**Section 475.135 Payment of Tax**

a) Payment by Purchasers

1) *The tax incurred under the Tax Act shall be due and payable on or before the last day of the month following the end of the month in which the oil or gas is removed from the production unit. The tax is upon the producers of the oil or gas in the proportion to their respective beneficial interests at the time of severance.* [35 ILCS 450/2-30(a)]

2) *In the event the tax shall be withheld by a purchaser from payments due a producer and the purchaser fails to make payment of the tax to the State as required by the Tax Act, the first purchaser shall be liable for the tax. However, in the event a first purchaser fails to pay the tax withheld from a producer's payment, the producer's interest remains subject to any lien filed pursuant to subsection (a)(3) of this Section. A producer shall be entitled to bring an action against the purchaser to recover the amount of tax so withheld, together with penalties and interest that may have accrued by failure to make the payment. A producer shall be entitled to all attorney fees and court costs incurred in such action. To the extent that a producer liable for the tax imposed by the Tax Act collects the tax, and any penalties and interest, from a purchaser, the tax, penalties, and interest are held in trust by the producer for the benefit of the State.* [35 ILCS 450/2-30(a)]

3) *Notwithstanding subsections (a)(1) and (a)(2) of this Section, the tax is a lien on the oil and gas from the time of severance from the earth, soil, or water until the tax and all penalties and interest are fully paid, and the State shall have a lien on all the oil or gas severed from the production unit in this State in the hands of the operator, any producer or the first or any subsequent purchaser, to secure the payment of the tax. If a lien is filed by the Department, the purchaser shall withhold from producers or operators the amount of tax, penalty, and interest identified in the lien.* [35 ILCS 450/2-30(c)]

b) Payment by Operators

1) *If oil or gas subject to the tax imposed by the Tax Act is transported off the production unit where severed by the operator, used on the production unit where severed, or the manufacture and conversion of oil and gas into refined products occurs on the production unit where severed, the operator is responsible for remitting the tax imposed under the Tax Act, on or before the last day of the month following the end of the calendar month in which the oil and gas is removed from the production unit, and that payment shall be accompanied by a return to the Department showing the gross quantity of oil or gas removed during the month for which the return is filed, the price paid therefor, and, if no price is paid, the value of the oil and gas, a description of the production unit from which the oil or gas was severed, and the amount of tax. The Department may require any additional information it may deem necessary for the proper administration of the Tax Act.* [35 ILCS 450/2-50(a)]

2) *In the event the operator fails to make payment of the tax to the State as required by the Tax Act, the operator shall be liable for the tax.* However, in the event a first purchaser fails to pay the tax withheld from a producer's payment, the producer's interest remains subject to any lien filed pursuant to subsection (b)(3)*. A producer shall be entitled to bring an action against the operator to recover the amount of tax so withheld, together with penalties and interest that may have accrued by failure to make the payment. A producer shall be entitled to all attorney fees and court costs incurred in such action. To the extent that a producer liable for the tax imposed by the Tax Act collects the tax, and any penalties and interest, from an operator, the tax, penalties, and interest are held in trust by the producer for the benefit of the State.* [35 ILCS 450/2-50(d)]

3) Notwithstanding subsections (b)(1) and (b)(2) of this Section, the tax is a lien on the oil and gas from the time of severance from the earth, soil, or water until the tax and all penalties and interest are fully paid, and *if oil or gas is transported off the production unit where severed by the operator and sold to a purchaser or refiner, the State shall have a lien on all the oil or gas severed from the production unit in this State in the hands of the operator, the first or any subsequent purchaser, or refiner to secure the payment of the tax. If a lien is filed by the Department, the purchaser or refiner shall withhold from the operator the amount of tax, penalty and interest identified in the lien.* [35 ILCS 450/2-50(g)]