers shall maintain records of all
3 eligible transactions, including copies of invoices showing
4 the purchaser, the purchase amount, the taxes collected, and
5 the retailers' occupation tax remitted. Records must be kept
6 documenting all tangible personal property sold for which the
7 1.75% simplified retailers' occupation tax rate is used to
8 verify that the tangible personal property qualifies for the
9 1% State tax rate imposed under Section 2-10 of this Act. Those
10 records shall be made available for review and inspection upon
11 request by the Department. Remote retailers participating in
12 the Program remain subject to audit by the Department as
13 provided in this Act. Remote retailers participating in the
14 Program shall not be subject to audit or review by any unit of
15 local government under the Local Government Revenue Recapture
16 Act.

17 (g) The net revenue realized at the 9% rate under this
18 Section shall be deposited as follows: (i) notwithstanding the
19 provisions of Section 3 of the Retailer's Occupation Tax Act
20 to the contrary, the net revenue realized from the portion of
21 the rate in excess of 5% shall be deposited into the State and
22 Local Sales Tax Reform Fund and (ii) the net revenue realized
23 from the 5% portion of the rate shall be deposited as provided
24 in this Section 3 of the Retailers' Occupation Tax Act for the
25 5% portion of the 6.25% general rate imposed under this Act.
26 The net revenue realized at the 1.75% rate under this Section

1 shall be deposited into the State and Local Sales Tax Reform
2 Fund.

3 (h) The Department may adopt rules related to the
4 implementation, administration, and participation in the
5 Program. The Department shall have exclusive responsibility
6 for reviewing and accepting applications for participation and
7 for the administration, return processing, and review of the
8 eligibility of remote retailers participating in the Program.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.