**Section 131.120 Factors Used by Remote Retailers in Determining if the Thresholds in Section 131.115 (a) of this Part are Met**

a) "Gross Receipts" and "Separate Transactions" Defined. The following definitions must be applied by a remote retailer when determining if it meets either of the thresholds establishing tax remittance obligations:

1) "Gross Receipts" means *all the consideration actually received for a sale.* (See 86 Ill. Adm. Code 130.401 for additional information regarding gross receipts.) *Subsection (b) of this Section describes what kinds of transactions must be included or excluded when determining whether the threshold based on gross receipts is met.*

2) "Illinois Purchaser" means *a person in Illinois who, through a sale at retail, acquires the ownership of tangible personal property for a valuable consideration.*

3) "Entering into a Sale" occurs when a remote retailer has taken action that binds it to a sale. This may occur even though the tangible personal property that has been sold has not yet shipped to the purchaser.

EXAMPLE: On December 15, 2020, a remote retailer takes actions binding it to a sale that is scheduled for shipment on January 15, 2021. This sale must be included in the calculation used to determine the remote retailer's sales transactions for its initial lookback period under Section 131.115(b) (i.e., the lookback period of January 1, 2020 through December 31, 2020).

4) "Separate Transactions" means sales transactions which are documented on separate invoices, regardless of the manner in which the tangible personal property is delivered to the purchaser.

EXAMPLE 1: A purchaser orders 12 items of clothing from a remote retailer. He receives an invoice confirming his order of 12 items. However, due to a back order, 3 of the clothing items are shipped separately from the other 9 items. Shipment of the 3 back-ordered items, even with a separate shipping invoice, is not considered a separate transaction because the original transaction was invoiced as one sale.

EXAMPLE 2: A purchaser places an order of home repair tools at 8:00 a.m. from a remote retailer. She receives an invoice confirming her order at 8:15 a.m. At 2:00 p.m., the purchaser realizes she needs 5 other tools to complete the job, and orders these tools from the same remote retailer. The remote retailer confirms this order with a separate invoice. In this example, two different transactions have occurred. This is the case, even if the remote retailer sends all the ordered tools to the purchaser in one package.

EXAMPLE 3: A parent places an order with a remote retailer for care packages to be delivered to his or her son's dormitory at 8 scheduled intervals during the school year. Each delivery is separately invoiced. These are counted as 8 separate transactions.

b) Transactions that are included or excluded in determining if either of the thresholds establishing tax remittance obligations are met. A remote retailer must apply the following provisions in determining whether a transaction should be included or excluded for purposes of determining if it meets either of the thresholds establishing tax remittance obligations:

1) Sales for resale must be excluded. (See 86 Ill. Adm. Code 130.210.)

EXAMPLE: A remote retailer makes a sale of seedlings to Company B. Company B provides a resale certificate indicating that 60% of the seedlings will be sold to customers at retail (a purchase for resale) and that it will use 40% of the seedlings in its landscaping business (a purchase for use). When calculating its threshold using gross receipts, it should include only 40% of the gross receipts from this sale. When calculating its threshold using transactions, however, the remote retailer must include the entire transaction with Company B.

2) *Neither the gross receipts from nor the number of separate transactions for sales of tangible personal property to purchasers in Illinois that a remote retailer makes through a marketplace facilitator shall be included for the purposes of determining whether he or she has met either of the thresholds of* Section 131.115(a) *so long as the remote retailer has received certification from the marketplace facilitator as provided in* Section 131.145, *that the marketplace facilitator is legally responsible for payment of tax on such sales.* [35 ILCS 120/2(b-5)]

3) Before February 1, 2022, sales of tangible personal property that is required to be titled or registered with an agency of this State, including motor vehicles, watercraft, aircraft, and trailers, that are made by remote retailers to Illinois purchasers must be excluded. Beginning February 1, 2022, sales of tangible personal property that is required to be titled or registered with an agency of this State, including motor vehicles, watercraft, aircraft and trailers, that are made by remote retailers to purchasers in Illinois must be included.

4) Occasional sales (see 86 Ill. Adm. Code 130.110) must be excluded. Occasional sales made by remote retailers are not considered sales at retail. For example, a retailer that engages in selling computers and software over the Internet closes a regional office in Michigan. As part of that closure, it sells its office furniture and printing equipment on its website. Transactions from these sales are excluded from the calculation because they are not considered sales at retail.

5) All sales of tangible personal property, other than those excluded by this subsection (b), even if they are exempt from tax, must be included for purposes of calculating the thresholds.

(Source: Amended at 46 Ill. Reg. 2697, effective January 26, 2022)