



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB1015

by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

See Index

Amends the Department of Revenue Law of the Civil Administrative Code of Illinois. Provides that the Department may revoke a certificate of registration, permit, or license of an entity that is in default for moneys due to the Department. Amends the State Finance Act to provide that the Department of Revenue may maintain a petty cash fund not to exceed \$2,000. Amends the Illinois Income Tax Act. Provides that payments received from the assignment of a prize under the Illinois Lottery Law are allocable to this State. Amends the Use Tax Act. Provides that retailers that do not possess a valid certificate of registration at the time the sale are not entitled to a vendor's discount under the Act. Amends the Retailers' Occupation Tax Act. Provides that the Department may deny a certificate of registration to any applicant if any owner, partner, manager, or member is in default of a tax or fee Act administered by the Department. Allows the Department of the Lottery to designate specific lottery game drawings to benefit the various scratch-off game funds. Provides that each special drawing designation shall be publicly announced by the Department in advance of the drawing date, along with the name of the fund that will benefit from the drawing and any special criteria for the transfer of moneys to the beneficiary fund.

LRB098 04924 HLH 34954 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 Illinois Lottery Law is amended by adding
5 Section 21.9 as follows:

6 (20 ILCS 1605/21.9 new)

7 Sec. 21.9. Special drawings to benefit Illinois Lottery
8 scratch-off game beneficiary funds.

9 (a) The Department may, from time to time, designate
10 specific lottery game drawings to benefit the various
11 scratch-off game funds identified in Sections 21.5 through 21.8
12 of this Act. Each special drawing designation shall be publicly
13 announced by the Department in advance of the drawing date,
14 along with the name of the fund that will benefit from the
15 drawing and any special criteria for the transfer of moneys to
16 the beneficiary fund, such as minimum sales or a net proceeds
17 threshold.

18 (b) Proceeds from specially designated drawings shall be
19 deposited into the designated beneficiary fund for
20 appropriation by the General Assembly for the same purposes and
21 in accordance with the same requirements as outlined in
22 Sections 21.5 through 21.8 of this Act.

1 Section 10. The Department of Revenue Law of the Civil
2 Administrative Code of Illinois is amended by changing Section
3 2505-380 as follows:

4 (20 ILCS 2505/2505-380) (was 20 ILCS 2505/39b47)

5 Sec. 2505-380. Revocation of or refusal to issue a
6 certificate of registration, permit, or license. The
7 Department has the power to refuse to issue or, after notice
8 and an opportunity for a hearing, to revoke a certificate of
9 registration, permit, or license issued or authorized to be
10 issued by the Department if the applicant for or holder of the
11 certificate of registration, permit, or license fails to file a
12 return, or to pay the tax, fee, penalty, or interest shown in a
13 filed return, or to pay any final assessment of tax, fee,
14 penalty, or interest, as required by the tax or fee Act under
15 which the certificate of registration, permit, or license is
16 required or any other tax or fee Act administered by the
17 Department. The Department may refuse to issue, or after notice
18 and an opportunity for a hearing, may revoke a certificate of
19 registration, permit, or license issued or authorized to be
20 issued by the Department if the owner, any partner, or a
21 corporate officer, and in the case of a limited liability
22 company, any manager or member, of the applicant for or holder
23 of the certificate of registration, permit or license, is or
24 has been the owner, a partner, a corporate officer, and in the
25 case of a limited liability company, a manager or member, of a

1 person that is in default for moneys due to the Department
2 under the tax or fee Act upon which the certificate of
3 registration, permit, or license is required or any other tax
4 or fee Act administered by the Department. For purposes of this
5 Section, "person" means any natural individual, firm,
6 partnership, association, joint stock company, joint
7 adventure, public or private corporation, limited liability
8 company, or a receiver, executor, trustee, guardian or other
9 representative appointed by order of any court.

10 The procedure for notice and hearing prior to revocation
11 shall be as provided under the Act pursuant to which the
12 certificate of registration, permit, or license was issued.

13 (Source: P.A. 91-239, eff. 1-1-00.)

14 Section 15. The State Finance Act is amended by changing
15 Section 13.3 as follows:

16 (30 ILCS 105/13.3) (from Ch. 127, par. 149.3)

17 Sec. 13.3. Petty cash funds; purchasing cards.

18 (a) Any State agency may establish and maintain petty cash
19 funds for the purpose of making change, purchasing items of
20 small cost, payment of postage due, and for other nominal
21 expenditures which cannot be administered economically and
22 efficiently through customary procurement practices.

23 Petty cash funds may be established and maintained from
24 moneys which are appropriated to the agency for Contractual

1 Services. In the case of an agency which receives a single
2 appropriation for its ordinary and contingent expenses, the
3 agency may establish a petty cash fund from the appropriated
4 funds.

5 Before the establishment of any petty cash fund, the agency
6 shall submit to the State Comptroller a survey of the need for
7 the fund. The survey shall also establish that sufficient
8 internal accounting controls exist. The Comptroller shall
9 investigate such need and if he determines that it exists and
10 that adequate accounting controls exist, shall approve the
11 establishment of the fund. The Comptroller shall have the power
12 to revoke any approval previously made under this Section.

13 Petty cash funds established under this Section shall be
14 operated and maintained on the imprest system and no fund shall
15 exceed \$1,000, except that the Department of Revenue may
16 maintain a fund not exceeding \$2,000 for each Department of
17 Revenue facility and the Secretary of State may maintain a fund
18 of not exceeding \$2,000 for each Chicago Motor Vehicle
19 Facility, each Springfield Public Service Facility, and the
20 Motor Vehicle Facilities in Champaign, Decatur, Marion,
21 Naperville, Peoria, Rockford, Granite City, Quincy, and
22 Carbondale, to be used solely for the purpose of making change.
23 Except for purchases made by procurement card as provided in
24 subsection (b) of this Section, single transactions shall be
25 limited to amounts less than \$50, and all transactions
26 occurring in the fund shall be reported and accounted for as

1 may be provided in the uniform accounting system developed by
2 the State Comptroller and the rules and regulations
3 implementing that accounting system. All amounts in any such
4 fund of less than \$1,000 but over \$100 shall be kept in a
5 checking account in a bank, or savings and loan association or
6 trust company which is insured by the United States government
7 or any agency of the United States government, except that in
8 funds maintained in each Department of Revenue Facility,
9 Chicago Motor Vehicle Facilities, each Springfield Public
10 Service Facility, and the Motor Vehicle Facilities in
11 Champaign, Decatur, Marion, Naperville, Peoria, Rockford,
12 Granite City, Quincy, and Carbondale, all amounts in the fund
13 may be retained on the premises of such facilities.

14 No bank or savings and loan association shall receive
15 public funds as permitted by this Section, unless it has
16 complied with the requirements established pursuant to Section
17 6 of "An Act relating to certain investments of public funds by
18 public agencies", approved July 23, 1943, as now or hereafter
19 amended.

20 An internal audit shall be performed of any petty cash fund
21 which receives reimbursements of more than \$5,000 in a fiscal
22 year.

23 Upon succession in the custodianship of any petty cash
24 fund, both the former and successor custodians shall sign a
25 statement, in triplicate, showing the exact status of the fund
26 at the time of the transfer. The original copy shall be kept on

1 file in the office wherein the fund exists, and each signer
2 shall be entitled to retain one copy.

3 (b) The Comptroller may provide by rule for the use of
4 purchasing cards by State agencies to pay for purchases that
5 otherwise may be paid out of the agency's petty cash fund. Any
6 rule adopted hereunder shall impose a single transaction limit,
7 which shall not be greater than \$500.

8 The rules of the Comptroller may include but shall not be
9 limited to:

10 (1) standards for the issuance of purchasing cards to
11 State agencies based upon the best interests of the State;

12 (2) procedures for recording purchasing card
13 transactions within the State accounting system, which may
14 provide for summary reporting;

15 (3) procedures for auditing purchasing card
16 transactions on a post-payment basis;

17 (4) standards for awarding contracts with a purchasing
18 card vendor to acquire purchasing cards for use by State
19 agencies; and

20 (5) procedures for the Comptroller to charge against
21 State agency appropriations for payment of purchasing card
22 expenditures without the use of the voucher and warrant
23 system.

24 (c) As used in this Section, "State agency" means any
25 department, officer, authority, public corporation,
26 quasi-public corporation, commission, board, institution,

1 State college or university, or other public agency created by
2 the State, other than units of local government and school
3 districts.

4 (Source: P.A. 90-33, eff. 6-27-97; 91-704, eff. 7-1-00.)

5 Section 20. The Illinois Income Tax Act is amended by
6 changing Sections 303, 304, 701, 710, and 905 as follows:

7 (35 ILCS 5/303) (from Ch. 120, par. 3-303)

8 Sec. 303. (a) In general. Any item of capital gain or loss,
9 and any item of income from rents or royalties from real or
10 tangible personal property, interest, dividends, and patent or
11 copyright royalties, and prizes awarded under the Illinois
12 Lottery Law, to the extent such item constitutes nonbusiness
13 income, together with any item of deduction directly allocable
14 thereto, shall be allocated by any person other than a resident
15 as provided in this Section.

16 (b) Capital gains and losses.

17 (1) Real property. Capital gains and losses from sales
18 or exchanges of real property are allocable to this State
19 if the property is located in this State.

20 (2) Tangible personal property. Capital gains and
21 losses from sales or exchanges of tangible personal
22 property are allocable to this State if, at the time of
23 such sale or exchange:

24 (A) The property had its situs in this State; or

1 (B) The taxpayer had its commercial domicile in
2 this State and was not taxable in the state in which
3 the property had its situs.

4 (3) Intangibles. Capital gains and losses from sales or
5 exchanges of intangible personal property are allocable to
6 this State if the taxpayer had its commercial domicile in
7 this State at the time of such sale or exchange.

8 (c) Rents and royalties.

9 (1) Real property. Rents and royalties from real
10 property are allocable to this State if the property is
11 located in this State.

12 (2) Tangible personal property. Rents and royalties
13 from tangible personal property are allocable to this
14 State:

15 (A) If and to the extent that the property is
16 utilized in this State; or

17 (B) In their entirety if, at the time such rents or
18 royalties were paid or accrued, the taxpayer had its
19 commercial domicile in this State and was not organized
20 under the laws of or taxable with respect to such rents
21 or royalties in the state in which the property was
22 utilized. The extent of utilization of tangible
23 personal property in a state is determined by
24 multiplying the rents or royalties derived from such
25 property by a fraction, the numerator of which is the
26 number of days of physical location of the property in

1 the state during the rental or royalty period in the
2 taxable year and the denominator of which is the number
3 of days of physical location of the property everywhere
4 during all rental or royalty periods in the taxable
5 year. If the physical location of the property during
6 the rental or royalty period is unknown or
7 unascertainable by the taxpayer, tangible personal
8 property is utilized in the state in which the property
9 was located at the time the rental or royalty payer
10 obtained possession.

11 (d) Patent and copyright royalties.

12 (1) Allocation. Patent and copyright royalties are
13 allocable to this State:

14 (A) If and to the extent that the patent or
15 copyright is utilized by the payer in this State; or

16 (B) If and to the extent that the patent or
17 copyright is utilized by the payer in a state in which
18 the taxpayer is not taxable with respect to such
19 royalties and, at the time such royalties were paid or
20 accrued, the taxpayer had its commercial domicile in
21 this State.

22 (2) Utilization.

23 (A) A patent is utilized in a state to the extent
24 that it is employed in production, fabrication,
25 manufacturing or other processing in the state or to
26 the extent that a patented product is produced in the

1 state. If the basis of receipts from patent royalties
2 does not permit allocation to states or if the
3 accounting procedures do not reflect states of
4 utilization, the patent is utilized in this State if
5 the taxpayer has its commercial domicile in this State.

6 (B) A copyright is utilized in a state to the
7 extent that printing or other publication originates
8 in the state. If the basis of receipts from copyright
9 royalties does not permit allocation to states or if
10 the accounting procedures do not reflect states of
11 utilization, the copyright is utilized in this State if
12 the taxpayer has its commercial domicile in this State.

13 (e) Illinois lottery prizes. Prizes awarded under the
14 Illinois Lottery Law ~~"Illinois Lottery Law", approved December~~
15 ~~14, 1973,~~ are allocable to this State. Payments received in
16 taxable years ending on or after December 31, 2013, from the
17 assignment of a prize under Section 13.1 of the Illinois
18 Lottery Law are allocable to this State.

19 (e-5) Unemployment benefits. Unemployment benefits paid by
20 the Illinois Department of Employment Security are allocable to
21 this State.

22 (f) Taxability in other state. For purposes of allocation
23 of income pursuant to this Section, a taxpayer is taxable in
24 another state if:

25 (1) In that state he is subject to a net income tax, a
26 franchise tax measured by net income, a franchise tax for

1 the privilege of doing business, or a corporate stock tax;
2 or

3 (2) That state has jurisdiction to subject the taxpayer
4 to a net income tax regardless of whether, in fact, the
5 state does or does not.

6 (g) Cross references.

7 (1) For allocation of interest and dividends by persons
8 other than residents, see Section 301(c)(2).

9 (2) For allocation of nonbusiness income by residents,
10 see Section 301(a).

11 (Source: P.A. 97-709, eff. 7-1-12.)

12 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

13 Sec. 304. Business income of persons other than residents.

14 (a) In general. The business income of a person other than
15 a resident shall be allocated to this State if such person's
16 business income is derived solely from this State. If a person
17 other than a resident derives business income from this State
18 and one or more other states, then, for tax years ending on or
19 before December 30, 1998, and except as otherwise provided by
20 this Section, such person's business income shall be
21 apportioned to this State by multiplying the income by a
22 fraction, the numerator of which is the sum of the property
23 factor (if any), the payroll factor (if any) and 200% of the
24 sales factor (if any), and the denominator of which is 4
25 reduced by the number of factors other than the sales factor

1 which have a denominator of zero and by an additional 2 if the
2 sales factor has a denominator of zero. For tax years ending on
3 or after December 31, 1998, and except as otherwise provided by
4 this Section, persons other than residents who derive business
5 income from this State and one or more other states shall
6 compute their apportionment factor by weighting their
7 property, payroll, and sales factors as provided in subsection
8 (h) of this Section.

9 (1) Property factor.

10 (A) The property factor is a fraction, the numerator of
11 which is the average value of the person's real and
12 tangible personal property owned or rented and used in the
13 trade or business in this State during the taxable year and
14 the denominator of which is the average value of all the
15 person's real and tangible personal property owned or
16 rented and used in the trade or business during the taxable
17 year.

18 (B) Property owned by the person is valued at its
19 original cost. Property rented by the person is valued at 8
20 times the net annual rental rate. Net annual rental rate is
21 the annual rental rate paid by the person less any annual
22 rental rate received by the person from sub-rentals.

23 (C) The average value of property shall be determined
24 by averaging the values at the beginning and ending of the
25 taxable year but the Director may require the averaging of
26 monthly values during the taxable year if reasonably

1 required to reflect properly the average value of the
2 person's property.

3 (2) Payroll factor.

4 (A) The payroll factor is a fraction, the numerator of
5 which is the total amount paid in this State during the
6 taxable year by the person for compensation, and the
7 denominator of which is the total compensation paid
8 everywhere during the taxable year.

9 (B) Compensation is paid in this State if:

10 (i) The individual's service is performed entirely
11 within this State;

12 (ii) The individual's service is performed both
13 within and without this State, but the service
14 performed without this State is incidental to the
15 individual's service performed within this State; or

16 (iii) Some of the service is performed within this
17 State and either the base of operations, or if there is
18 no base of operations, the place from which the service
19 is directed or controlled is within this State, or the
20 base of operations or the place from which the service
21 is directed or controlled is not in any state in which
22 some part of the service is performed, but the
23 individual's residence is in this State.

24 (iv) Compensation paid to nonresident professional
25 athletes.

26 (a) General. The Illinois source income of a

1 nonresident individual who is a member of a
2 professional athletic team includes the portion of the
3 individual's total compensation for services performed
4 as a member of a professional athletic team during the
5 taxable year which the number of duty days spent within
6 this State performing services for the team in any
7 manner during the taxable year bears to the total
8 number of duty days spent both within and without this
9 State during the taxable year.

10 (b) Travel days. Travel days that do not involve
11 either a game, practice, team meeting, or other similar
12 team event are not considered duty days spent in this
13 State. However, such travel days are considered in the
14 total duty days spent both within and without this
15 State.

16 (c) Definitions. For purposes of this subpart
17 (iv):

18 (1) The term "professional athletic team"
19 includes, but is not limited to, any professional
20 baseball, basketball, football, soccer, or hockey
21 team.

22 (2) The term "member of a professional
23 athletic team" includes those employees who are
24 active players, players on the disabled list, and
25 any other persons required to travel and who travel
26 with and perform services on behalf of a

1 professional athletic team on a regular basis.
2 This includes, but is not limited to, coaches,
3 managers, and trainers.

4 (3) Except as provided in items (C) and (D) of
5 this subpart (3), the term "duty days" means all
6 days during the taxable year from the beginning of
7 the professional athletic team's official
8 pre-season training period through the last game
9 in which the team competes or is scheduled to
10 compete. Duty days shall be counted for the year in
11 which they occur, including where a team's
12 official pre-season training period through the
13 last game in which the team competes or is
14 scheduled to compete, occurs during more than one
15 tax year.

16 (A) Duty days shall also include days on
17 which a member of a professional athletic team
18 performs service for a team on a date that does
19 not fall within the foregoing period (e.g.,
20 participation in instructional leagues, the
21 "All Star Game", or promotional "caravans").
22 Performing a service for a professional
23 athletic team includes conducting training and
24 rehabilitation activities, when such
25 activities are conducted at team facilities.

26 (B) Also included in duty days are game

1 days, practice days, days spent at team
2 meetings, promotional caravans, preseason
3 training camps, and days served with the team
4 through all post-season games in which the team
5 competes or is scheduled to compete.

6 (C) Duty days for any person who joins a
7 team during the period from the beginning of
8 the professional athletic team's official
9 pre-season training period through the last
10 game in which the team competes, or is
11 scheduled to compete, shall begin on the day
12 that person joins the team. Conversely, duty
13 days for any person who leaves a team during
14 this period shall end on the day that person
15 leaves the team. Where a person switches teams
16 during a taxable year, a separate duty-day
17 calculation shall be made for the period the
18 person was with each team.

19 (D) Days for which a member of a
20 professional athletic team is not compensated
21 and is not performing services for the team in
22 any manner, including days when such member of
23 a professional athletic team has been
24 suspended without pay and prohibited from
25 performing any services for the team, shall not
26 be treated as duty days.

1 (E) Days for which a member of a
2 professional athletic team is on the disabled
3 list and does not conduct rehabilitation
4 activities at facilities of the team, and is
5 not otherwise performing services for the team
6 in Illinois, shall not be considered duty days
7 spent in this State. All days on the disabled
8 list, however, are considered to be included in
9 total duty days spent both within and without
10 this State.

11 (4) The term "total compensation for services
12 performed as a member of a professional athletic
13 team" means the total compensation received during
14 the taxable year for services performed:

15 (A) from the beginning of the official
16 pre-season training period through the last
17 game in which the team competes or is scheduled
18 to compete during that taxable year; and

19 (B) during the taxable year on a date which
20 does not fall within the foregoing period
21 (e.g., participation in instructional leagues,
22 the "All Star Game", or promotional caravans).

23 This compensation shall include, but is not
24 limited to, salaries, wages, bonuses as described
25 in this subpart, and any other type of compensation
26 paid during the taxable year to a member of a

1 professional athletic team for services performed
2 in that year. This compensation does not include
3 strike benefits, severance pay, termination pay,
4 contract or option year buy-out payments,
5 expansion or relocation payments, or any other
6 payments not related to services performed for the
7 team.

8 For purposes of this subparagraph, "bonuses"
9 included in "total compensation for services
10 performed as a member of a professional athletic
11 team" subject to the allocation described in
12 Section 302(c)(1) are: bonuses earned as a result
13 of play (i.e., performance bonuses) during the
14 season, including bonuses paid for championship,
15 playoff or "bowl" games played by a team, or for
16 selection to all-star league or other honorary
17 positions; and bonuses paid for signing a
18 contract, unless the payment of the signing bonus
19 is not conditional upon the signee playing any
20 games for the team or performing any subsequent
21 services for the team or even making the team, the
22 signing bonus is payable separately from the
23 salary and any other compensation, and the signing
24 bonus is nonrefundable.

25 (3) Sales factor.

26 (A) The sales factor is a fraction, the numerator of

1 which is the total sales of the person in this State during
2 the taxable year, and the denominator of which is the total
3 sales of the person everywhere during the taxable year.

4 (B) Sales of tangible personal property are in this
5 State if:

6 (i) The property is delivered or shipped to a
7 purchaser, other than the United States government,
8 within this State regardless of the f. o. b. point or
9 other conditions of the sale; or

10 (ii) The property is shipped from an office, store,
11 warehouse, factory or other place of storage in this
12 State and either the purchaser is the United States
13 government or the person is not taxable in the state of
14 the purchaser; provided, however, that premises owned
15 or leased by a person who has independently contracted
16 with the seller for the printing of newspapers,
17 periodicals or books shall not be deemed to be an
18 office, store, warehouse, factory or other place of
19 storage for purposes of this Section. Sales of tangible
20 personal property are not in this State if the seller
21 and purchaser would be members of the same unitary
22 business group but for the fact that either the seller
23 or purchaser is a person with 80% or more of total
24 business activity outside of the United States and the
25 property is purchased for resale.

26 (B-1) Patents, copyrights, trademarks, and similar

1 items of intangible personal property.

2 (i) Gross receipts from the licensing, sale, or
3 other disposition of a patent, copyright, trademark,
4 or similar item of intangible personal property, other
5 than gross receipts governed by paragraph (B-7) of this
6 item (3), are in this State to the extent the item is
7 utilized in this State during the year the gross
8 receipts are included in gross income.

9 (ii) Place of utilization.

10 (I) A patent is utilized in a state to the
11 extent that it is employed in production,
12 fabrication, manufacturing, or other processing in
13 the state or to the extent that a patented product
14 is produced in the state. If a patent is utilized
15 in more than one state, the extent to which it is
16 utilized in any one state shall be a fraction equal
17 to the gross receipts of the licensee or purchaser
18 from sales or leases of items produced,
19 fabricated, manufactured, or processed within that
20 state using the patent and of patented items
21 produced within that state, divided by the total of
22 such gross receipts for all states in which the
23 patent is utilized.

24 (II) A copyright is utilized in a state to the
25 extent that printing or other publication
26 originates in the state. If a copyright is utilized

1 in more than one state, the extent to which it is
2 utilized in any one state shall be a fraction equal
3 to the gross receipts from sales or licenses of
4 materials printed or published in that state
5 divided by the total of such gross receipts for all
6 states in which the copyright is utilized.

7 (III) Trademarks and other items of intangible
8 personal property governed by this paragraph (B-1)
9 are utilized in the state in which the commercial
10 domicile of the licensee or purchaser is located.

11 (iii) If the state of utilization of an item of
12 property governed by this paragraph (B-1) cannot be
13 determined from the taxpayer's books and records or
14 from the books and records of any person related to the
15 taxpayer within the meaning of Section 267(b) of the
16 Internal Revenue Code, 26 U.S.C. 267, the gross
17 receipts attributable to that item shall be excluded
18 from both the numerator and the denominator of the
19 sales factor.

20 (B-2) Gross receipts from the license, sale, or other
21 disposition of patents, copyrights, trademarks, and
22 similar items of intangible personal property, other than
23 gross receipts governed by paragraph (B-7) of this item
24 (3), may be included in the numerator or denominator of the
25 sales factor only if gross receipts from licenses, sales,
26 or other disposition of such items comprise more than 50%

1 of the taxpayer's total gross receipts included in gross
2 income during the tax year and during each of the 2
3 immediately preceding tax years; provided that, when a
4 taxpayer is a member of a unitary business group, such
5 determination shall be made on the basis of the gross
6 receipts of the entire unitary business group.

7 (B-5) For taxable years ending on or after December 31,
8 2008, except as provided in subsections (ii) through (vii),
9 receipts from the sale of telecommunications service or
10 mobile telecommunications service are in this State if the
11 customer's service address is in this State.

12 (i) For purposes of this subparagraph (B-5), the
13 following terms have the following meanings:

14 "Ancillary services" means services that are
15 associated with or incidental to the provision of
16 "telecommunications services", including but not
17 limited to "detailed telecommunications billing",
18 "directory assistance", "vertical service", and "voice
19 mail services".

20 "Air-to-Ground Radiotelephone service" means a
21 radio service, as that term is defined in 47 CFR 22.99,
22 in which common carriers are authorized to offer and
23 provide radio telecommunications service for hire to
24 subscribers in aircraft.

25 "Call-by-call Basis" means any method of charging
26 for telecommunications services where the price is

1 measured by individual calls.

2 "Communications Channel" means a physical or
3 virtual path of communications over which signals are
4 transmitted between or among customer channel
5 termination points.

6 "Conference bridging service" means an "ancillary
7 service" that links two or more participants of an
8 audio or video conference call and may include the
9 provision of a telephone number. "Conference bridging
10 service" does not include the "telecommunications
11 services" used to reach the conference bridge.

12 "Customer Channel Termination Point" means the
13 location where the customer either inputs or receives
14 the communications.

15 "Detailed telecommunications billing service"
16 means an "ancillary service" of separately stating
17 information pertaining to individual calls on a
18 customer's billing statement.

19 "Directory assistance" means an "ancillary
20 service" of providing telephone number information,
21 and/or address information.

22 "Home service provider" means the facilities based
23 carrier or reseller with which the customer contracts
24 for the provision of mobile telecommunications
25 services.

26 "Mobile telecommunications service" means

1 commercial mobile radio service, as defined in Section
2 20.3 of Title 47 of the Code of Federal Regulations as
3 in effect on June 1, 1999.

4 "Place of primary use" means the street address
5 representative of where the customer's use of the
6 telecommunications service primarily occurs, which
7 must be the residential street address or the primary
8 business street address of the customer. In the case of
9 mobile telecommunications services, "place of primary
10 use" must be within the licensed service area of the
11 home service provider.

12 "Post-paid telecommunication service" means the
13 telecommunications service obtained by making a
14 payment on a call-by-call basis either through the use
15 of a credit card or payment mechanism such as a bank
16 card, travel card, credit card, or debit card, or by
17 charge made to a telephone number which is not
18 associated with the origination or termination of the
19 telecommunications service. A post-paid calling
20 service includes telecommunications service, except a
21 prepaid wireless calling service, that would be a
22 prepaid calling service except it is not exclusively a
23 telecommunication service.

24 "Prepaid telecommunication service" means the
25 right to access exclusively telecommunications
26 services, which must be paid for in advance and which

1 enables the origination of calls using an access number
2 or authorization code, whether manually or
3 electronically dialed, and that is sold in
4 predetermined units or dollars of which the number
5 declines with use in a known amount.

6 "Prepaid Mobile telecommunication service" means a
7 telecommunications service that provides the right to
8 utilize mobile wireless service as well as other
9 non-telecommunication services, including but not
10 limited to ancillary services, which must be paid for
11 in advance that is sold in predetermined units or
12 dollars of which the number declines with use in a
13 known amount.

14 "Private communication service" means a
15 telecommunication service that entitles the customer
16 to exclusive or priority use of a communications
17 channel or group of channels between or among
18 termination points, regardless of the manner in which
19 such channel or channels are connected, and includes
20 switching capacity, extension lines, stations, and any
21 other associated services that are provided in
22 connection with the use of such channel or channels.

23 "Service address" means:

24 (a) The location of the telecommunications
25 equipment to which a customer's call is charged and
26 from which the call originates or terminates,

1 regardless of where the call is billed or paid;

2 (b) If the location in line (a) is not known,
3 service address means the origination point of the
4 signal of the telecommunications services first
5 identified by either the seller's
6 telecommunications system or in information
7 received by the seller from its service provider
8 where the system used to transport such signals is
9 not that of the seller; and

10 (c) If the locations in line (a) and line (b)
11 are not known, the service address means the
12 location of the customer's place of primary use.

13 "Telecommunications service" means the electronic
14 transmission, conveyance, or routing of voice, data,
15 audio, video, or any other information or signals to a
16 point, or between or among points. The term
17 "telecommunications service" includes such
18 transmission, conveyance, or routing in which computer
19 processing applications are used to act on the form,
20 code or protocol of the content for purposes of
21 transmission, conveyance or routing without regard to
22 whether such service is referred to as voice over
23 Internet protocol services or is classified by the
24 Federal Communications Commission as enhanced or value
25 added. "Telecommunications service" does not include:

26 (a) Data processing and information services

1 that allow data to be generated, acquired, stored,
2 processed, or retrieved and delivered by an
3 electronic transmission to a purchaser when such
4 purchaser's primary purpose for the underlying
5 transaction is the processed data or information;

6 (b) Installation or maintenance of wiring or
7 equipment on a customer's premises;

8 (c) Tangible personal property;

9 (d) Advertising, including but not limited to
10 directory advertising.

11 (e) Billing and collection services provided
12 to third parties;

13 (f) Internet access service;

14 (g) Radio and television audio and video
15 programming services, regardless of the medium,
16 including the furnishing of transmission,
17 conveyance and routing of such services by the
18 programming service provider. Radio and television
19 audio and video programming services shall include
20 but not be limited to cable service as defined in
21 47 USC 522(6) and audio and video programming
22 services delivered by commercial mobile radio
23 service providers, as defined in 47 CFR 20.3;

24 (h) "Ancillary services"; or

25 (i) Digital products "delivered
26 electronically", including but not limited to

1 software, music, video, reading materials or ring
2 tones.

3 "Vertical service" means an "ancillary service"
4 that is offered in connection with one or more
5 "telecommunications services", which offers advanced
6 calling features that allow customers to identify
7 callers and to manage multiple calls and call
8 connections, including "conference bridging services".

9 "Voice mail service" means an "ancillary service"
10 that enables the customer to store, send or receive
11 recorded messages. "Voice mail service" does not
12 include any "vertical services" that the customer may
13 be required to have in order to utilize the "voice mail
14 service".

15 (ii) Receipts from the sale of telecommunications
16 service sold on an individual call-by-call basis are in
17 this State if either of the following applies:

18 (a) The call both originates and terminates in
19 this State.

20 (b) The call either originates or terminates
21 in this State and the service address is located in
22 this State.

23 (iii) Receipts from the sale of postpaid
24 telecommunications service at retail are in this State
25 if the origination point of the telecommunication
26 signal, as first identified by the service provider's

1 telecommunication system or as identified by
2 information received by the seller from its service
3 provider if the system used to transport
4 telecommunication signals is not the seller's, is
5 located in this State.

6 (iv) Receipts from the sale of prepaid
7 telecommunications service or prepaid mobile
8 telecommunications service at retail are in this State
9 if the purchaser obtains the prepaid card or similar
10 means of conveyance at a location in this State.
11 Receipts from recharging a prepaid telecommunications
12 service or mobile telecommunications service is in
13 this State if the purchaser's billing information
14 indicates a location in this State.

15 (v) Receipts from the sale of private
16 communication services are in this State as follows:

17 (a) 100% of receipts from charges imposed at
18 each channel termination point in this State.

19 (b) 100% of receipts from charges for the total
20 channel mileage between each channel termination
21 point in this State.

22 (c) 50% of the total receipts from charges for
23 service segments when those segments are between 2
24 customer channel termination points, 1 of which is
25 located in this State and the other is located
26 outside of this State, which segments are

1 separately charged.

2 (d) The receipts from charges for service
3 segments with a channel termination point located
4 in this State and in two or more other states, and
5 which segments are not separately billed, are in
6 this State based on a percentage determined by
7 dividing the number of customer channel
8 termination points in this State by the total
9 number of customer channel termination points.

10 (vi) Receipts from charges for ancillary services
11 for telecommunications service sold to customers at
12 retail are in this State if the customer's primary
13 place of use of telecommunications services associated
14 with those ancillary services is in this State. If the
15 seller of those ancillary services cannot determine
16 where the associated telecommunications are located,
17 then the ancillary services shall be based on the
18 location of the purchaser.

19 (vii) Receipts to access a carrier's network or
20 from the sale of telecommunication services or
21 ancillary services for resale are in this State as
22 follows:

23 (a) 100% of the receipts from access fees
24 attributable to intrastate telecommunications
25 service that both originates and terminates in
26 this State.

1 (b) 50% of the receipts from access fees
2 attributable to interstate telecommunications
3 service if the interstate call either originates
4 or terminates in this State.

5 (c) 100% of the receipts from interstate end
6 user access line charges, if the customer's
7 service address is in this State. As used in this
8 subdivision, "interstate end user access line
9 charges" includes, but is not limited to, the
10 surcharge approved by the federal communications
11 commission and levied pursuant to 47 CFR 69.

12 (d) Gross receipts from sales of
13 telecommunication services or from ancillary
14 services for telecommunications services sold to
15 other telecommunication service providers for
16 resale shall be sourced to this State using the
17 apportionment concepts used for non-resale
18 receipts of telecommunications services if the
19 information is readily available to make that
20 determination. If the information is not readily
21 available, then the taxpayer may use any other
22 reasonable and consistent method.

23 (B-7) For taxable years ending on or after December 31,
24 2008, receipts from the sale of broadcasting services are
25 in this State if the broadcasting services are received in
26 this State. For purposes of this paragraph (B-7), the

1 following terms have the following meanings:

2 "Advertising revenue" means consideration received
3 by the taxpayer in exchange for broadcasting services
4 or allowing the broadcasting of commercials or
5 announcements in connection with the broadcasting of
6 film or radio programming, from sponsorships of the
7 programming, or from product placements in the
8 programming.

9 "Audience factor" means the ratio that the
10 audience or subscribers located in this State of a
11 station, a network, or a cable system bears to the
12 total audience or total subscribers for that station,
13 network, or cable system. The audience factor for film
14 or radio programming shall be determined by reference
15 to the books and records of the taxpayer or by
16 reference to published rating statistics provided the
17 method used by the taxpayer is consistently used from
18 year to year for this purpose and fairly represents the
19 taxpayer's activity in this State.

20 "Broadcast" or "broadcasting" or "broadcasting
21 services" means the transmission or provision of film
22 or radio programming, whether through the public
23 airwaves, by cable, by direct or indirect satellite
24 transmission, or by any other means of communication,
25 either through a station, a network, or a cable system.

26 "Film" or "film programming" means the broadcast

1 on television of any and all performances, events, or
2 productions, including but not limited to news,
3 sporting events, plays, stories, or other literary,
4 commercial, educational, or artistic works, either
5 live or through the use of video tape, disc, or any
6 other type of format or medium. Each episode of a
7 series of films produced for television shall
8 constitute separate "film" notwithstanding that the
9 series relates to the same principal subject and is
10 produced during one or more tax periods.

11 "Radio" or "radio programming" means the broadcast
12 on radio of any and all performances, events, or
13 productions, including but not limited to news,
14 sporting events, plays, stories, or other literary,
15 commercial, educational, or artistic works, either
16 live or through the use of an audio tape, disc, or any
17 other format or medium. Each episode in a series of
18 radio programming produced for radio broadcast shall
19 constitute a separate "radio programming"
20 notwithstanding that the series relates to the same
21 principal subject and is produced during one or more
22 tax periods.

23 (i) In the case of advertising revenue from
24 broadcasting, the customer is the advertiser and
25 the service is received in this State if the
26 commercial domicile of the advertiser is in this

1 State.

2 (ii) In the case where film or radio
3 programming is broadcast by a station, a network,
4 or a cable system for a fee or other remuneration
5 received from the recipient of the broadcast, the
6 portion of the service that is received in this
7 State is measured by the portion of the recipients
8 of the broadcast located in this State.
9 Accordingly, the fee or other remuneration for
10 such service that is included in the Illinois
11 numerator of the sales factor is the total of those
12 fees or other remuneration received from
13 recipients in Illinois. For purposes of this
14 paragraph, a taxpayer may determine the location
15 of the recipients of its broadcast using the
16 address of the recipient shown in its contracts
17 with the recipient or using the billing address of
18 the recipient in the taxpayer's records.

19 (iii) In the case where film or radio
20 programming is broadcast by a station, a network,
21 or a cable system for a fee or other remuneration
22 from the person providing the programming, the
23 portion of the broadcast service that is received
24 by such station, network, or cable system in this
25 State is measured by the portion of recipients of
26 the broadcast located in this State. Accordingly,

1 the amount of revenue related to such an
2 arrangement that is included in the Illinois
3 numerator of the sales factor is the total fee or
4 other total remuneration from the person providing
5 the programming related to that broadcast
6 multiplied by the Illinois audience factor for
7 that broadcast.

8 (iv) In the case where film or radio
9 programming is provided by a taxpayer that is a
10 network or station to a customer for broadcast in
11 exchange for a fee or other remuneration from that
12 customer the broadcasting service is received at
13 the location of the office of the customer from
14 which the services were ordered in the regular
15 course of the customer's trade or business.
16 Accordingly, in such a case the revenue derived by
17 the taxpayer that is included in the taxpayer's
18 Illinois numerator of the sales factor is the
19 revenue from such customers who receive the
20 broadcasting service in Illinois.

21 (v) In the case where film or radio programming
22 is provided by a taxpayer that is not a network or
23 station to another person for broadcasting in
24 exchange for a fee or other remuneration from that
25 person, the broadcasting service is received at
26 the location of the office of the customer from

1 which the services were ordered in the regular
2 course of the customer's trade or business.
3 Accordingly, in such a case the revenue derived by
4 the taxpayer that is included in the taxpayer's
5 Illinois numerator of the sales factor is the
6 revenue from such customers who receive the
7 broadcasting service in Illinois.

8 (B-8) Gross receipts from winnings under the Illinois
9 Lottery Law from the assignment of a prize under Section
10 13-1 of the Illinois Lottery Law are received in this
11 State. This paragraph (B-8) applies only to taxable years
12 ending on or after December 31, 2013.

13 (C) For taxable years ending before December 31, 2008,
14 sales, other than sales governed by paragraphs (B), (B-1),
15 ~~and~~ (B-2), and (B-8) are in this State if:

16 (i) The income-producing activity is performed in
17 this State; or

18 (ii) The income-producing activity is performed
19 both within and without this State and a greater
20 proportion of the income-producing activity is
21 performed within this State than without this State,
22 based on performance costs.

23 (C-5) For taxable years ending on or after December 31,
24 2008, sales, other than sales governed by paragraphs (B),
25 (B-1), (B-2), (B-5), and (B-7), are in this State if any of
26 the following criteria are met:

1 (i) Sales from the sale or lease of real property
2 are in this State if the property is located in this
3 State.

4 (ii) Sales from the lease or rental of tangible
5 personal property are in this State if the property is
6 located in this State during the rental period. Sales
7 from the lease or rental of tangible personal property
8 that is characteristically moving property, including,
9 but not limited to, motor vehicles, rolling stock,
10 aircraft, vessels, or mobile equipment are in this
11 State to the extent that the property is used in this
12 State.

13 (iii) In the case of interest, net gains (but not
14 less than zero) and other items of income from
15 intangible personal property, the sale is in this State
16 if:

17 (a) in the case of a taxpayer who is a dealer
18 in the item of intangible personal property within
19 the meaning of Section 475 of the Internal Revenue
20 Code, the income or gain is received from a
21 customer in this State. For purposes of this
22 subparagraph, a customer is in this State if the
23 customer is an individual, trust or estate who is a
24 resident of this State and, for all other
25 customers, if the customer's commercial domicile
26 is in this State. Unless the dealer has actual

1 knowledge of the residence or commercial domicile
2 of a customer during a taxable year, the customer
3 shall be deemed to be a customer in this State if
4 the billing address of the customer, as shown in
5 the records of the dealer, is in this State; or

6 (b) in all other cases, if the
7 income-producing activity of the taxpayer is
8 performed in this State or, if the
9 income-producing activity of the taxpayer is
10 performed both within and without this State, if a
11 greater proportion of the income-producing
12 activity of the taxpayer is performed within this
13 State than in any other state, based on performance
14 costs.

15 (iv) Sales of services are in this State if the
16 services are received in this State. For the purposes
17 of this section, gross receipts from the performance of
18 services provided to a corporation, partnership, or
19 trust may only be attributed to a state where that
20 corporation, partnership, or trust has a fixed place of
21 business. If the state where the services are received
22 is not readily determinable or is a state where the
23 corporation, partnership, or trust receiving the
24 service does not have a fixed place of business, the
25 services shall be deemed to be received at the location
26 of the office of the customer from which the services

1 were ordered in the regular course of the customer's
2 trade or business. If the ordering office cannot be
3 determined, the services shall be deemed to be received
4 at the office of the customer to which the services are
5 billed. If the taxpayer is not taxable in the state in
6 which the services are received, the sale must be
7 excluded from both the numerator and the denominator of
8 the sales factor. The Department shall adopt rules
9 prescribing where specific types of service are
10 received, including, but not limited to, publishing,
11 and utility service.

12 (D) For taxable years ending on or after December 31,
13 1995, the following items of income shall not be included
14 in the numerator or denominator of the sales factor:
15 dividends; amounts included under Section 78 of the
16 Internal Revenue Code; and Subpart F income as defined in
17 Section 952 of the Internal Revenue Code. No inference
18 shall be drawn from the enactment of this paragraph (D) in
19 construing this Section for taxable years ending before
20 December 31, 1995.

21 (E) Paragraphs (B-1) and (B-2) shall apply to tax years
22 ending on or after December 31, 1999, provided that a
23 taxpayer may elect to apply the provisions of these
24 paragraphs to prior tax years. Such election shall be made
25 in the form and manner prescribed by the Department, shall
26 be irrevocable, and shall apply to all tax years; provided

1 that, if a taxpayer's Illinois income tax liability for any
2 tax year, as assessed under Section 903 prior to January 1,
3 1999, was computed in a manner contrary to the provisions
4 of paragraphs (B-1) or (B-2), no refund shall be payable to
5 the taxpayer for that tax year to the extent such refund is
6 the result of applying the provisions of paragraph (B-1) or
7 (B-2) retroactively. In the case of a unitary business
8 group, such election shall apply to all members of such
9 group for every tax year such group is in existence, but
10 shall not apply to any taxpayer for any period during which
11 that taxpayer is not a member of such group.

12 (b) Insurance companies.

13 (1) In general. Except as otherwise provided by
14 paragraph (2), business income of an insurance company for
15 a taxable year shall be apportioned to this State by
16 multiplying such income by a fraction, the numerator of
17 which is the direct premiums written for insurance upon
18 property or risk in this State, and the denominator of
19 which is the direct premiums written for insurance upon
20 property or risk everywhere. For purposes of this
21 subsection, the term "direct premiums written" means the
22 total amount of direct premiums written, assessments and
23 annuity considerations as reported for the taxable year on
24 the annual statement filed by the company with the Illinois
25 Director of Insurance in the form approved by the National
26 Convention of Insurance Commissioners or such other form as

1 may be prescribed in lieu thereof.

2 (2) Reinsurance. If the principal source of premiums
3 written by an insurance company consists of premiums for
4 reinsurance accepted by it, the business income of such
5 company shall be apportioned to this State by multiplying
6 such income by a fraction, the numerator of which is the
7 sum of (i) direct premiums written for insurance upon
8 property or risk in this State, plus (ii) premiums written
9 for reinsurance accepted in respect of property or risk in
10 this State, and the denominator of which is the sum of
11 (iii) direct premiums written for insurance upon property
12 or risk everywhere, plus (iv) premiums written for
13 reinsurance accepted in respect of property or risk
14 everywhere. For purposes of this paragraph, premiums
15 written for reinsurance accepted in respect of property or
16 risk in this State, whether or not otherwise determinable,
17 may, at the election of the company, be determined on the
18 basis of the proportion which premiums written for
19 reinsurance accepted from companies commercially domiciled
20 in Illinois bears to premiums written for reinsurance
21 accepted from all sources, or, alternatively, in the
22 proportion which the sum of the direct premiums written for
23 insurance upon property or risk in this State by each
24 ceding company from which reinsurance is accepted bears to
25 the sum of the total direct premiums written by each such
26 ceding company for the taxable year. The election made by a

1 company under this paragraph for its first taxable year
2 ending on or after December 31, 2011, shall be binding for
3 that company for that taxable year and for all subsequent
4 taxable years, and may be altered only with the written
5 permission of the Department, which shall not be
6 unreasonably withheld.

7 (c) Financial organizations.

8 (1) In general. For taxable years ending before
9 December 31, 2008, business income of a financial
10 organization shall be apportioned to this State by
11 multiplying such income by a fraction, the numerator of
12 which is its business income from sources within this
13 State, and the denominator of which is its business income
14 from all sources. For the purposes of this subsection, the
15 business income of a financial organization from sources
16 within this State is the sum of the amounts referred to in
17 subparagraphs (A) through (E) following, but excluding the
18 adjusted income of an international banking facility as
19 determined in paragraph (2):

20 (A) Fees, commissions or other compensation for
21 financial services rendered within this State;

22 (B) Gross profits from trading in stocks, bonds or
23 other securities managed within this State;

24 (C) Dividends, and interest from Illinois
25 customers, which are received within this State;

26 (D) Interest charged to customers at places of

1 business maintained within this State for carrying
2 debit balances of margin accounts, without deduction
3 of any costs incurred in carrying such accounts; and

4 (E) Any other gross income resulting from the
5 operation as a financial organization within this
6 State. In computing the amounts referred to in
7 paragraphs (A) through (E) of this subsection, any
8 amount received by a member of an affiliated group
9 (determined under Section 1504(a) of the Internal
10 Revenue Code but without reference to whether any such
11 corporation is an "includible corporation" under
12 Section 1504(b) of the Internal Revenue Code) from
13 another member of such group shall be included only to
14 the extent such amount exceeds expenses of the
15 recipient directly related thereto.

16 (2) International Banking Facility. For taxable years
17 ending before December 31, 2008:

18 (A) Adjusted Income. The adjusted income of an
19 international banking facility is its income reduced
20 by the amount of the floor amount.

21 (B) Floor Amount. The floor amount shall be the
22 amount, if any, determined by multiplying the income of
23 the international banking facility by a fraction, not
24 greater than one, which is determined as follows:

25 (i) The numerator shall be:

26 The average aggregate, determined on a

1 quarterly basis, of the financial organization's
2 loans to banks in foreign countries, to foreign
3 domiciled borrowers (except where secured
4 primarily by real estate) and to foreign
5 governments and other foreign official
6 institutions, as reported for its branches,
7 agencies and offices within the state on its
8 "Consolidated Report of Condition", Schedule A,
9 Lines 2.c., 5.b., and 7.a., which was filed with
10 the Federal Deposit Insurance Corporation and
11 other regulatory authorities, for the year 1980,
12 minus

13 The average aggregate, determined on a
14 quarterly basis, of such loans (other than loans of
15 an international banking facility), as reported by
16 the financial institution for its branches,
17 agencies and offices within the state, on the
18 corresponding Schedule and lines of the
19 Consolidated Report of Condition for the current
20 taxable year, provided, however, that in no case
21 shall the amount determined in this clause (the
22 subtrahend) exceed the amount determined in the
23 preceding clause (the minuend); and

24 (ii) the denominator shall be the average
25 aggregate, determined on a quarterly basis, of the
26 international banking facility's loans to banks in

1 foreign countries, to foreign domiciled borrowers
2 (except where secured primarily by real estate)
3 and to foreign governments and other foreign
4 official institutions, which were recorded in its
5 financial accounts for the current taxable year.

6 (C) Change to Consolidated Report of Condition and
7 in Qualification. In the event the Consolidated Report
8 of Condition which is filed with the Federal Deposit
9 Insurance Corporation and other regulatory authorities
10 is altered so that the information required for
11 determining the floor amount is not found on Schedule
12 A, lines 2.c., 5.b. and 7.a., the financial institution
13 shall notify the Department and the Department may, by
14 regulations or otherwise, prescribe or authorize the
15 use of an alternative source for such information. The
16 financial institution shall also notify the Department
17 should its international banking facility fail to
18 qualify as such, in whole or in part, or should there
19 be any amendment or change to the Consolidated Report
20 of Condition, as originally filed, to the extent such
21 amendment or change alters the information used in
22 determining the floor amount.

23 (3) For taxable years ending on or after December 31,
24 2008, the business income of a financial organization shall
25 be apportioned to this State by multiplying such income by
26 a fraction, the numerator of which is its gross receipts

1 from sources in this State or otherwise attributable to
2 this State's marketplace and the denominator of which is
3 its gross receipts everywhere during the taxable year.
4 "Gross receipts" for purposes of this subparagraph (3)
5 means gross income, including net taxable gain on
6 disposition of assets, including securities and money
7 market instruments, when derived from transactions and
8 activities in the regular course of the financial
9 organization's trade or business. The following examples
10 are illustrative:

11 (i) Receipts from the lease or rental of real or
12 tangible personal property are in this State if the
13 property is located in this State during the rental
14 period. Receipts from the lease or rental of tangible
15 personal property that is characteristically moving
16 property, including, but not limited to, motor
17 vehicles, rolling stock, aircraft, vessels, or mobile
18 equipment are from sources in this State to the extent
19 that the property is used in this State.

20 (ii) Interest income, commissions, fees, gains on
21 disposition, and other receipts from assets in the
22 nature of loans that are secured primarily by real
23 estate or tangible personal property are from sources
24 in this State if the security is located in this State.

25 (iii) Interest income, commissions, fees, gains on
26 disposition, and other receipts from consumer loans

1 that are not secured by real or tangible personal
2 property are from sources in this State if the debtor
3 is a resident of this State.

4 (iv) Interest income, commissions, fees, gains on
5 disposition, and other receipts from commercial loans
6 and installment obligations that are not secured by
7 real or tangible personal property are from sources in
8 this State if the proceeds of the loan are to be
9 applied in this State. If it cannot be determined where
10 the funds are to be applied, the income and receipts
11 are from sources in this State if the office of the
12 borrower from which the loan was negotiated in the
13 regular course of business is located in this State. If
14 the location of this office cannot be determined, the
15 income and receipts shall be excluded from the
16 numerator and denominator of the sales factor.

17 (v) Interest income, fees, gains on disposition,
18 service charges, merchant discount income, and other
19 receipts from credit card receivables are from sources
20 in this State if the card charges are regularly billed
21 to a customer in this State.

22 (vi) Receipts from the performance of services,
23 including, but not limited to, fiduciary, advisory,
24 and brokerage services, are in this State if the
25 services are received in this State within the meaning
26 of subparagraph (a) (3) (C-5) (iv) of this Section.

1 (vii) Receipts from the issuance of travelers
2 checks and money orders are from sources in this State
3 if the checks and money orders are issued from a
4 location within this State.

5 (viii) Receipts from investment assets and
6 activities and trading assets and activities are
7 included in the receipts factor as follows:

8 (1) Interest, dividends, net gains (but not
9 less than zero) and other income from investment
10 assets and activities from trading assets and
11 activities shall be included in the receipts
12 factor. Investment assets and activities and
13 trading assets and activities include but are not
14 limited to: investment securities; trading account
15 assets; federal funds; securities purchased and
16 sold under agreements to resell or repurchase;
17 options; futures contracts; forward contracts;
18 notional principal contracts such as swaps;
19 equities; and foreign currency transactions. With
20 respect to the investment and trading assets and
21 activities described in subparagraphs (A) and (B)
22 of this paragraph, the receipts factor shall
23 include the amounts described in such
24 subparagraphs.

25 (A) The receipts factor shall include the
26 amount by which interest from federal funds

1 sold and securities purchased under resale
2 agreements exceeds interest expense on federal
3 funds purchased and securities sold under
4 repurchase agreements.

5 (B) The receipts factor shall include the
6 amount by which interest, dividends, gains and
7 other income from trading assets and
8 activities, including but not limited to
9 assets and activities in the matched book, in
10 the arbitrage book, and foreign currency
11 transactions, exceed amounts paid in lieu of
12 interest, amounts paid in lieu of dividends,
13 and losses from such assets and activities.

14 (2) The numerator of the receipts factor
15 includes interest, dividends, net gains (but not
16 less than zero), and other income from investment
17 assets and activities and from trading assets and
18 activities described in paragraph (1) of this
19 subsection that are attributable to this State.

20 (A) The amount of interest, dividends, net
21 gains (but not less than zero), and other
22 income from investment assets and activities
23 in the investment account to be attributed to
24 this State and included in the numerator is
25 determined by multiplying all such income from
26 such assets and activities by a fraction, the

1 numerator of which is the gross income from
2 such assets and activities which are properly
3 assigned to a fixed place of business of the
4 taxpayer within this State and the denominator
5 of which is the gross income from all such
6 assets and activities.

7 (B) The amount of interest from federal
8 funds sold and purchased and from securities
9 purchased under resale agreements and
10 securities sold under repurchase agreements
11 attributable to this State and included in the
12 numerator is determined by multiplying the
13 amount described in subparagraph (A) of
14 paragraph (1) of this subsection from such
15 funds and such securities by a fraction, the
16 numerator of which is the gross income from
17 such funds and such securities which are
18 properly assigned to a fixed place of business
19 of the taxpayer within this State and the
20 denominator of which is the gross income from
21 all such funds and such securities.

22 (C) The amount of interest, dividends,
23 gains, and other income from trading assets and
24 activities, including but not limited to
25 assets and activities in the matched book, in
26 the arbitrage book and foreign currency

1 transactions (but excluding amounts described
2 in subparagraphs (A) or (B) of this paragraph),
3 attributable to this State and included in the
4 numerator is determined by multiplying the
5 amount described in subparagraph (B) of
6 paragraph (1) of this subsection by a fraction,
7 the numerator of which is the gross income from
8 such trading assets and activities which are
9 properly assigned to a fixed place of business
10 of the taxpayer within this State and the
11 denominator of which is the gross income from
12 all such assets and activities.

13 (D) Properly assigned, for purposes of
14 this paragraph (2) of this subsection, means
15 the investment or trading asset or activity is
16 assigned to the fixed place of business with
17 which it has a preponderance of substantive
18 contacts. An investment or trading asset or
19 activity assigned by the taxpayer to a fixed
20 place of business without the State shall be
21 presumed to have been properly assigned if:

22 (i) the taxpayer has assigned, in the
23 regular course of its business, such asset
24 or activity on its records to a fixed place
25 of business consistent with federal or
26 state regulatory requirements;

1 (ii) such assignment on its records is
2 based upon substantive contacts of the
3 asset or activity to such fixed place of
4 business; and

5 (iii) the taxpayer uses such records
6 reflecting assignment of such assets or
7 activities for the filing of all state and
8 local tax returns for which an assignment
9 of such assets or activities to a fixed
10 place of business is required.

11 (E) The presumption of proper assignment
12 of an investment or trading asset or activity
13 provided in subparagraph (D) of paragraph (2)
14 of this subsection may be rebutted upon a
15 showing by the Department, supported by a
16 preponderance of the evidence, that the
17 preponderance of substantive contacts
18 regarding such asset or activity did not occur
19 at the fixed place of business to which it was
20 assigned on the taxpayer's records. If the
21 fixed place of business that has a
22 preponderance of substantive contacts cannot
23 be determined for an investment or trading
24 asset or activity to which the presumption in
25 subparagraph (D) of paragraph (2) of this
26 subsection does not apply or with respect to

1 which that presumption has been rebutted, that
2 asset or activity is properly assigned to the
3 state in which the taxpayer's commercial
4 domicile is located. For purposes of this
5 subparagraph (E), it shall be presumed,
6 subject to rebuttal, that taxpayer's
7 commercial domicile is in the state of the
8 United States or the District of Columbia to
9 which the greatest number of employees are
10 regularly connected with the management of the
11 investment or trading income or out of which
12 they are working, irrespective of where the
13 services of such employees are performed, as of
14 the last day of the taxable year.

15 (4) (Blank).

16 (5) (Blank).

17 (c-1) Federally regulated exchanges. For taxable years
18 ending on or after December 31, 2012, business income of a
19 federally regulated exchange shall, at the option of the
20 federally regulated exchange, be apportioned to this State by
21 multiplying such income by a fraction, the numerator of which
22 is its business income from sources within this State, and the
23 denominator of which is its business income from all sources.
24 For purposes of this subsection, the business income within
25 this State of a federally regulated exchange is the sum of the
26 following:

1 (1) Receipts attributable to transactions executed on
2 a physical trading floor if that physical trading floor is
3 located in this State.

4 (2) Receipts attributable to all other matching,
5 execution, or clearing transactions, including without
6 limitation receipts from the provision of matching,
7 execution, or clearing services to another entity,
8 multiplied by (i) for taxable years ending on or after
9 December 31, 2012 but before December 31, 2013, 63.77%; and
10 (ii) for taxable years ending on or after December 31,
11 2013, 27.54%.

12 (3) All other receipts not governed by subparagraphs
13 (1) or (2) of this subsection (c-1), to the extent the
14 receipts would be characterized as "sales in this State"
15 under item (3) of subsection (a) of this Section.

16 "Federally regulated exchange" means (i) a "registered
17 entity" within the meaning of 7 U.S.C. Section 1a(40)(A), (B),
18 or (C), (ii) an "exchange" or "clearing agency" within the
19 meaning of 15 U.S.C. Section 78c (a)(1) or (23), (iii) any such
20 entities regulated under any successor regulatory structure to
21 the foregoing, and (iv) all taxpayers who are members of the
22 same unitary business group as a federally regulated exchange,
23 determined without regard to the prohibition in Section
24 1501(a)(27) of this Act against including in a unitary business
25 group taxpayers who are ordinarily required to apportion
26 business income under different subsections of this Section;

1 provided that this subparagraph (iv) shall apply only if 50% or
2 more of the business receipts of the unitary business group
3 determined by application of this subparagraph (iv) for the
4 taxable year are attributable to the matching, execution, or
5 clearing of transactions conducted by an entity described in
6 subparagraph (i), (ii), or (iii) of this paragraph.

7 In no event shall the Illinois apportionment percentage
8 computed in accordance with this subsection (c-1) for any
9 taxpayer for any tax year be less than the Illinois
10 apportionment percentage computed under this subsection (c-1)
11 for that taxpayer for the first full tax year ending on or
12 after December 31, 2013 for which this subsection (c-1) applied
13 to the taxpayer.

14 (d) Transportation services. For taxable years ending
15 before December 31, 2008, business income derived from
16 furnishing transportation services shall be apportioned to
17 this State in accordance with paragraphs (1) and (2):

18 (1) Such business income (other than that derived from
19 transportation by pipeline) shall be apportioned to this
20 State by multiplying such income by a fraction, the
21 numerator of which is the revenue miles of the person in
22 this State, and the denominator of which is the revenue
23 miles of the person everywhere. For purposes of this
24 paragraph, a revenue mile is the transportation of 1
25 passenger or 1 net ton of freight the distance of 1 mile
26 for a consideration. Where a person is engaged in the

1 transportation of both passengers and freight, the
2 fraction above referred to shall be determined by means of
3 an average of the passenger revenue mile fraction and the
4 freight revenue mile fraction, weighted to reflect the
5 person's

6 (A) relative railway operating income from total
7 passenger and total freight service, as reported to the
8 Interstate Commerce Commission, in the case of
9 transportation by railroad, and

10 (B) relative gross receipts from passenger and
11 freight transportation, in case of transportation
12 other than by railroad.

13 (2) Such business income derived from transportation
14 by pipeline shall be apportioned to this State by
15 multiplying such income by a fraction, the numerator of
16 which is the revenue miles of the person in this State, and
17 the denominator of which is the revenue miles of the person
18 everywhere. For the purposes of this paragraph, a revenue
19 mile is the transportation by pipeline of 1 barrel of oil,
20 1,000 cubic feet of gas, or of any specified quantity of
21 any other substance, the distance of 1 mile for a
22 consideration.

23 (3) For taxable years ending on or after December 31,
24 2008, business income derived from providing
25 transportation services other than airline services shall
26 be apportioned to this State by using a fraction, (a) the

1 numerator of which shall be (i) all receipts from any
2 movement or shipment of people, goods, mail, oil, gas, or
3 any other substance (other than by airline) that both
4 originates and terminates in this State, plus (ii) that
5 portion of the person's gross receipts from movements or
6 shipments of people, goods, mail, oil, gas, or any other
7 substance (other than by airline) that originates in one
8 state or jurisdiction and terminates in another state or
9 jurisdiction, that is determined by the ratio that the
10 miles traveled in this State bears to total miles
11 everywhere and (b) the denominator of which shall be all
12 revenue derived from the movement or shipment of people,
13 goods, mail, oil, gas, or any other substance (other than
14 by airline). Where a taxpayer is engaged in the
15 transportation of both passengers and freight, the
16 fraction above referred to shall first be determined
17 separately for passenger miles and freight miles. Then an
18 average of the passenger miles fraction and the freight
19 miles fraction shall be weighted to reflect the taxpayer's:

20 (A) relative railway operating income from total
21 passenger and total freight service, as reported to the
22 Surface Transportation Board, in the case of
23 transportation by railroad; and

24 (B) relative gross receipts from passenger and
25 freight transportation, in case of transportation
26 other than by railroad.

1 (4) For taxable years ending on or after December 31,
2 2008, business income derived from furnishing airline
3 transportation services shall be apportioned to this State
4 by multiplying such income by a fraction, the numerator of
5 which is the revenue miles of the person in this State, and
6 the denominator of which is the revenue miles of the person
7 everywhere. For purposes of this paragraph, a revenue mile
8 is the transportation of one passenger or one net ton of
9 freight the distance of one mile for a consideration. If a
10 person is engaged in the transportation of both passengers
11 and freight, the fraction above referred to shall be
12 determined by means of an average of the passenger revenue
13 mile fraction and the freight revenue mile fraction,
14 weighted to reflect the person's relative gross receipts
15 from passenger and freight airline transportation.

16 (e) Combined apportionment. Where 2 or more persons are
17 engaged in a unitary business as described in subsection
18 (a)(27) of Section 1501, a part of which is conducted in this
19 State by one or more members of the group, the business income
20 attributable to this State by any such member or members shall
21 be apportioned by means of the combined apportionment method.

22 (f) Alternative allocation. If the allocation and
23 apportionment provisions of subsections (a) through (e) and of
24 subsection (h) do not fairly represent the extent of a person's
25 business activity in this State, the person may petition for,
26 or the Director may, without a petition, permit or require, in

1 respect of all or any part of the person's business activity,
2 if reasonable:

3 (1) Separate accounting;

4 (2) The exclusion of any one or more factors;

5 (3) The inclusion of one or more additional factors
6 which will fairly represent the person's business
7 activities in this State; or

8 (4) The employment of any other method to effectuate an
9 equitable allocation and apportionment of the person's
10 business income.

11 (g) Cross reference. For allocation of business income by
12 residents, see Section 301(a).

13 (h) For tax years ending on or after December 31, 1998, the
14 apportionment factor of persons who apportion their business
15 income to this State under subsection (a) shall be equal to:

16 (1) for tax years ending on or after December 31, 1998
17 and before December 31, 1999, $16 \frac{2}{3}\%$ of the property
18 factor plus $16 \frac{2}{3}\%$ of the payroll factor plus $66 \frac{2}{3}\%$ of
19 the sales factor;

20 (2) for tax years ending on or after December 31, 1999
21 and before December 31, 2000, $8 \frac{1}{3}\%$ of the property factor
22 plus $8 \frac{1}{3}\%$ of the payroll factor plus $83 \frac{1}{3}\%$ of the sales
23 factor;

24 (3) for tax years ending on or after December 31, 2000,
25 the sales factor.

26 If, in any tax year ending on or after December 31, 1998 and

1 before December 31, 2000, the denominator of the payroll,
2 property, or sales factor is zero, the apportionment factor
3 computed in paragraph (1) or (2) of this subsection for that
4 year shall be divided by an amount equal to 100% minus the
5 percentage weight given to each factor whose denominator is
6 equal to zero.

7 (Source: P.A. 96-763, eff. 8-25-09; 97-507, eff. 8-23-11;
8 97-636, eff. 6-1-12.)

9 (35 ILCS 5/701) (from Ch. 120, par. 7-701)

10 Sec. 701. Requirement and Amount of Withholding.

11 (a) In General. Every employer maintaining an office or
12 transacting business within this State and required under the
13 provisions of the Internal Revenue Code to withhold a tax on:

14 (1) compensation paid in this State (as determined
15 under Section 304(a)(2)(B) to an individual; or

16 (2) payments described in subsection (b) shall deduct
17 and withhold from such compensation for each payroll period
18 (as defined in Section 3401 of the Internal Revenue Code)
19 an amount equal to the amount by which such individual's
20 compensation exceeds the proportionate part of this
21 withholding exemption (computed as provided in Section
22 702) attributable to the payroll period for which such
23 compensation is payable multiplied by a percentage equal to
24 the percentage tax rate for individuals provided in
25 subsection (b) of Section 201.

1 (b) Payment to Residents. Any payment (including
2 compensation, but not including a payment from which
3 withholding is required under Section 710 of this Act) to a
4 resident by a payor maintaining an office or transacting
5 business within this State (including any agency, officer, or
6 employee of this State or of any political subdivision of this
7 State) and on which withholding of tax is required under the
8 provisions of the Internal Revenue Code shall be deemed to be
9 compensation paid in this State by an employer to an employee
10 for the purposes of Article 7 and Section 601(b)(1) to the
11 extent such payment is included in the recipient's base income
12 and not subjected to withholding by another state.
13 Notwithstanding any other provision to the contrary, no amount
14 shall be withheld from unemployment insurance benefit payments
15 made to an individual pursuant to the Unemployment Insurance
16 Act unless the individual has voluntarily elected the
17 withholding pursuant to rules promulgated by the Director of
18 Employment Security.

19 (c) Special Definitions. Withholding shall be considered
20 required under the provisions of the Internal Revenue Code to
21 the extent the Internal Revenue Code either requires
22 withholding or allows for voluntary withholding the payor and
23 recipient have entered into such a voluntary withholding
24 agreement. For the purposes of Article 7 and Section 1002(c)
25 the term "employer" includes any payor who is required to
26 withhold tax pursuant to this Section.

1 (d) Reciprocal Exemption. The Director may enter into an
2 agreement with the taxing authorities of any state which
3 imposes a tax on or measured by income to provide that
4 compensation paid in such state to residents of this State
5 shall be exempt from withholding of such tax; in such case, any
6 compensation paid in this State to residents of such state
7 shall be exempt from withholding. All reciprocal agreements
8 shall be subject to the requirements of Section 2505-575 of the
9 Department of Revenue Law (20 ILCS 2505/2505-575).

10 (e) Notwithstanding subsection (a)(2) of this Section, no
11 withholding is required on payments for which withholding is
12 required under Section 3405 or 3406 of the Internal Revenue
13 Code.

14 (Source: P.A. 97-507, eff. 8-23-11.)

15 (35 ILCS 5/710) (from Ch. 120, par. 7-710)

16 Sec. 710. Withholding from lottery winnings. (a) In
17 General.

18 (1) Any person making a payment to a resident or
19 nonresident of winnings under the Illinois Lottery Law and
20 not required to withhold Illinois income tax from such
21 payment under Subsection (b) of Section 701 of this Act
22 because those winnings are not subject to Federal income
23 tax withholding, must withhold Illinois income tax from
24 such payment at a rate equal to the percentage tax rate for
25 individuals provided in subsection (b) of Section 201,

1 provided that withholding is not required if such payment
2 of winnings is less than \$1,000.

3 (2) In the case of an assignment of a lottery prize
4 under Section 13.1 of the Illinois Lottery Law, any person
5 making a payment of the purchase price after December 31,
6 2013, shall withhold from the amount of each payment at a
7 rate equal to the percentage tax rate for individuals
8 provided in subsection (b) of Section 201.

9 (b) Credit for taxes withheld. Any amount withheld under
10 Subsection (a) shall be a credit against the Illinois income
11 tax liability of the person to whom the payment of winnings was
12 made for the taxable year in which that person incurred an
13 Illinois income tax liability with respect to those winnings.

14 (Source: P.A. 85-731.)

15 (35 ILCS 5/905) (from Ch. 120, par. 9-905)

16 Sec. 905. Limitations on Notices of Deficiency.

17 (a) In general. Except as otherwise provided in this Act:

18 (1) A notice of deficiency shall be issued not later
19 than 3 years after the date the return was filed, and

20 (2) No deficiency shall be assessed or collected with
21 respect to the year for which the return was filed unless
22 such notice is issued within such period.

23 (b) Substantial omission of items.

24 (1) Omission of more than 25% of income. If the
25 taxpayer omits from base income an amount properly

1 includible therein which is in excess of 25% of the amount
2 of base income stated in the return, a notice of deficiency
3 may be issued not later than 6 years after the return was
4 filed. For purposes of this paragraph, there shall not be
5 taken into account any amount which is omitted in the
6 return if such amount is disclosed in the return, or in a
7 statement attached to the return, in a manner adequate to
8 apprise the Department of the nature and the amount of such
9 item.

10 (2) Reportable transactions. If a taxpayer fails to
11 include on any return or statement for any taxable year any
12 information with respect to a reportable transaction, as
13 required under Section 501(b) of this Act, a notice of
14 deficiency may be issued not later than 6 years after the
15 return is filed with respect to the taxable year in which
16 the taxpayer participated in the reportable transaction
17 and said deficiency is limited to the non-disclosed item.

18 (3) Withholding. If an employer omits from a return
19 required under Section 704A of this Act for any period
20 beginning on or after January 1, 2013, an amount required
21 to be withheld and to be reported on that return which is
22 in excess of 25% of the total amount of withholding
23 required to be reported on that return, a notice of
24 deficiency may be issued not later than 6 years after the
25 return was filed.

26 (c) No return or fraudulent return. If no return is filed

1 or a false and fraudulent return is filed with intent to evade
2 the tax imposed by this Act, a notice of deficiency may be
3 issued at any time. For purposes of this subsection (c), any
4 taxpayer who is required to join in the filing of a return
5 filed under the provisions of subsection (e) of Section 502 of
6 this Act for a taxable year ending on or after December 31,
7 2013 and who is not included on that return and does not file
8 its own return for that taxable year shall be deemed to have
9 failed to file a return; provided that the amount of any
10 proposed assessment set forth in a notice of deficiency issued
11 under this subsection (c) shall be limited to the amount of any
12 increase in liability under this Act that should have reported
13 on the return required under the provisions of subsection (e)
14 of Section 502 of this Act for that taxable year resulting from
15 proper inclusion of that taxpayer on that return.

16 (d) Failure to report federal change. If a taxpayer fails
17 to notify the Department in any case where notification is
18 required by Section 304(c) or 506(b), or fails to report a
19 change or correction which is treated in the same manner as if
20 it were a deficiency for federal income tax purposes, a notice
21 of deficiency may be issued (i) at any time or (ii) on or after
22 August 13, 1999, at any time for the taxable year for which the
23 notification is required or for any taxable year to which the
24 taxpayer may carry an Article 2 credit, or a Section 207 loss,
25 earned, incurred, or used in the year for which the
26 notification is required; provided, however, that the amount of

1 any proposed assessment set forth in the notice shall be
2 limited to the amount of any deficiency resulting under this
3 Act from the recomputation of the taxpayer's net income,
4 Article 2 credits, or Section 207 loss earned, incurred, or
5 used in the taxable year for which the notification is required
6 after giving effect to the item or items required to be
7 reported.

8 (e) Report of federal change.

9 (1) Before August 13, 1999, in any case where
10 notification of an alteration is given as required by
11 Section 506(b), a notice of deficiency may be issued at any
12 time within 2 years after the date such notification is
13 given, provided, however, that the amount of any proposed
14 assessment set forth in such notice shall be limited to the
15 amount of any deficiency resulting under this Act from
16 recomputation of the taxpayer's net income, net loss, or
17 Article 2 credits for the taxable year after giving effect
18 to the item or items reflected in the reported alteration.

19 (2) On and after August 13, 1999, in any case where
20 notification of an alteration is given as required by
21 Section 506(b), a notice of deficiency may be issued at any
22 time within 2 years after the date such notification is
23 given for the taxable year for which the notification is
24 given or for any taxable year to which the taxpayer may
25 carry an Article 2 credit, or a Section 207 loss, earned,
26 incurred, or used in the year for which the notification is

1 given, provided, however, that the amount of any proposed
2 assessment set forth in such notice shall be limited to the
3 amount of any deficiency resulting under this Act from
4 recomputation of the taxpayer's net income, Article 2
5 credits, or Section 207 loss earned, incurred, or used in
6 the taxable year for which the notification is given after
7 giving effect to the item or items reflected in the
8 reported alteration.

9 (f) Extension by agreement. Where, before the expiration of
10 the time prescribed in this Section for the issuance of a
11 notice of deficiency, both the Department and the taxpayer
12 shall have consented in writing to its issuance after such
13 time, such notice may be issued at any time prior to the
14 expiration of the period agreed upon. In the case of a taxpayer
15 who is a partnership, Subchapter S corporation, or trust and
16 who enters into an agreement with the Department pursuant to
17 this subsection on or after January 1, 2003, a notice of
18 deficiency may be issued to the partners, shareholders, or
19 beneficiaries of the taxpayer at any time prior to the
20 expiration of the period agreed upon. Any proposed assessment
21 set forth in the notice, however, shall be limited to the
22 amount of any deficiency resulting under this Act from
23 recomputation of items of income, deduction, credits, or other
24 amounts of the taxpayer that are taken into account by the
25 partner, shareholder, or beneficiary in computing its
26 liability under this Act. The period so agreed upon may be

1 extended by subsequent agreements in writing made before the
2 expiration of the period previously agreed upon.

3 (g) Erroneous refunds. In any case in which there has been
4 an erroneous refund of tax payable under this Act, a notice of
5 deficiency may be issued at any time within 2 years from the
6 making of such refund, or within 5 years from the making of
7 such refund if it appears that any part of the refund was
8 induced by fraud or the misrepresentation of a material fact,
9 provided, however, that the amount of any proposed assessment
10 set forth in such notice shall be limited to the amount of such
11 erroneous refund.

12 Beginning July 1, 1993, in any case in which there has been
13 a refund of tax payable under this Act attributable to a net
14 loss carryback as provided for in Section 207, and that refund
15 is subsequently determined to be an erroneous refund due to a
16 reduction in the amount of the net loss which was originally
17 carried back, a notice of deficiency for the erroneous refund
18 amount may be issued at any time during the same time period in
19 which a notice of deficiency can be issued on the loss year
20 creating the carryback amount and subsequent erroneous refund.
21 The amount of any proposed assessment set forth in the notice
22 shall be limited to the amount of such erroneous refund.

23 (h) Time return deemed filed. For purposes of this Section
24 a tax return filed before the last day prescribed by law
25 (including any extension thereof) shall be deemed to have been
26 filed on such last day.

1 (i) Request for prompt determination of liability. For
2 purposes of subsection (a)(1), in the case of a tax return
3 required under this Act in respect of a decedent, or by his
4 estate during the period of administration, or by a
5 corporation, the period referred to in such Subsection shall be
6 18 months after a written request for prompt determination of
7 liability is filed with the Department (at such time and in
8 such form and manner as the Department shall by regulations
9 prescribe) by the executor, administrator, or other fiduciary
10 representing the estate of such decedent, or by such
11 corporation, but not more than 3 years after the date the
12 return was filed. This subsection shall not apply in the case
13 of a corporation unless:

14 (1) (A) such written request notifies the Department
15 that the corporation contemplates dissolution at or before
16 the expiration of such 18-month period, (B) the dissolution
17 is begun in good faith before the expiration of such
18 18-month period, and (C) the dissolution is completed;

19 (2) (A) such written request notifies the Department
20 that a dissolution has in good faith been begun, and (B)
21 the dissolution is completed; or

22 (3) a dissolution has been completed at the time such
23 written request is made.

24 (j) Withholding tax. In the case of returns required under
25 Article 7 of this Act (with respect to any amounts withheld as
26 tax or any amounts required to have been withheld as tax) a

1 notice of deficiency shall be issued not later than 3 years
2 after the 15th day of the 4th month following the close of the
3 calendar year in which such withholding was required.

4 (k) Penalties for failure to make information reports. A
5 notice of deficiency for the penalties provided by Subsection
6 1405.1(c) of this Act may not be issued more than 3 years after
7 the due date of the reports with respect to which the penalties
8 are asserted.

9 (l) Penalty for failure to file withholding returns. A
10 notice of deficiency for penalties provided by Section 1004 of
11 this Act for taxpayer's failure to file withholding returns may
12 not be issued more than three years after the 15th day of the
13 4th month following the close of the calendar year in which the
14 withholding giving rise to taxpayer's obligation to file those
15 returns occurred.

16 (m) Transferee liability. A notice of deficiency may be
17 issued to a transferee relative to a liability asserted under
18 Section 1405 during time periods defined as follows:

19 1) Initial Transferee. In the case of the liability of
20 an initial transferee, up to 2 years after the expiration
21 of the period of limitation for assessment against the
22 transferor, except that if a court proceeding for review of
23 the assessment against the transferor has begun, then up to
24 2 years after the return of the certified copy of the
25 judgment in the court proceeding.

26 2) Transferee of Transferee. In the case of the

1 liability of a transferee, up to 2 years after the
2 expiration of the period of limitation for assessment
3 against the preceding transferee, but not more than 3 years
4 after the expiration of the period of limitation for
5 assessment against the initial transferor; except that if,
6 before the expiration of the period of limitation for the
7 assessment of the liability of the transferee, a court
8 proceeding for the collection of the tax or liability in
9 respect thereof has been begun against the initial
10 transferor or the last preceding transferee, as the case
11 may be, then the period of limitation for assessment of the
12 liability of the transferee shall expire 2 years after the
13 return of the certified copy of the judgment in the court
14 proceeding.

15 (n) Notice of decrease in net loss. On and after August 23,
16 2002, no notice of deficiency shall be issued as the result of
17 a decrease determined by the Department in the net loss
18 incurred by a taxpayer in any taxable year ending prior to
19 December 31, 2002 under Section 207 of this Act unless the
20 Department has notified the taxpayer of the proposed decrease
21 within 3 years after the return reporting the loss was filed or
22 within one year after an amended return reporting an increase
23 in the loss was filed, provided that in the case of an amended
24 return, a decrease proposed by the Department more than 3 years
25 after the original return was filed may not exceed the increase
26 claimed by the taxpayer on the original return.

1 (Source: P.A. 93-840, eff. 7-30-04; 94-836, eff. 6-6-06.)

2 Section 25. The Use Tax Act is amended by changing Section
3 9 as follows:

4 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

5 Sec. 9. Except as to motor vehicles, watercraft, aircraft,
6 and trailers that are required to be registered with an agency
7 of this State, each retailer required or authorized to collect
8 the tax imposed by this Act shall pay to the Department the
9 amount of such tax (except as otherwise provided) at the time
10 when he is required to file his return for the period during
11 which such tax was collected, less a discount of 2.1% prior to
12 January 1, 1990, and 1.75% on and after January 1, 1990, or \$5
13 per calendar year, whichever is greater, which is allowed to
14 reimburse the retailer for expenses incurred in collecting the
15 tax, keeping records, preparing and filing returns, remitting
16 the tax and supplying data to the Department on request. In the
17 case of retailers who report and pay the tax on a transaction
18 by transaction basis, as provided in this Section, such
19 discount shall be taken with each such tax remittance instead
20 of when such retailer files his periodic return. No discount
21 shall be allowed for retailers that do not possess a valid
22 certificate of registration at the time the sale or sales are
23 made upon which the discount is taken. A retailer need not
24 remit that part of any tax collected by him to the extent that

1 he is required to remit and does remit the tax imposed by the
2 Retailers' Occupation Tax Act, with respect to the sale of the
3 same property.

4 Where such tangible personal property is sold under a
5 conditional sales contract, or under any other form of sale
6 wherein the payment of the principal sum, or a part thereof, is
7 extended beyond the close of the period for which the return is
8 filed, the retailer, in collecting the tax (except as to motor
9 vehicles, watercraft, aircraft, and trailers that are required
10 to be registered with an agency of this State), may collect for
11 each tax return period, only the tax applicable to that part of
12 the selling price actually received during such tax return
13 period.

14 Except as provided in this Section, on or before the
15 twentieth day of each calendar month, such retailer shall file
16 a return for the preceding calendar month. Such return shall be
17 filed on forms prescribed by the Department and shall furnish
18 such information as the Department may reasonably require.

19 The Department may require returns to be filed on a
20 quarterly basis. If so required, a return for each calendar
21 quarter shall be filed on or before the twentieth day of the
22 calendar month following the end of such calendar quarter. The
23 taxpayer shall also file a return with the Department for each
24 of the first two months of each calendar quarter, on or before
25 the twentieth day of the following calendar month, stating:

26 1. The name of the seller;

1 2. The address of the principal place of business from
2 which he engages in the business of selling tangible
3 personal property at retail in this State;

4 3. The total amount of taxable receipts received by him
5 during the preceding calendar month from sales of tangible
6 personal property by him during such preceding calendar
7 month, including receipts from charge and time sales, but
8 less all deductions allowed by law;

9 4. The amount of credit provided in Section 2d of this
10 Act;

11 5. The amount of tax due;

12 5-5. The signature of the taxpayer; and

13 6. Such other reasonable information as the Department
14 may require.

15 If a taxpayer fails to sign a return within 30 days after
16 the proper notice and demand for signature by the Department,
17 the return shall be considered valid and any amount shown to be
18 due on the return shall be deemed assessed.

19 Beginning October 1, 1993, a taxpayer who has an average
20 monthly tax liability of \$150,000 or more shall make all
21 payments required by rules of the Department by electronic
22 funds transfer. Beginning October 1, 1994, a taxpayer who has
23 an average monthly tax liability of \$100,000 or more shall make
24 all payments required by rules of the Department by electronic
25 funds transfer. Beginning October 1, 1995, a taxpayer who has
26 an average monthly tax liability of \$50,000 or more shall make

1 all payments required by rules of the Department by electronic
2 funds transfer. Beginning October 1, 2000, a taxpayer who has
3 an annual tax liability of \$200,000 or more shall make all
4 payments required by rules of the Department by electronic
5 funds transfer. The term "annual tax liability" shall be the
6 sum of the taxpayer's liabilities under this Act, and under all
7 other State and local occupation and use tax laws administered
8 by the Department, for the immediately preceding calendar year.
9 The term "average monthly tax liability" means the sum of the
10 taxpayer's liabilities under this Act, and under all other
11 State and local occupation and use tax laws administered by the
12 Department, for the immediately preceding calendar year
13 divided by 12. Beginning on October 1, 2002, a taxpayer who has
14 a tax liability in the amount set forth in subsection (b) of
15 Section 2505-210 of the Department of Revenue Law shall make
16 all payments required by rules of the Department by electronic
17 funds transfer.

18 Before August 1 of each year beginning in 1993, the
19 Department shall notify all taxpayers required to make payments
20 by electronic funds transfer. All taxpayers required to make
21 payments by electronic funds transfer shall make those payments
22 for a minimum of one year beginning on October 1.

23 Any taxpayer not required to make payments by electronic
24 funds transfer may make payments by electronic funds transfer
25 with the permission of the Department.

26 All taxpayers required to make payment by electronic funds

1 transfer and any taxpayers authorized to voluntarily make
2 payments by electronic funds transfer shall make those payments
3 in the manner authorized by the Department.

4 The Department shall adopt such rules as are necessary to
5 effectuate a program of electronic funds transfer and the
6 requirements of this Section.

7 Before October 1, 2000, if the taxpayer's average monthly
8 tax liability to the Department under this Act, the Retailers'
9 Occupation Tax Act, the Service Occupation Tax Act, the Service
10 Use Tax Act was \$10,000 or more during the preceding 4 complete
11 calendar quarters, he shall file a return with the Department
12 each month by the 20th day of the month next following the
13 month during which such tax liability is incurred and shall
14 make payments to the Department on or before the 7th, 15th,
15 22nd and last day of the month during which such liability is
16 incurred. On and after October 1, 2000, if the taxpayer's
17 average monthly tax liability to the Department under this Act,
18 the Retailers' Occupation Tax Act, the Service Occupation Tax
19 Act, and the Service Use Tax Act was \$20,000 or more during the
20 preceding 4 complete calendar quarters, he shall file a return
21 with the Department each month by the 20th day of the month
22 next following the month during which such tax liability is
23 incurred and shall make payment to the Department on or before
24 the 7th, 15th, 22nd and last day of the month during which such
25 liability is incurred. If the month during which such tax
26 liability is incurred began prior to January 1, 1985, each

1 payment shall be in an amount equal to 1/4 of the taxpayer's
2 actual liability for the month or an amount set by the
3 Department not to exceed 1/4 of the average monthly liability
4 of the taxpayer to the Department for the preceding 4 complete
5 calendar quarters (excluding the month of highest liability and
6 the month of lowest liability in such 4 quarter period). If the
7 month during which such tax liability is incurred begins on or
8 after January 1, 1985, and prior to January 1, 1987, each
9 payment shall be in an amount equal to 22.5% of the taxpayer's
10 actual liability for the month or 27.5% of the taxpayer's
11 liability for the same calendar month of the preceding year. If
12 the month during which such tax liability is incurred begins on
13 or after January 1, 1987, and prior to January 1, 1988, each
14 payment shall be in an amount equal to 22.5% of the taxpayer's
15 actual liability for the month or 26.25% of the taxpayer's
16 liability for the same calendar month of the preceding year. If
17 the month during which such tax liability is incurred begins on
18 or after January 1, 1988, and prior to January 1, 1989, or
19 begins on or after January 1, 1996, each payment shall be in an
20 amount equal to 22.5% of the taxpayer's actual liability for
21 the month or 25% of the taxpayer's liability for the same
22 calendar month of the preceding year. If the month during which
23 such tax liability is incurred begins on or after January 1,
24 1989, and prior to January 1, 1996, each payment shall be in an
25 amount equal to 22.5% of the taxpayer's actual liability for
26 the month or 25% of the taxpayer's liability for the same

1 calendar month of the preceding year or 100% of the taxpayer's
2 actual liability for the quarter monthly reporting period. The
3 amount of such quarter monthly payments shall be credited
4 against the final tax liability of the taxpayer's return for
5 that month. Before October 1, 2000, once applicable, the
6 requirement of the making of quarter monthly payments to the
7 Department shall continue until such taxpayer's average
8 monthly liability to the Department during the preceding 4
9 complete calendar quarters (excluding the month of highest
10 liability and the month of lowest liability) is less than
11 \$9,000, or until such taxpayer's average monthly liability to
12 the Department as computed for each calendar quarter of the 4
13 preceding complete calendar quarter period is less than
14 \$10,000. However, if a taxpayer can show the Department that a
15 substantial change in the taxpayer's business has occurred
16 which causes the taxpayer to anticipate that his average
17 monthly tax liability for the reasonably foreseeable future
18 will fall below the \$10,000 threshold stated above, then such
19 taxpayer may petition the Department for change in such
20 taxpayer's reporting status. On and after October 1, 2000, once
21 applicable, the requirement of the making of quarter monthly
22 payments to the Department shall continue until such taxpayer's
23 average monthly liability to the Department during the
24 preceding 4 complete calendar quarters (excluding the month of
25 highest liability and the month of lowest liability) is less
26 than \$19,000 or until such taxpayer's average monthly liability

1 to the Department as computed for each calendar quarter of the
2 4 preceding complete calendar quarter period is less than
3 \$20,000. However, if a taxpayer can show the Department that a
4 substantial change in the taxpayer's business has occurred
5 which causes the taxpayer to anticipate that his average
6 monthly tax liability for the reasonably foreseeable future
7 will fall below the \$20,000 threshold stated above, then such
8 taxpayer may petition the Department for a change in such
9 taxpayer's reporting status. The Department shall change such
10 taxpayer's reporting status unless it finds that such change is
11 seasonal in nature and not likely to be long term. If any such
12 quarter monthly payment is not paid at the time or in the
13 amount required by this Section, then the taxpayer shall be
14 liable for penalties and interest on the difference between the
15 minimum amount due and the amount of such quarter monthly
16 payment actually and timely paid, except insofar as the
17 taxpayer has previously made payments for that month to the
18 Department in excess of the minimum payments previously due as
19 provided in this Section. The Department shall make reasonable
20 rules and regulations to govern the quarter monthly payment
21 amount and quarter monthly payment dates for taxpayers who file
22 on other than a calendar monthly basis.

23 If any such payment provided for in this Section exceeds
24 the taxpayer's liabilities under this Act, the Retailers'
25 Occupation Tax Act, the Service Occupation Tax Act and the
26 Service Use Tax Act, as shown by an original monthly return,

1 the Department shall issue to the taxpayer a credit memorandum
2 no later than 30 days after the date of payment, which
3 memorandum may be submitted by the taxpayer to the Department
4 in payment of tax liability subsequently to be remitted by the
5 taxpayer to the Department or be assigned by the taxpayer to a
6 similar taxpayer under this Act, the Retailers' Occupation Tax
7 Act, the Service Occupation Tax Act or the Service Use Tax Act,
8 in accordance with reasonable rules and regulations to be
9 prescribed by the Department, except that if such excess
10 payment is shown on an original monthly return and is made
11 after December 31, 1986, no credit memorandum shall be issued,
12 unless requested by the taxpayer. If no such request is made,
13 the taxpayer may credit such excess payment against tax
14 liability subsequently to be remitted by the taxpayer to the
15 Department under this Act, the Retailers' Occupation Tax Act,
16 the Service Occupation Tax Act or the Service Use Tax Act, in
17 accordance with reasonable rules and regulations prescribed by
18 the Department. If the Department subsequently determines that
19 all or any part of the credit taken was not actually due to the
20 taxpayer, the taxpayer's 2.1% or 1.75% vendor's discount shall
21 be reduced by 2.1% or 1.75% of the difference between the
22 credit taken and that actually due, and the taxpayer shall be
23 liable for penalties and interest on such difference.

24 If the retailer is otherwise required to file a monthly
25 return and if the retailer's average monthly tax liability to
26 the Department does not exceed \$200, the Department may

1 authorize his returns to be filed on a quarter annual basis,
2 with the return for January, February, and March of a given
3 year being due by April 20 of such year; with the return for
4 April, May and June of a given year being due by July 20 of such
5 year; with the return for July, August and September of a given
6 year being due by October 20 of such year, and with the return
7 for October, November and December of a given year being due by
8 January 20 of the following year.

9 If the retailer is otherwise required to file a monthly or
10 quarterly return and if the retailer's average monthly tax
11 liability to the Department does not exceed \$50, the Department
12 may authorize his returns to be filed on an annual basis, with
13 the return for a given year being due by January 20 of the
14 following year.

15 Such quarter annual and annual returns, as to form and
16 substance, shall be subject to the same requirements as monthly
17 returns.

18 Notwithstanding any other provision in this Act concerning
19 the time within which a retailer may file his return, in the
20 case of any retailer who ceases to engage in a kind of business
21 which makes him responsible for filing returns under this Act,
22 such retailer shall file a final return under this Act with the
23 Department not more than one month after discontinuing such
24 business.

25 In addition, with respect to motor vehicles, watercraft,
26 aircraft, and trailers that are required to be registered with

1 an agency of this State, every retailer selling this kind of
2 tangible personal property shall file, with the Department,
3 upon a form to be prescribed and supplied by the Department, a
4 separate return for each such item of tangible personal
5 property which the retailer sells, except that if, in the same
6 transaction, (i) a retailer of aircraft, watercraft, motor
7 vehicles or trailers transfers more than one aircraft,
8 watercraft, motor vehicle or trailer to another aircraft,
9 watercraft, motor vehicle or trailer retailer for the purpose
10 of resale or (ii) a retailer of aircraft, watercraft, motor
11 vehicles, or trailers transfers more than one aircraft,
12 watercraft, motor vehicle, or trailer to a purchaser for use as
13 a qualifying rolling stock as provided in Section 3-55 of this
14 Act, then that seller may report the transfer of all the
15 aircraft, watercraft, motor vehicles or trailers involved in
16 that transaction to the Department on the same uniform
17 invoice-transaction reporting return form. For purposes of
18 this Section, "watercraft" means a Class 2, Class 3, or Class 4
19 watercraft as defined in Section 3-2 of the Boat Registration
20 and Safety Act, a personal watercraft, or any boat equipped
21 with an inboard motor.

22 The transaction reporting return in the case of motor
23 vehicles or trailers that are required to be registered with an
24 agency of this State, shall be the same document as the Uniform
25 Invoice referred to in Section 5-402 of the Illinois Vehicle
26 Code and must show the name and address of the seller; the name

1 and address of the purchaser; the amount of the selling price
2 including the amount allowed by the retailer for traded-in
3 property, if any; the amount allowed by the retailer for the
4 traded-in tangible personal property, if any, to the extent to
5 which Section 2 of this Act allows an exemption for the value
6 of traded-in property; the balance payable after deducting such
7 trade-in allowance from the total selling price; the amount of
8 tax due from the retailer with respect to such transaction; the
9 amount of tax collected from the purchaser by the retailer on
10 such transaction (or satisfactory evidence that such tax is not
11 due in that particular instance, if that is claimed to be the
12 fact); the place and date of the sale; a sufficient
13 identification of the property sold; such other information as
14 is required in Section 5-402 of the Illinois Vehicle Code, and
15 such other information as the Department may reasonably
16 require.

17 The transaction reporting return in the case of watercraft
18 and aircraft must show the name and address of the seller; the
19 name and address of the purchaser; the amount of the selling
20 price including the amount allowed by the retailer for
21 traded-in property, if any; the amount allowed by the retailer
22 for the traded-in tangible personal property, if any, to the
23 extent to which Section 2 of this Act allows an exemption for
24 the value of traded-in property; the balance payable after
25 deducting such trade-in allowance from the total selling price;
26 the amount of tax due from the retailer with respect to such

1 transaction; the amount of tax collected from the purchaser by
2 the retailer on such transaction (or satisfactory evidence that
3 such tax is not due in that particular instance, if that is
4 claimed to be the fact); the place and date of the sale, a
5 sufficient identification of the property sold, and such other
6 information as the Department may reasonably require.

7 Such transaction reporting return shall be filed not later
8 than 20 days after the date of delivery of the item that is
9 being sold, but may be filed by the retailer at any time sooner
10 than that if he chooses to do so. The transaction reporting
11 return and tax remittance or proof of exemption from the tax
12 that is imposed by this Act may be transmitted to the
13 Department by way of the State agency with which, or State
14 officer with whom, the tangible personal property must be
15 titled or registered (if titling or registration is required)
16 if the Department and such agency or State officer determine
17 that this procedure will expedite the processing of
18 applications for title or registration.

19 With each such transaction reporting return, the retailer
20 shall remit the proper amount of tax due (or shall submit
21 satisfactory evidence that the sale is not taxable if that is
22 the case), to the Department or its agents, whereupon the
23 Department shall issue, in the purchaser's name, a tax receipt
24 (or a certificate of exemption if the Department is satisfied
25 that the particular sale is tax exempt) which such purchaser
26 may submit to the agency with which, or State officer with

1 whom, he must title or register the tangible personal property
2 that is involved (if titling or registration is required) in
3 support of such purchaser's application for an Illinois
4 certificate or other evidence of title or registration to such
5 tangible personal property.

6 No retailer's failure or refusal to remit tax under this
7 Act precludes a user, who has paid the proper tax to the
8 retailer, from obtaining his certificate of title or other
9 evidence of title or registration (if titling or registration
10 is required) upon satisfying the Department that such user has
11 paid the proper tax (if tax is due) to the retailer. The
12 Department shall adopt appropriate rules to carry out the
13 mandate of this paragraph.

14 If the user who would otherwise pay tax to the retailer
15 wants the transaction reporting return filed and the payment of
16 tax or proof of exemption made to the Department before the
17 retailer is willing to take these actions and such user has not
18 paid the tax to the retailer, such user may certify to the fact
19 of such delay by the retailer, and may (upon the Department
20 being satisfied of the truth of such certification) transmit
21 the information required by the transaction reporting return
22 and the remittance for tax or proof of exemption directly to
23 the Department and obtain his tax receipt or exemption
24 determination, in which event the transaction reporting return
25 and tax remittance (if a tax payment was required) shall be
26 credited by the Department to the proper retailer's account

1 with the Department, but without the 2.1% or 1.75% discount
2 provided for in this Section being allowed. When the user pays
3 the tax directly to the Department, he shall pay the tax in the
4 same amount and in the same form in which it would be remitted
5 if the tax had been remitted to the Department by the retailer.

6 Where a retailer collects the tax with respect to the
7 selling price of tangible personal property which he sells and
8 the purchaser thereafter returns such tangible personal
9 property and the retailer refunds the selling price thereof to
10 the purchaser, such retailer shall also refund, to the
11 purchaser, the tax so collected from the purchaser. When filing
12 his return for the period in which he refunds such tax to the
13 purchaser, the retailer may deduct the amount of the tax so
14 refunded by him to the purchaser from any other use tax which
15 such retailer may be required to pay or remit to the
16 Department, as shown by such return, if the amount of the tax
17 to be deducted was previously remitted to the Department by
18 such retailer. If the retailer has not previously remitted the
19 amount of such tax to the Department, he is entitled to no
20 deduction under this Act upon refunding such tax to the
21 purchaser.

22 Any retailer filing a return under this Section shall also
23 include (for the purpose of paying tax thereon) the total tax
24 covered by such return upon the selling price of tangible
25 personal property purchased by him at retail from a retailer,
26 but as to which the tax imposed by this Act was not collected

1 from the retailer filing such return, and such retailer shall
2 remit the amount of such tax to the Department when filing such
3 return.

4 If experience indicates such action to be practicable, the
5 Department may prescribe and furnish a combination or joint
6 return which will enable retailers, who are required to file
7 returns hereunder and also under the Retailers' Occupation Tax
8 Act, to furnish all the return information required by both
9 Acts on the one form.

10 Where the retailer has more than one business registered
11 with the Department under separate registration under this Act,
12 such retailer may not file each return that is due as a single
13 return covering all such registered businesses, but shall file
14 separate returns for each such registered business.

15 Beginning January 1, 1990, each month the Department shall
16 pay into the State and Local Sales Tax Reform Fund, a special
17 fund in the State Treasury which is hereby created, the net
18 revenue realized for the preceding month from the 1% tax on
19 sales of food for human consumption which is to be consumed off
20 the premises where it is sold (other than alcoholic beverages,
21 soft drinks and food which has been prepared for immediate
22 consumption) and prescription and nonprescription medicines,
23 drugs, medical appliances and insulin, urine testing
24 materials, syringes and needles used by diabetics.

25 Beginning January 1, 1990, each month the Department shall
26 pay into the County and Mass Transit District Fund 4% of the

1 net revenue realized for the preceding month from the 6.25%
2 general rate on the selling price of tangible personal property
3 which is purchased outside Illinois at retail from a retailer
4 and which is titled or registered by an agency of this State's
5 government.

6 Beginning January 1, 1990, each month the Department shall
7 pay into the State and Local Sales Tax Reform Fund, a special
8 fund in the State Treasury, 20% of the net revenue realized for
9 the preceding month from the 6.25% general rate on the selling
10 price of tangible personal property, other than tangible
11 personal property which is purchased outside Illinois at retail
12 from a retailer and which is titled or registered by an agency
13 of this State's government.

14 Beginning August 1, 2000, each month the Department shall
15 pay into the State and Local Sales Tax Reform Fund 100% of the
16 net revenue realized for the preceding month from the 1.25%
17 rate on the selling price of motor fuel and gasohol. Beginning
18 September 1, 2010, each month the Department shall pay into the
19 State and Local Sales Tax Reform Fund 100% of the net revenue
20 realized for the preceding month from the 1.25% rate on the
21 selling price of sales tax holiday items.

22 Beginning January 1, 1990, each month the Department shall
23 pay into the Local Government Tax Fund 16% of the net revenue
24 realized for the preceding month from the 6.25% general rate on
25 the selling price of tangible personal property which is
26 purchased outside Illinois at retail from a retailer and which

1 is titled or registered by an agency of this State's
2 government.

3 Beginning October 1, 2009, each month the Department shall
4 pay into the Capital Projects Fund an amount that is equal to
5 an amount estimated by the Department to represent 80% of the
6 net revenue realized for the preceding month from the sale of
7 candy, grooming and hygiene products, and soft drinks that had
8 been taxed at a rate of 1% prior to September 1, 2009 but that
9 is now taxed at 6.25%.

10 Beginning July 1, 2011, each month the Department shall pay
11 into the Clean Air Act (CAA) Permit Fund 80% of the net revenue
12 realized for the preceding month from the 6.25% general rate on
13 the selling price of sorbents used in Illinois in the process
14 of sorbent injection as used to comply with the Environmental
15 Protection Act or the federal Clean Air Act, but the total
16 payment into the Clean Air Act (CAA) Permit Fund under this Act
17 and the Retailers' Occupation Tax Act shall not exceed
18 \$2,000,000 in any fiscal year.

19 Of the remainder of the moneys received by the Department
20 pursuant to this Act, (a) 1.75% thereof shall be paid into the
21 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
22 and after July 1, 1989, 3.8% thereof shall be paid into the
23 Build Illinois Fund; provided, however, that if in any fiscal
24 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
25 may be, of the moneys received by the Department and required
26 to be paid into the Build Illinois Fund pursuant to Section 3

1 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
2 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
3 Service Occupation Tax Act, such Acts being hereinafter called
4 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
5 may be, of moneys being hereinafter called the "Tax Act
6 Amount", and (2) the amount transferred to the Build Illinois
7 Fund from the State and Local Sales Tax Reform Fund shall be
8 less than the Annual Specified Amount (as defined in Section 3
9 of the Retailers' Occupation Tax Act), an amount equal to the
10 difference shall be immediately paid into the Build Illinois
11 Fund from other moneys received by the Department pursuant to
12 the Tax Acts; and further provided, that if on the last
13 business day of any month the sum of (1) the Tax Act Amount
14 required to be deposited into the Build Illinois Bond Account
15 in the Build Illinois Fund during such month and (2) the amount
16 transferred during such month to the Build Illinois Fund from
17 the State and Local Sales Tax Reform Fund shall have been less
18 than 1/12 of the Annual Specified Amount, an amount equal to
19 the difference shall be immediately paid into the Build
20 Illinois Fund from other moneys received by the Department
21 pursuant to the Tax Acts; and, further provided, that in no
22 event shall the payments required under the preceding proviso
23 result in aggregate payments into the Build Illinois Fund
24 pursuant to this clause (b) for any fiscal year in excess of
25 the greater of (i) the Tax Act Amount or (ii) the Annual
26 Specified Amount for such fiscal year; and, further provided,

1 that the amounts payable into the Build Illinois Fund under
2 this clause (b) shall be payable only until such time as the
3 aggregate amount on deposit under each trust indenture securing
4 Bonds issued and outstanding pursuant to the Build Illinois
5 Bond Act is sufficient, taking into account any future
6 investment income, to fully provide, in accordance with such
7 indenture, for the defeasance of or the payment of the
8 principal of, premium, if any, and interest on the Bonds
9 secured by such indenture and on any Bonds expected to be
10 issued thereafter and all fees and costs payable with respect
11 thereto, all as certified by the Director of the Bureau of the
12 Budget (now Governor's Office of Management and Budget). If on
13 the last business day of any month in which Bonds are
14 outstanding pursuant to the Build Illinois Bond Act, the
15 aggregate of the moneys deposited in the Build Illinois Bond
16 Account in the Build Illinois Fund in such month shall be less
17 than the amount required to be transferred in such month from
18 the Build Illinois Bond Account to the Build Illinois Bond
19 Retirement and Interest Fund pursuant to Section 13 of the
20 Build Illinois Bond Act, an amount equal to such deficiency
21 shall be immediately paid from other moneys received by the
22 Department pursuant to the Tax Acts to the Build Illinois Fund;
23 provided, however, that any amounts paid to the Build Illinois
24 Fund in any fiscal year pursuant to this sentence shall be
25 deemed to constitute payments pursuant to clause (b) of the
26 preceding sentence and shall reduce the amount otherwise

1 payable for such fiscal year pursuant to clause (b) of the
 2 preceding sentence. The moneys received by the Department
 3 pursuant to this Act and required to be deposited into the
 4 Build Illinois Fund are subject to the pledge, claim and charge
 5 set forth in Section 12 of the Build Illinois Bond Act.

6 Subject to payment of amounts into the Build Illinois Fund
 7 as provided in the preceding paragraph or in any amendment
 8 thereto hereafter enacted, the following specified monthly
 9 installment of the amount requested in the certificate of the
 10 Chairman of the Metropolitan Pier and Exposition Authority
 11 provided under Section 8.25f of the State Finance Act, but not
 12 in excess of the sums designated as "Total Deposit", shall be
 13 deposited in the aggregate from collections under Section 9 of
 14 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 15 9 of the Service Occupation Tax Act, and Section 3 of the
 16 Retailers' Occupation Tax Act into the McCormick Place
 17 Expansion Project Fund in the specified fiscal years.

18	Fiscal Year	Total Deposit
19	1993	\$0
20	1994	53,000,000
21	1995	58,000,000
22	1996	61,000,000
23	1997	64,000,000
24	1998	68,000,000
25	1999	71,000,000
26	2000	75,000,000

1	2001	80,000,000
2	2002	93,000,000
3	2003	99,000,000
4	2004	103,000,000
5	2005	108,000,000
6	2006	113,000,000
7	2007	119,000,000
8	2008	126,000,000
9	2009	132,000,000
10	2010	139,000,000
11	2011	146,000,000
12	2012	153,000,000
13	2013	161,000,000
14	2014	170,000,000
15	2015	179,000,000
16	2016	189,000,000
17	2017	199,000,000
18	2018	210,000,000
19	2019	221,000,000
20	2020	233,000,000
21	2021	246,000,000
22	2022	260,000,000
23	2023	275,000,000
24	2024	275,000,000
25	2025	275,000,000
26	2026	279,000,000

1	2027	292,000,000
2	2028	307,000,000
3	2029	322,000,000
4	2030	338,000,000
5	2031	350,000,000
6	2032	350,000,000

7 and

8 each fiscal year

9 thereafter that bonds

10 are outstanding under

11 Section 13.2 of the

12 Metropolitan Pier and

13 Exposition Authority Act,

14 but not after fiscal year 2060.

15 Beginning July 20, 1993 and in each month of each fiscal
16 year thereafter, one-eighth of the amount requested in the
17 certificate of the Chairman of the Metropolitan Pier and
18 Exposition Authority for that fiscal year, less the amount
19 deposited into the McCormick Place Expansion Project Fund by
20 the State Treasurer in the respective month under subsection
21 (g) of Section 13 of the Metropolitan Pier and Exposition
22 Authority Act, plus cumulative deficiencies in the deposits
23 required under this Section for previous months and years,
24 shall be deposited into the McCormick Place Expansion Project
25 Fund, until the full amount requested for the fiscal year, but
26 not in excess of the amount specified above as "Total Deposit",

1 has been deposited.

2 Subject to payment of amounts into the Build Illinois Fund
3 and the McCormick Place Expansion Project Fund pursuant to the
4 preceding paragraphs or in any amendments thereto hereafter
5 enacted, beginning July 1, 1993, the Department shall each
6 month pay into the Illinois Tax Increment Fund 0.27% of 80% of
7 the net revenue realized for the preceding month from the 6.25%
8 general rate on the selling price of tangible personal
9 property.

10 Subject to payment of amounts into the Build Illinois Fund
11 and the McCormick Place Expansion Project Fund pursuant to the
12 preceding paragraphs or in any amendments thereto hereafter
13 enacted, beginning with the receipt of the first report of
14 taxes paid by an eligible business and continuing for a 25-year
15 period, the Department shall each month pay into the Energy
16 Infrastructure Fund 80% of the net revenue realized from the
17 6.25% general rate on the selling price of Illinois-mined coal
18 that was sold to an eligible business. For purposes of this
19 paragraph, the term "eligible business" means a new electric
20 generating facility certified pursuant to Section 605-332 of
21 the Department of Commerce and Economic Opportunity Law of the
22 Civil Administrative Code of Illinois.

23 Of the remainder of the moneys received by the Department
24 pursuant to this Act, 75% thereof shall be paid into the State
25 Treasury and 25% shall be reserved in a special account and
26 used only for the transfer to the Common School Fund as part of

1 the monthly transfer from the General Revenue Fund in
2 accordance with Section 8a of the State Finance Act.

3 As soon as possible after the first day of each month, upon
4 certification of the Department of Revenue, the Comptroller
5 shall order transferred and the Treasurer shall transfer from
6 the General Revenue Fund to the Motor Fuel Tax Fund an amount
7 equal to 1.7% of 80% of the net revenue realized under this Act
8 for the second preceding month. Beginning April 1, 2000, this
9 transfer is no longer required and shall not be made.

10 Net revenue realized for a month shall be the revenue
11 collected by the State pursuant to this Act, less the amount
12 paid out during that month as refunds to taxpayers for
13 overpayment of liability.

14 For greater simplicity of administration, manufacturers,
15 importers and wholesalers whose products are sold at retail in
16 Illinois by numerous retailers, and who wish to do so, may
17 assume the responsibility for accounting and paying to the
18 Department all tax accruing under this Act with respect to such
19 sales, if the retailers who are affected do not make written
20 objection to the Department to this arrangement.

21 (Source: P.A. 96-34, eff. 7-13-09; 96-38, eff. 7-13-09; 96-898,
22 eff. 5-27-10; 96-1012, eff. 7-7-10; 97-95, eff. 7-12-11;
23 97-333, eff. 8-12-11.)

24 Section 30. The Retailers' Occupation Tax Act is amended by
25 changing Section 2a as follows:

1 (35 ILCS 120/2a) (from Ch. 120, par. 441a)

2 Sec. 2a. It is unlawful for any person to engage in the
3 business of selling tangible personal property at retail in
4 this State without a certificate of registration from the
5 Department. Application for a certificate of registration
6 shall be made to the Department upon forms furnished by it.
7 Each such application shall be signed and verified and shall
8 state: (1) the name and social security number of the
9 applicant; (2) the address of his principal place of business;
10 (3) the address of the principal place of business from which
11 he engages in the business of selling tangible personal
12 property at retail in this State and the addresses of all other
13 places of business, if any (enumerating such addresses, if any,
14 in a separate list attached to and made a part of the
15 application), from which he engages in the business of selling
16 tangible personal property at retail in this State; (4) the
17 name and address of the person or persons who will be
18 responsible for filing returns and payment of taxes due under
19 this Act; (5) in the case of a corporation, the name, title,
20 and social security number of each corporate officer; (6) in
21 the case of a limited liability company, the name, social
22 security number, and FEIN number of each manager and member;
23 and (7) such other information as the Department may reasonably
24 require. The application shall contain an acceptance of
25 responsibility signed by the person or persons who will be

1 responsible for filing returns and payment of the taxes due
2 under this Act. If the applicant will sell tangible personal
3 property at retail through vending machines, his application to
4 register shall indicate the number of vending machines to be so
5 operated. If requested by the Department at any time, that
6 person shall verify the total number of vending machines he or
7 she uses in his or her business of selling tangible personal
8 property at retail.

9 The Department may deny a certificate of registration to
10 any applicant if the owner, any partner, any manager or member
11 of a limited liability company, or a corporate officer of the
12 applicant, is or has been the owner, a partner, a manager or
13 member of a limited liability company, or a corporate officer,
14 of another retailer that is in default for moneys due under
15 this Act or any other tax or fee Act administered by the
16 Department.

17 The Department may require an applicant for a certificate
18 of registration hereunder to, at the time of filing such
19 application, furnish a bond from a surety company authorized to
20 do business in the State of Illinois, or an irrevocable bank
21 letter of credit or a bond signed by 2 personal sureties who
22 have filed, with the Department, sworn statements disclosing
23 net assets equal to at least 3 times the amount of the bond to
24 be required of such applicant, or a bond secured by an
25 assignment of a bank account or certificate of deposit, stocks
26 or bonds, conditioned upon the applicant paying to the State of

1 Illinois all moneys becoming due under this Act and under any
2 other State tax law or municipal or county tax ordinance or
3 resolution under which the certificate of registration that is
4 issued to the applicant under this Act will permit the
5 applicant to engage in business without registering separately
6 under such other law, ordinance or resolution. In making a
7 determination as to whether to require a bond or other
8 security, the Department shall take into consideration whether
9 the owner, any partner, any manager or member of a limited
10 liability company, or a corporate officer of the applicant is
11 or has been the owner, a partner, a manager or member of a
12 limited liability company, or a corporate officer of another
13 retailer that is in default for moneys due under this Act or
14 any other tax or fee Act administered by the Department; and
15 whether the owner, any partner, any manager or member of a
16 limited liability company, or a corporate officer of the
17 applicant is or has been the owner, a partner, a manager or
18 member of a limited liability company, or a corporate officer
19 of another retailer whose certificate of registration has been
20 revoked within the previous 5 years under this Act or any other
21 tax or fee Act administered by the Department. If a bond or
22 other security is required, the Department shall fix the amount
23 of the bond or other security, taking into consideration the
24 amount of money expected to become due from the applicant under
25 this Act and under any other State tax law or municipal or
26 county tax ordinance or resolution under which the certificate

1 of registration that is issued to the applicant under this Act
2 will permit the applicant to engage in business without
3 registering separately under such other law, ordinance, or
4 resolution. The amount of security required by the Department
5 shall be such as, in its opinion, will protect the State of
6 Illinois against failure to pay the amount which may become due
7 from the applicant under this Act and under any other State tax
8 law or municipal or county tax ordinance or resolution under
9 which the certificate of registration that is issued to the
10 applicant under this Act will permit the applicant to engage in
11 business without registering separately under such other law,
12 ordinance or resolution, but the amount of the security
13 required by the Department shall not exceed three times the
14 amount of the applicant's average monthly tax liability, or
15 \$50,000.00, whichever amount is lower.

16 No certificate of registration under this Act shall be
17 issued by the Department until the applicant provides the
18 Department with satisfactory security, if required, as herein
19 provided for.

20 Upon receipt of the application for certificate of
21 registration in proper form, and upon approval by the
22 Department of the security furnished by the applicant, if
23 required, the Department shall issue to such applicant a
24 certificate of registration which shall permit the person to
25 whom it is issued to engage in the business of selling tangible
26 personal property at retail in this State. The certificate of

1 registration shall be conspicuously displayed at the place of
2 business which the person so registered states in his
3 application to be the principal place of business from which he
4 engages in the business of selling tangible personal property
5 at retail in this State.

6 No certificate of registration issued to a taxpayer who
7 files returns required by this Act on a monthly basis shall be
8 valid after the expiration of 5 years from the date of its
9 issuance or last renewal. The expiration date of a
10 sub-certificate of registration shall be that of the
11 certificate of registration to which the sub-certificate
12 relates. A certificate of registration shall automatically be
13 renewed, subject to revocation as provided by this Act, for an
14 additional 5 years from the date of its expiration unless
15 otherwise notified by the Department as provided by this
16 paragraph. Where a taxpayer to whom a certificate of
17 registration is issued under this Act is in default to the
18 State of Illinois for delinquent returns or for moneys due
19 under this Act or any other State tax law or municipal or
20 county ordinance administered or enforced by the Department,
21 the Department shall, not less than 120 days before the
22 expiration date of such certificate of registration, give
23 notice to the taxpayer to whom the certificate was issued of
24 the account period of the delinquent returns, the amount of
25 tax, penalty and interest due and owing from the taxpayer, and
26 that the certificate of registration shall not be automatically

1 renewed upon its expiration date unless the taxpayer, on or
2 before the date of expiration, has filed and paid the
3 delinquent returns or paid the defaulted amount in full. A
4 taxpayer to whom such a notice is issued shall be deemed an
5 applicant for renewal. The Department shall promulgate
6 regulations establishing procedures for taxpayers who file
7 returns on a monthly basis but desire and qualify to change to
8 a quarterly or yearly filing basis and will no longer be
9 subject to renewal under this Section, and for taxpayers who
10 file returns on a yearly or quarterly basis but who desire or
11 are required to change to a monthly filing basis and will be
12 subject to renewal under this Section.

13 The Department may in its discretion approve renewal by an
14 applicant who is in default if, at the time of application for
15 renewal, the applicant files all of the delinquent returns or
16 pays to the Department such percentage of the defaulted amount
17 as may be determined by the Department and agrees in writing to
18 waive all limitations upon the Department for collection of the
19 remaining defaulted amount to the Department over a period not
20 to exceed 5 years from the date of renewal of the certificate;
21 however, no renewal application submitted by an applicant who
22 is in default shall be approved if the immediately preceding
23 renewal by the applicant was conditioned upon the installment
24 payment agreement described in this Section. The payment
25 agreement herein provided for shall be in addition to and not
26 in lieu of the security that may be required by this Section of

1 a taxpayer who is no longer considered a prior continuous
2 compliance taxpayer. The execution of the payment agreement as
3 provided in this Act shall not toll the accrual of interest at
4 the statutory rate.

5 The Department may suspend a certificate of registration if
6 the Department finds that the person to whom the certificate of
7 registration has been issued knowingly sold contraband
8 cigarettes.

9 A certificate of registration issued under this Act more
10 than 5 years before the effective date of this amendatory Act
11 of 1989 shall expire and be subject to the renewal provisions
12 of this Section on the next anniversary of the date of issuance
13 of such certificate which occurs more than 6 months after the
14 effective date of this amendatory Act of 1989. A certificate of
15 registration issued less than 5 years before the effective date
16 of this amendatory Act of 1989 shall expire and be subject to
17 the renewal provisions of this Section on the 5th anniversary
18 of the issuance of the certificate.

19 If the person so registered states that he operates other
20 places of business from which he engages in the business of
21 selling tangible personal property at retail in this State, the
22 Department shall furnish him with a sub-certificate of
23 registration for each such place of business, and the applicant
24 shall display the appropriate sub-certificate of registration
25 at each such place of business. All sub-certificates of
26 registration shall bear the same registration number as that

1 appearing upon the certificate of registration to which such
2 sub-certificates relate.

3 If the applicant will sell tangible personal property at
4 retail through vending machines, the Department shall furnish
5 him with a sub-certificate of registration for each such
6 vending machine, and the applicant shall display the
7 appropriate sub-certificate of registration on each such
8 vending machine by attaching the sub-certificate of
9 registration to a conspicuous part of such vending machine. If
10 a person who is registered to sell tangible personal property
11 at retail through vending machines adds an additional vending
12 machine or additional vending machines to the number of vending
13 machines he or she uses in his or her business of selling
14 tangible personal property at retail, he or she shall notify
15 the Department, on a form prescribed by the Department, to
16 request an additional sub-certificate or additional
17 sub-certificates of registration, as applicable. With each
18 such request, the applicant shall report the number of
19 sub-certificates of registration he or she is requesting as
20 well as the total number of vending machines from which he or
21 she makes retail sales.

22 Where the same person engages in 2 or more businesses of
23 selling tangible personal property at retail in this State,
24 which businesses are substantially different in character or
25 engaged in under different trade names or engaged in under
26 other substantially dissimilar circumstances (so that it is

1 more practicable, from an accounting, auditing or bookkeeping
2 standpoint, for such businesses to be separately registered),
3 the Department may require or permit such person (subject to
4 the same requirements concerning the furnishing of security as
5 those that are provided for hereinbefore in this Section as to
6 each application for a certificate of registration) to apply
7 for and obtain a separate certificate of registration for each
8 such business or for any of such businesses, under a single
9 certificate of registration supplemented by related
10 sub-certificates of registration.

11 Any person who is registered under the "Retailers'
12 Occupation Tax Act" as of March 8, 1963, and who, during the
13 3-year period immediately prior to March 8, 1963, or during a
14 continuous 3-year period part of which passed immediately
15 before and the remainder of which passes immediately after
16 March 8, 1963, has been so registered continuously and who is
17 determined by the Department not to have been either delinquent
18 or deficient in the payment of tax liability during that period
19 under this Act or under any other State tax law or municipal or
20 county tax ordinance or resolution under which the certificate
21 of registration that is issued to the registrant under this Act
22 will permit the registrant to engage in business without
23 registering separately under such other law, ordinance or
24 resolution, shall be considered to be a Prior Continuous
25 Compliance taxpayer. Also any taxpayer who has, as verified by
26 the Department, faithfully and continuously complied with the

1 condition of his bond or other security under the provisions of
2 this Act for a period of 3 consecutive years shall be
3 considered to be a Prior Continuous Compliance taxpayer.

4 Every Prior Continuous Compliance taxpayer shall be exempt
5 from all requirements under this Act concerning the furnishing
6 of a bond or other security as a condition precedent to his
7 being authorized to engage in the business of selling tangible
8 personal property at retail in this State. This exemption shall
9 continue for each such taxpayer until such time as he may be
10 determined by the Department to be delinquent in the filing of
11 any returns, or is determined by the Department (either through
12 the Department's issuance of a final assessment which has
13 become final under the Act, or by the taxpayer's filing of a
14 return which admits tax that is not paid to be due) to be
15 delinquent or deficient in the paying of any tax under this Act
16 or under any other State tax law or municipal or county tax
17 ordinance or resolution under which the certificate of
18 registration that is issued to the registrant under this Act
19 will permit the registrant to engage in business without
20 registering separately under such other law, ordinance or
21 resolution, at which time that taxpayer shall become subject to
22 all the financial responsibility requirements of this Act and,
23 as a condition of being allowed to continue to engage in the
24 business of selling tangible personal property at retail, may
25 be required to post bond or other acceptable security with the
26 Department covering liability which such taxpayer may

1 thereafter incur. Any taxpayer who fails to pay an admitted or
2 established liability under this Act may also be required to
3 post bond or other acceptable security with this Department
4 guaranteeing the payment of such admitted or established
5 liability.

6 No certificate of registration shall be issued to any
7 person who is in default to the State of Illinois for moneys
8 due under this Act or under any other State tax law or
9 municipal or county tax ordinance or resolution under which the
10 certificate of registration that is issued to the applicant
11 under this Act will permit the applicant to engage in business
12 without registering separately under such other law, ordinance
13 or resolution.

14 Any person aggrieved by any decision of the Department
15 under this Section may, within 20 days after notice of such
16 decision, protest and request a hearing, whereupon the
17 Department shall give notice to such person of the time and
18 place fixed for such hearing and shall hold a hearing in
19 conformity with the provisions of this Act and then issue its
20 final administrative decision in the matter to such person. In
21 the absence of such a protest within 20 days, the Department's
22 decision shall become final without any further determination
23 being made or notice given.

24 With respect to security other than bonds (upon which the
25 Department may sue in the event of a forfeiture), if the
26 taxpayer fails to pay, when due, any amount whose payment such

1 security guarantees, the Department shall, after such
2 liability is admitted by the taxpayer or established by the
3 Department through the issuance of a final assessment that has
4 become final under the law, convert the security which that
5 taxpayer has furnished into money for the State, after first
6 giving the taxpayer at least 10 days' written notice, by
7 registered or certified mail, to pay the liability or forfeit
8 such security to the Department. If the security consists of
9 stocks or bonds or other securities which are listed on a
10 public exchange, the Department shall sell such securities
11 through such public exchange. If the security consists of an
12 irrevocable bank letter of credit, the Department shall convert
13 the security in the manner provided for in the Uniform
14 Commercial Code. If the security consists of a bank certificate
15 of deposit, the Department shall convert the security into
16 money by demanding and collecting the amount of such bank
17 certificate of deposit from the bank which issued such
18 certificate. If the security consists of a type of stocks or
19 other securities which are not listed on a public exchange, the
20 Department shall sell such security to the highest and best
21 bidder after giving at least 10 days' notice of the date, time
22 and place of the intended sale by publication in the "State
23 Official Newspaper". If the Department realizes more than the
24 amount of such liability from the security, plus the expenses
25 incurred by the Department in converting the security into
26 money, the Department shall pay such excess to the taxpayer who

1 furnished such security, and the balance shall be paid into the
2 State Treasury.

3 The Department shall discharge any surety and shall release
4 and return any security deposited, assigned, pledged or
5 otherwise provided to it by a taxpayer under this Section
6 within 30 days after:

7 (1) such taxpayer becomes a Prior Continuous
8 Compliance taxpayer; or

9 (2) such taxpayer has ceased to collect receipts on
10 which he is required to remit tax to the Department, has
11 filed a final tax return, and has paid to the Department an
12 amount sufficient to discharge his remaining tax
13 liability, as determined by the Department, under this Act
14 and under every other State tax law or municipal or county
15 tax ordinance or resolution under which the certificate of
16 registration issued under this Act permits the registrant
17 to engage in business without registering separately under
18 such other law, ordinance or resolution. The Department
19 shall make a final determination of the taxpayer's
20 outstanding tax liability as expeditiously as possible
21 after his final tax return has been filed; if the
22 Department cannot make such final determination within 45
23 days after receiving the final tax return, within such
24 period it shall so notify the taxpayer, stating its reasons
25 therefor.

26 (Source: P.A. 96-1355, eff. 7-28-10; 97-335, eff. 1-1-12.)

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3	20 ILCS 1605/21.9 new	
4	20 ILCS 2505/2505-380	was 20 ILCS 2505/39b47
5	30 ILCS 105/13.3	from Ch. 127, par. 149.3
6	35 ILCS 5/303	from Ch. 120, par. 3-303
7	35 ILCS 5/304	from Ch. 120, par. 3-304
8	35 ILCS 5/701	from Ch. 120, par. 7-701
9	35 ILCS 5/710	from Ch. 120, par. 7-710
10	35 ILCS 5/905	from Ch. 120, par. 9-905
11	35 ILCS 105/9	from Ch. 120, par. 439.9
12	35 ILCS 120/2a	from Ch. 120, par. 441a