

AN ACT concerning revenue.

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

Section 5. The Department of Revenue Law of the Civil Administrative Code of Illinois is amended by changing Section 2505-380 as follows:

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

Sec. 2505-380. Revocation of or refusal to issue or reissue a certificate of registration, permit, or license.

(a) The Department has the power, after notice and an opportunity for a hearing, to revoke a certificate of registration, permit, or license issued by the Department if the holder of the certificate of registration, permit, or license fails to file a return, or to pay the tax, fee, penalty, or interest shown in a filed return, or to pay any final assessment of tax, fee, penalty, or interest, as required by the tax or fee Act under which the certificate of registration, permit, or license is required or any other tax or fee Act administered by the Department.

(b) The Department may refuse to issue, reissue, or renew a certificate of registration, permit, or license authorized to be issued by the Department if a person who is named as the owner, a partner, a corporate officer, or, in the case of a

limited liability company, a manager or member, of the applicant on the application for the certificate of registration, permit or license, is or has been named as the owner, a partner, a corporate officer, or in the case of a limited liability company, a manager or member, on the application for the certificate of registration, permit, or license of a person that is in default for moneys due under the tax or fee Act upon which the certificate of registration, permit, or license is required or any other tax or fee Act administered by the Department. For purposes of this Section only, in determining whether a person is in default for moneys due, the Department shall include only amounts established as a final liability within the 23 ~~20~~ years prior to the date of the Department's notice of refusal to issue or reissue the certificate of registration, permit, or license. For purposes of this Section, "person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company, or a receiver, executor, trustee, guardian or other representative appointed by order of any court.

(c) When revoking or refusing to issue or reissue a certificate of registration, permit, or license issued by the Department, the procedure for notice and hearing used shall be the procedure provided under the Act pursuant to which the certificate of registration, permit, or license was issued.

(Source: P.A. 98-496, eff. 1-1-14; 98-1055, eff. 1-1-16.)

Section 10. The Illinois Income Tax Act is amended by changing Sections 211, 303, 304, 710, 902, and 905 as follows:

(35 ILCS 5/211)

Sec. 211. Economic Development for a Growing Economy Tax Credit. For tax years beginning on or after January 1, 1999, a Taxpayer who has entered into an Agreement (including a New Construction EDGE Agreement) under the Economic Development for a Growing Economy Tax Credit Act is entitled to a credit against the taxes imposed under subsections (a) and (b) of Section 201 of this Act in an amount to be determined in the Agreement. If the Taxpayer is a partnership or Subchapter S corporation, the credit shall be allowed to the partners or shareholders in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code. The Department, in cooperation with the Department of Commerce and Economic Opportunity, shall prescribe rules to enforce and administer the provisions of this Section. This Section is exempt from the provisions of Section 250 of this Act.

The credit shall be subject to the conditions set forth in the Agreement and the following limitations:

- (1) The tax credit shall not exceed the Incremental Income Tax (as defined in Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act) with

respect to the project; additionally, the New Construction EDGE Credit shall not exceed the New Construction EDGE Incremental Income Tax (as defined in Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act).

(2) The amount of the credit allowed during the tax year plus the sum of all amounts allowed in prior years shall not exceed 100% of the aggregate amount expended by the Taxpayer during all prior tax years on approved costs defined by Agreement.

(3) The amount of the credit shall be determined on an annual basis. Except as applied in a carryover year pursuant to Section 211(4) of this Act, the credit may not be applied against any State income tax liability in more than 10 taxable years; provided, however, that (i) an eligible business certified by the Department of Commerce and Economic Opportunity under the Corporate Headquarters Relocation Act may not apply the credit against any of its State income tax liability in more than 15 taxable years and (ii) credits allowed to that eligible business are subject to the conditions and requirements set forth in Sections 5-35 and 5-45 of the Economic Development for a Growing Economy Tax Credit Act and Section 5-51 as applicable to New Construction EDGE Credits.

(4) The credit may not exceed the amount of taxes imposed pursuant to subsections (a) and (b) of Section 201

of this Act. Any credit that is unused in the year the credit is computed may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a tax liability. If there are credits from more than one tax year that are available to offset a liability, the earlier credit shall be applied first.

(5) No credit shall be allowed with respect to any Agreement for any taxable year ending after the Noncompliance Date. Upon receiving notification by the Department of Commerce and Economic Opportunity of the noncompliance of a Taxpayer with an Agreement, the Department shall notify the Taxpayer that no credit is allowed with respect to that Agreement for any taxable year ending after the Noncompliance Date, as stated in such notification. If any credit has been allowed with respect to an Agreement for a taxable year ending after the Noncompliance Date for that Agreement, any refund paid to the Taxpayer for that taxable year shall, to the extent of that credit allowed, be an erroneous refund within the meaning of Section 912 of this Act.

If, during any taxable year, a taxpayer ceases operations at a project location that is the subject of that Agreement with the intent to terminate operations in the State, the tax imposed under subsections (a) and (b)

of Section 201 of this Act for such taxable year shall be increased by the amount of any credit allowed under the Agreement for that project location prior to the date the taxpayer ceases operations.

(6) For purposes of this Section, the terms "Agreement", "Incremental Income Tax", "New Construction EDGE Agreement", "New Construction EDGE Credit", "New Construction EDGE Incremental Income Tax", and "Noncompliance Date" have the same meaning as when used in the Economic Development for a Growing Economy Tax Credit Act.

(Source: P.A. 101-9, eff. 6-5-19.)

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

Sec. 303. (a) In general. Any item of capital gain or loss, and any item of income from rents or royalties from real or tangible personal property, interest, dividends, and patent or copyright royalties, and prizes awarded under the Illinois Lottery Law, and, for taxable years ending on or after December 31, 2019, wagering and gambling winnings from Illinois sources as set forth in subsection (e-1) of this Section, and, for taxable years ending on or after December 31, 2021, sports wagering and winnings from Illinois sources as set forth in subsection (e-2) of this Section, to the extent such item constitutes nonbusiness income, together with any item of deduction directly allocable thereto, shall be

allocated by any person other than a resident as provided in this Section.

(b) Capital gains and losses.

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

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

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

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

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

(c) Rents and royalties.

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

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

(A) If and to the extent that the property is

utilized in this State; or

(B) In their entirety if, at the time such rents or royalties were paid or accrued, the taxpayer had its commercial domicile in this State and was not organized under the laws of or taxable with respect to such rents or royalties in the state in which the property was utilized. The extent of utilization of tangible personal property in a state is determined by multiplying the rents or royalties derived from such property by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(d) Patent and copyright royalties.

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

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



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

(2) Utilization.

(A) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in this State if the taxpayer has its commercial domicile in this State.

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

(e) Illinois lottery prizes. Prizes awarded under the

Illinois Lottery Law are allocable to this State. Payments received in taxable years ending on or after December 31, 2013, from the assignment of a prize under Section 13.1 of the Illinois Lottery Law are allocable to this State.

(e-1) Wagering and gambling winnings. Payments received in taxable years ending on or after December 31, 2019 of winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 and from gambling games conducted on a riverboat or in a casino or organization gaming facility licensed under the Illinois Gambling Act are allocable to this State.

(e-2) Sports wagering and winnings. Payments received in taxable years ending on or after December 31, 2021 of winnings from sports wagering conducted in accordance with the Sports Wagering Act are allocable to this State.

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

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

(1) In that state he is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax;  
or

(2) That state has jurisdiction to subject the

taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

(g) Cross references.

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

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

(Source: P.A. 101-31, eff. 6-28-19.)

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

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

(a) In general. The business income of a person other than a resident shall be allocated to this State if such person's business income is derived solely from this State. If a person other than a resident derives business income from this State and one or more other states, then, for tax years ending on or before December 30, 1998, and except as otherwise provided by this Section, such person's business income shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the sum of the property factor (if any), the payroll factor (if any) and 200% of the sales factor (if any), and the denominator of which is 4 reduced by the number of factors other than the sales factor which have a denominator of zero and by an additional 2 if the sales factor has a denominator of zero. For tax years ending on or after December 31, 1998, and except as otherwise provided

by this Section, persons other than residents who derive business income from this State and one or more other states shall compute their apportionment factor by weighting their property, payroll, and sales factors as provided in subsection (h) of this Section.

(1) Property factor.

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

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

(C) The average value of property shall be determined by averaging the values at the beginning and ending of the taxable year but the Director may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the person's property.

(2) Payroll factor.

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

(B) Compensation is paid in this State if:

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

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

(iii) For tax years ending prior to December 31, 2020, some of the service is performed within this State and either the base of operations, or if there is no base of operations, the place from which the service is directed or controlled is within this State, or the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this State. For tax years ending on or after December 31, 2020, compensation is paid in this State if some of the individual's service is performed within this State, the individual's service performed within this State

is nonincidental to the individual's service performed without this State, and the individual's service is performed within this State for more than 30 working days during the tax year. The amount of compensation paid in this State shall include the portion of the individual's total compensation for services performed on behalf of his or her employer during the tax year which the number of working days spent within this State during the tax year bears to the total number of working days spent both within and without this State during the tax year. For purposes of this paragraph:

(a) The term "working day" means all days during the tax year in which the individual performs duties on behalf of his or her employer. All days in which the individual performs no duties on behalf of his or her employer (e.g., weekends, vacation days, sick days, and holidays) are not working days.

(b) A working day is spent within this State if:

(1) the individual performs service on behalf of the employer and a greater amount of time on that day is spent by the individual performing duties on behalf of the employer within this State, without regard to time spent traveling, than is spent performing

duties on behalf of the employer without this State; or

(2) the only service the individual performs on behalf of the employer on that day is traveling to a destination within this State, and the individual arrives on that day.

(c) Working days spent within this State do not include any day in which the employee is performing services in this State during a disaster period solely in response to a request made to his or her employer by the government of this State, by any political subdivision of this State, or by a person conducting business in this State to perform disaster or emergency-related services in this State. For purposes of this item (c):

"Declared State disaster or emergency" means a disaster or emergency event (i) for which a Governor's proclamation of a state of emergency has been issued or (ii) for which a Presidential declaration of a federal major disaster or emergency has been issued.

"Disaster period" means a period that begins 10 days prior to the date of the Governor's proclamation or the President's declaration (whichever is earlier) and extends

for a period of 60 calendar days after the end of the declared disaster or emergency period.

"Disaster or emergency-related services" means repairing, renovating, installing, building, or rendering services or conducting other business activities that relate to infrastructure that has been damaged, impaired, or destroyed by the declared State disaster or emergency.

"Infrastructure" means property and equipment owned or used by a public utility, communications network, broadband and internet service provider, cable and video service provider, electric or gas distribution system, or water pipeline that provides service to more than one customer or person, including related support facilities. "Infrastructure" includes, but is not limited to, real and personal property such as buildings, offices, power lines, cable lines, poles, communications lines, pipes, structures, and equipment.

(iv) Compensation paid to nonresident professional athletes.

(a) General. The Illinois source income of a nonresident individual who is a member of a



professional athletic team includes the portion of the individual's total compensation for services performed as a member of a professional athletic team during the taxable year which the number of duty days spent within this State performing services for the team in any manner during the taxable year bears to the total number of duty days spent both within and without this State during the taxable year.

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

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

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

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

This includes, but is not limited to, coaches, managers, and trainers.

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

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

(B) Also included in duty days are game

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

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

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

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

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

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

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

This compensation shall include, but is not limited to, salaries, wages, bonuses as described

in this subpart, and any other type of compensation paid during the taxable year to a member of a professional athletic team for services performed in that year. This compensation does not include strike benefits, severance pay, termination pay, contract or option year buy-out payments, expansion or relocation payments, or any other payments not related to services performed for the team.

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

(3) Sales factor.

(A) The sales factor is a fraction, the numerator of which is the total sales of the person in this State during the taxable year, and the denominator of which is the total sales of the person everywhere during the taxable year.

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

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

(ii) The property is shipped from an office, store, warehouse, factory or other place of storage in this State and either the purchaser is the United States government or the person is not taxable in the state of the purchaser; provided, however, that premises owned or leased by a person who has independently contracted with the seller for the printing of newspapers, periodicals or books shall not be deemed to be an office, store, warehouse, factory or other place of storage for purposes of this Section. Sales of tangible personal property are not in this State if the seller and purchaser would be members of the same unitary business group but for the fact that either the seller or purchaser is a person

with 80% or more of total business activity outside of the United States and the property is purchased for resale.

(B-1) Patents, copyrights, trademarks, and similar items of intangible personal property.

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

(ii) Place of utilization.

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

patent is utilized.

(II) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If a copyright is utilized in more than one state, the extent to which it is utilized in any one state shall be a fraction equal to the gross receipts from sales or licenses of materials printed or published in that state divided by the total of such gross receipts for all states in which the copyright is utilized.

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

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

(B-2) Gross receipts from the license, sale, or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property, other than



gross receipts governed by paragraph (B-7) of this item (3), may be included in the numerator or denominator of the sales factor only if gross receipts from licenses, sales, or other disposition of such items comprise more than 50% of the taxpayer's total gross receipts included in gross income during the tax year and during each of the 2 immediately preceding tax years; provided that, when a taxpayer is a member of a unitary business group, such determination shall be made on the basis of the gross receipts of the entire unitary business group.

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

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

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

"Air-to-Ground Radiotelephone service" means a radio service, as that term is defined in 47 CFR 22.99, in which common carriers are authorized to offer and

provide radio telecommunications service for hire to subscribers in aircraft.

"Call-by-call Basis" means any method of charging for telecommunications services where the price is measured by individual calls.

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

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

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

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

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

"Home service provider" means the facilities based

carrier or reseller with which the customer contracts for the provision of mobile telecommunications services.

"Mobile telecommunications service" means commercial mobile radio service, as defined in Section 20.3 of Title 47 of the Code of Federal Regulations as in effect on June 1, 1999.

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

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

telecommunication service.

"Prepaid telecommunication service" means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.

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

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

"Service address" means:

(a) The location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid;

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

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

"Telecommunications service" means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term "telecommunications service" includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over

Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. "Telecommunications service" does not include:

(a) Data processing and information services that allow data to be generated, acquired, stored, processed, or retrieved and delivered by an electronic transmission to a purchaser when such purchaser's primary purpose for the underlying transaction is the processed data or information;

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

(c) Tangible personal property;

(d) Advertising, including, but not limited to, directory advertising;

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

(f) Internet access service;

(g) Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of such services by the programming service provider. Radio and television audio and video programming services shall include, but not be limited to, cable service as defined in 47 USC 522(6) and audio and video programming services delivered by commercial

mobile radio service providers, as defined in 47 CFR 20.3;

(h) "Ancillary services"; or

(i) Digital products "delivered electronically", including, but not limited to, software, music, video, reading materials or ring tones.

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

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

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

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

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

in this State.

(iii) Receipts from the sale of postpaid telecommunications service at retail are in this State if the origination point of the telecommunication signal, as first identified by the service provider's telecommunication system or as identified by information received by the seller from its service provider if the system used to transport telecommunication signals is not the seller's, is located in this State.

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

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

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

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



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

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

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

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

follows:

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

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

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

(d) Gross receipts from sales of telecommunication services or from ancillary services for telecommunications services sold to other telecommunication service providers for resale shall be sourced to this State using the apportionment concepts used for non-resale receipts of telecommunications services if the information is readily available to make that determination. If the information is not readily available, then the taxpayer may use any other

reasonable and consistent method.

(B-7) For taxable years ending on or after December 31, 2008, receipts from the sale of broadcasting services are in this State if the broadcasting services are received in this State. For purposes of this paragraph (B-7), the following terms have the following meanings:

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

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

"Broadcast" or "broadcasting" or "broadcasting services" means the transmission or provision of film

or radio programming, whether through the public airwaves, by cable, by direct or indirect satellite transmission, or by any other means of communication, either through a station, a network, or a cable system.

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

"Radio" or "radio programming" means the broadcast on radio of any and all performances, events, or productions, including, but not limited to, news, sporting events, plays, stories, or other literary, commercial, educational, or artistic works, either live or through the use of an audio tape, disc, or any other format or medium. Each episode in a series of radio programming produced for radio broadcast shall constitute a separate "radio programming" notwithstanding that the series relates to the same

principal subject and is produced during one or more tax periods.

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

(ii) In the case where film or radio programming is broadcast by a station, a network, or a cable system for a fee or other remuneration received from the recipient of the broadcast, the portion of the service that is received in this State is measured by the portion of the recipients of the broadcast located in this State. Accordingly, the fee or other remuneration for such service that is included in the Illinois numerator of the sales factor is the total of those fees or other remuneration received from recipients in Illinois. For purposes of this paragraph, a taxpayer may determine the location of the recipients of its broadcast using the address of the recipient shown in its contracts with the recipient or using the billing address of the recipient in the taxpayer's records.

(iii) In the case where film or radio programming is broadcast by a station, a network,

or a cable system for a fee or other remuneration from the person providing the programming, the portion of the broadcast service that is received by such station, network, or cable system in this State is measured by the portion of recipients of the broadcast located in this State. Accordingly, the amount of revenue related to such an arrangement that is included in the Illinois numerator of the sales factor is the total fee or other total remuneration from the person providing the programming related to that broadcast multiplied by the Illinois audience factor for that broadcast.

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

(v) In the case where film or radio programming is provided by a taxpayer that is not a network or station to another person for broadcasting in exchange for a fee or other remuneration from that person, the broadcasting service is received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. Accordingly, in such a case the revenue derived by the taxpayer that is included in the taxpayer's Illinois numerator of the sales factor is the revenue from such customers who receive the broadcasting service in Illinois.

(B-8) Gross receipts from winnings under the Illinois Lottery Law from the assignment of a prize under Section 13.1 of the Illinois Lottery Law are received in this State. This paragraph (B-8) applies only to taxable years ending on or after December 31, 2013.

(B-9) For taxable years ending on or after December 31, 2019, gross receipts from winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 or from winnings from gambling games conducted on a riverboat or in a casino or organization gaming facility licensed under the Illinois Gambling Act are in this State.

(B-10) For taxable years ending on or after December

31, 2021, gross receipts from winnings from sports wagering conducted in accordance with the Sports Wagering Act are in this State.

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

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

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

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

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

(ii) Sales from the lease or rental of tangible personal property are in this State if the property is located in this State during the rental period. Sales from the lease or rental of tangible personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock,



aircraft, vessels, or mobile equipment are in this State to the extent that the property is used in this State.

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

(a) in the case of a taxpayer who is a dealer in the item of intangible personal property within the meaning of Section 475 of the Internal Revenue Code, the income or gain is received from a customer in this State. For purposes of this subparagraph, a customer is in this State if the customer is an individual, trust or estate who is a resident of this State and, for all other customers, if the customer's commercial domicile is in this State. Unless the dealer has actual knowledge of the residence or commercial domicile of a customer during a taxable year, the customer shall be deemed to be a customer in this State if the billing address of the customer, as shown in the records of the dealer, is in this State; or

(b) in all other cases, if the income-producing activity of the taxpayer is performed in this State or, if the income-producing activity of the taxpayer is

performed both within and without this State, if a greater proportion of the income-producing activity of the taxpayer is performed within this State than in any other state, based on performance costs.

(iv) Sales of services are in this State if the services are received in this State. For the purposes of this section, gross receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where that corporation, partnership, or trust has a fixed place of business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed. If the taxpayer is not taxable in the state in which the services are received, the sale must be excluded from both the numerator and the denominator of the sales factor. The Department shall adopt rules prescribing where specific types of

service are received, including, but not limited to, publishing, and utility service.

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

(E) Paragraphs (B-1) and (B-2) shall apply to tax years ending on or after December 31, 1999, provided that a taxpayer may elect to apply the provisions of these paragraphs to prior tax years. Such election shall be made in the form and manner prescribed by the Department, shall be irrevocable, and shall apply to all tax years; provided that, if a taxpayer's Illinois income tax liability for any tax year, as assessed under Section 903 prior to January 1, 1999, was computed in a manner contrary to the provisions of paragraphs (B-1) or (B-2), no refund shall be payable to the taxpayer for that tax year to the extent such refund is the result of applying the provisions of paragraph (B-1) or (B-2) retroactively. In the case of a unitary business group, such election shall apply to all members of such group for every tax year such group is in

existence, but shall not apply to any taxpayer for any period during which that taxpayer is not a member of such group.

(b) Insurance companies.

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

(2) Reinsurance. If the principal source of premiums written by an insurance company consists of premiums for reinsurance accepted by it, the business income of such company shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the sum of (i) direct premiums written for insurance upon property or risk in this State, plus (ii) premiums written

for reinsurance accepted in respect of property or risk in this State, and the denominator of which is the sum of (iii) direct premiums written for insurance upon property or risk everywhere, plus (iv) premiums written for reinsurance accepted in respect of property or risk everywhere. For purposes of this paragraph, premiums written for reinsurance accepted in respect of property or risk in this State, whether or not otherwise determinable, may, at the election of the company, be determined on the basis of the proportion which premiums written for reinsurance accepted from companies commercially domiciled in Illinois bears to premiums written for reinsurance accepted from all sources, or, alternatively, in the proportion which the sum of the direct premiums written for insurance upon property or risk in this State by each ceding company from which reinsurance is accepted bears to the sum of the total direct premiums written by each such ceding company for the taxable year. The election made by a company under this paragraph for its first taxable year ending on or after December 31, 2011, shall be binding for that company for that taxable year and for all subsequent taxable years, and may be altered only with the written permission of the Department, which shall not be unreasonably withheld.

(c) Financial organizations.

(1) In general. For taxable years ending before

December 31, 2008, business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its business income from sources within this State, and the denominator of which is its business income from all sources. For the purposes of this subsection, the business income of a financial organization from sources within this State is the sum of the amounts referred to in subparagraphs (A) through (E) following, but excluding the adjusted income of an international banking facility as determined in paragraph (2):

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

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

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

(D) Interest charged to customers at places of business maintained within this State for carrying debit balances of margin accounts, without deduction of any costs incurred in carrying such accounts; and

(E) Any other gross income resulting from the operation as a financial organization within this State.

In computing the amounts referred to in paragraphs (A) through (E) of this subsection, any amount received by a

member of an affiliated group (determined under Section 1504(a) of the Internal Revenue Code but without reference to whether any such corporation is an "includible corporation" under Section 1504(b) of the Internal Revenue Code) from another member of such group shall be included only to the extent such amount exceeds expenses of the recipient directly related thereto.

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

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

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

(i) The numerator shall be:

The average aggregate, determined on a quarterly basis, of the financial organization's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, as reported for its branches, agencies and offices within the state on its "Consolidated Report of Condition", Schedule A,

Lines 2.c., 5.b., and 7.a., which was filed with the Federal Deposit Insurance Corporation and other regulatory authorities, for the year 1980, minus

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

(ii) the denominator shall be the average aggregate, determined on a quarterly basis, of the international banking facility's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, which were recorded in its financial accounts for the current taxable year.

(C) Change to Consolidated Report of Condition and in Qualification. In the event the Consolidated Report of Condition which is filed with the Federal Deposit



Insurance Corporation and other regulatory authorities is altered so that the information required for determining the floor amount is not found on Schedule A, lines 2.c., 5.b. and 7.a., the financial institution shall notify the Department and the Department may, by regulations or otherwise, prescribe or authorize the use of an alternative source for such information. The financial institution shall also notify the Department should its international banking facility fail to qualify as such, in whole or in part, or should there be any amendment or change to the Consolidated Report of Condition, as originally filed, to the extent such amendment or change alters the information used in determining the floor amount.

(3) For taxable years ending on or after December 31, 2008, the business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its gross receipts from sources in this State or otherwise attributable to this State's marketplace and the denominator of which is its gross receipts everywhere during the taxable year. "Gross receipts" for purposes of this subparagraph (3) means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the

financial organization's trade or business. The following examples are illustrative:

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

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

(iii) Interest income, commissions, fees, gains on disposition, and other receipts from consumer loans that are not secured by real or tangible personal property are from sources in this State if the debtor is a resident of this State.

(iv) Interest income, commissions, fees, gains on disposition, and other receipts from commercial loans and installment obligations that are not secured by real or tangible personal property are from sources in this State if the proceeds of the loan are to be

applied in this State. If it cannot be determined where the funds are to be applied, the income and receipts are from sources in this State if the office of the borrower from which the loan was negotiated in the regular course of business is located in this State. If the location of this office cannot be determined, the income and receipts shall be excluded from the numerator and denominator of the sales factor.

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

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

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

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

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

(A) The receipts factor shall include the amount by which interest from federal funds sold and securities purchased under resale agreements exceeds interest expense on federal funds purchased and securities sold under repurchase agreements.

(B) The receipts factor shall include the amount by which interest, dividends, gains and other income from trading assets and

activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, exceed amounts paid in lieu of interest, amounts paid in lieu of dividends, and losses from such assets and activities.

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

(A) The amount of interest, dividends, net gains (but not less than zero), and other income from investment assets and activities in the investment account to be attributed to this State and included in the numerator is determined by multiplying all such income from such assets and activities by a fraction, the numerator of which is the gross income from such assets and activities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such assets and activities.

(B) The amount of interest from federal

funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (A) of paragraph (1) of this subsection from such funds and such securities by a fraction, the numerator of which is the gross income from such funds and such securities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such funds and such securities.

(C) The amount of interest, dividends, gains, and other income from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book and foreign currency transactions (but excluding amounts described in subparagraphs (A) or (B) of this paragraph), attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (B) of paragraph (1) of this subsection by a fraction, the numerator of

which is the gross income from such trading assets and activities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such assets and activities.

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

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

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

(iii) the taxpayer uses such records reflecting assignment of such assets or

activities for the filing of all state and local tax returns for which an assignment of such assets or activities to a fixed place of business is required.

(E) The presumption of proper assignment of an investment or trading asset or activity provided in subparagraph (D) of paragraph (2) of this subsection may be rebutted upon a showing by the Department, supported by a preponderance of the evidence, that the preponderance of substantive contacts regarding such asset or activity did not occur at the fixed place of business to which it was assigned on the taxpayer's records. If the fixed place of business that has a preponderance of substantive contacts cannot be determined for an investment or trading asset or activity to which the presumption in subparagraph (D) of paragraph (2) of this subsection does not apply or with respect to which that presumption has been rebutted, that asset or activity is properly assigned to the state in which the taxpayer's commercial domicile is located. For purposes of this subparagraph (E), it shall be presumed, subject to rebuttal, that taxpayer's



commercial domicile is in the state of the United States or the District of Columbia to which the greatest number of employees are regularly connected with the management of the investment or trading income or out of which they are working, irrespective of where the services of such employees are performed, as of the last day of the taxable year.

(4) (Blank).

(5) (Blank).

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

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

(2) Receipts attributable to all other matching, execution, or clearing transactions, including without limitation receipts from the provision of matching,

execution, or clearing services to another entity, multiplied by (i) for taxable years ending on or after December 31, 2012 but before December 31, 2013, 63.77%; and (ii) for taxable years ending on or after December 31, 2013, 27.54%.

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

"Federally regulated exchange" means (i) a "registered entity" within the meaning of 7 U.S.C. Section 1a(40)(A), (B), or (C), (ii) an "exchange" or "clearing agency" within the meaning of 15 U.S.C. Section 78c (a) (1) or (23), (iii) any such entities regulated under any successor regulatory structure to the foregoing, and (iv) all taxpayers who are members of the same unitary business group as a federally regulated exchange, determined without regard to the prohibition in Section 1501(a)(27) of this Act against including in a unitary business group taxpayers who are ordinarily required to apportion business income under different subsections of this Section; provided that this subparagraph (iv) shall apply only if 50% or more of the business receipts of the unitary business group determined by application of this subparagraph (iv) for the taxable year are attributable to the matching, execution, or clearing of transactions conducted by an entity described in subparagraph (i), (ii), or (iii) of this paragraph.

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

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

(1) Such business income (other than that derived from transportation by pipeline) shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of 1 passenger or 1 net ton of freight the distance of 1 mile for a consideration. Where a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's

(A) relative railway operating income from total

passenger and total freight service, as reported to the Interstate Commerce Commission, in the case of transportation by railroad, and

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

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

(3) For taxable years ending on or after December 31, 2008, business income derived from providing transportation services other than airline services shall be apportioned to this State by using a fraction, (a) the numerator of which shall be (i) all receipts from any movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline) that both originates and terminates in this State, plus (ii) that portion of the person's gross receipts from movements or shipments of people, goods, mail, oil, gas, or any other

substance (other than by airline) that originates in one state or jurisdiction and terminates in another state or jurisdiction, that is determined by the ratio that the miles traveled in this State bears to total miles everywhere and (b) the denominator of which shall be all revenue derived from the movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline). Where a taxpayer is engaged in the transportation of both passengers and freight, the fraction above referred to shall first be determined separately for passenger miles and freight miles. Then an average of the passenger miles fraction and the freight miles fraction shall be weighted to reflect the taxpayer's:

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

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

(4) For taxable years ending on or after December 31, 2008, business income derived from furnishing airline transportation services shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and

the denominator of which is the revenue miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of one passenger or one net ton of freight the distance of one mile for a consideration. If a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's relative gross receipts from passenger and freight airline transportation.

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

(f) Alternative allocation. If the allocation and apportionment provisions of subsections (a) through (e) and of subsection (h) do not, for taxable years ending before December 31, 2008, fairly represent the extent of a person's business activity in this State, or, for taxable years ending on or after December 31, 2008, fairly represent the market for the person's goods, services, or other sources of business income, the person may petition for, or the Director may, without a petition, permit or require, in respect of all or any

part of the person's business activity, if reasonable:

- (1) Separate accounting;
- (2) The exclusion of any one or more factors;
- (3) The inclusion of one or more additional factors which will fairly represent the person's business activities or market in this State; or
- (4) The employment of any other method to effectuate an equitable allocation and apportionment of the person's business income.

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

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

- (1) for tax years ending on or after December 31, 1998 and before December 31, 1999, 16  $\frac{2}{3}$ % of the property factor plus 16  $\frac{2}{3}$ % of the payroll factor plus 66  $\frac{2}{3}$ % of the sales factor;
- (2) for tax years ending on or after December 31, 1999 and before December 31, 2000, 8  $\frac{1}{3}$ % of the property factor plus 8  $\frac{1}{3}$ % of the payroll factor plus 83  $\frac{1}{3}$ % of the sales factor;
- (3) for tax years ending on or after December 31, 2000, the sales factor.

If, in any tax year ending on or after December 31, 1998 and before December 31, 2000, the denominator of the payroll,

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

(Source: P.A. 100-201, eff. 8-18-17; 101-31, eff. 6-28-19; 101-585, eff. 8-26-19; revised 9-12-19.)

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

Sec. 710. Withholding from lottery, wagering, and gambling winnings.

(a) In general.

(1) Any person making a payment to a resident or nonresident of winnings under the Illinois Lottery Law and not required to withhold Illinois income tax from such payment under Subsection (b) of Section 701 of this Act because those winnings are not subject to Federal income tax withholding, must withhold Illinois income tax from such payment at a rate equal to the percentage tax rate for individuals provided in subsection (b) of Section 201, provided that withholding is not required if such payment of winnings is less than \$1,000.

(2) In the case of an assignment of a lottery prize under Section 13.1 of the Illinois Lottery Law, any person making a payment of the purchase price after December 31, 2013, shall withhold from the amount of each payment at a



rate equal to the percentage tax rate for individuals provided in subsection (b) of Section 201.

(3) Any person making a payment after December 31, 2019 to a resident or nonresident of winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 or from gambling games conducted on a riverboat or in a casino or organization gaming facility licensed under the Illinois Gambling Act must withhold Illinois income tax from such payment at a rate equal to the percentage tax rate for individuals provided in subsection (b) of Section 201, provided that the person making the payment is required to withhold under Section 3402(q) of the Internal Revenue Code.

(4) Any person making a payment after December 31, 2021 to a resident or nonresident of winnings from sports wagering conducted in accordance with the Sports Wagering Act must withhold Illinois income tax from such payment at a rate equal to the percentage tax rate for individuals provided in subsection (b) of Section 201, provided that the person making the payment is required to withhold under Section 3402(q) of the Internal Revenue Code.

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

Illinois income tax liability with respect to those winnings.

(Source: P.A. 101-31, eff. 6-28-19.)

(35 ILCS 5/902) (from Ch. 120, par. 9-902)

Sec. 902. Notice and Demand.

(a) In general. Except as provided in subsection (b) the Director shall, as soon as practicable after an amount payable under this Act is deemed assessed (as provided in Section 903), give notice to each person liable for any unpaid portion of such assessment, stating the amount unpaid and demanding payment thereof. In the case of tax deemed assessed with the filing of a return, the Director shall give notice no later than 3 years after the date the return was filed. Upon receipt of any notice and demand there shall be paid at the place and time stated in such notice the amount stated in such notice. Such notice shall be left at the dwelling or usual place of business of such person or shall be sent by mail to the person's last known address.

(b) Judicial review. In the case of a deficiency deemed assessed under Section 903(a)(2) after the filing of a protest, notice and demand shall not be made with respect to such assessment until all proceedings in court for the review of such assessment have terminated or the time for the taking thereof has expired without such proceedings being instituted.

(c) Action for recovery of taxes. At any time that the Department might commence proceedings for a levy under Section

1109, regardless of whether a notice of lien was filed under the provisions of Section 1103, it may bring an action in any court of competent jurisdiction within or without this State in the name of the people of this State to recover the amount of any taxes, penalties and interest due and unpaid under this Act. In such action, the certificate of the Department showing the amount of the delinquency shall be prima facie evidence of the correctness of such amount, its assessment and of the compliance by the Department with all the provisions of this Act.

(d) Sales or transfers outside the usual course of business-Report-Payment of Tax - Rights and duties of purchaser or transferee - penalty. If any taxpayer, outside the usual course of his business, sells or transfers the major part of any one or more of (A) the stock of goods which he is engaged in the business of selling, or (B) the furniture or fixtures, or (C) the machinery and equipment, or (D) the real property, of any business that is subject to the provisions of this Act, the purchaser or transferee of such assets shall, no later than 10 business days before ~~after~~ the sale or transfer, file a notice of sale or transfer of business assets with the ~~Chicago office of the~~ Department disclosing the name and address of the seller or transferor, the name and address of the purchaser or transferee, the date of the sale or transfer, a copy of the sales contract and financing agreements which shall include a description of the property sold or

transferred, the amount of the purchase price or a statement of other consideration for the sale or transfer, and the terms for payment of the purchase price, and such other information as the Department may reasonably require. If the purchaser or transferee fails to file the above described notice of sale with the Department within the prescribed time, the purchaser or transferee shall be personally liable to the Department for the amount owed hereunder by the seller or transferor but unpaid, up to the amount of the reasonable value of the property acquired by the purchaser or transferee. The purchaser or transferee shall pay the Department the amount of tax, penalties, and interest owed by the seller or transferor under this Act, to the extent they have not been paid by the seller or transferor. The seller or transferor, or the purchaser or transferee, at least 10 business days before the date of the sale or transfer, may notify the Department of the intended sale or transfer and request the Department to make a determination as to whether the seller or transferor owes any tax, penalty or interest due under this Act. The Department shall take such steps as may be appropriate to comply with such request.

Any order issued by the Department pursuant to this Section to withhold from the purchase price shall be issued within 10 business days after the Department receives notification of a sale as provided in this Section. The purchaser or transferee shall withhold such portion of the

purchase price as may be directed by the Department, but not to exceed a minimum amount varying by type of business, as determined by the Department pursuant to regulations, plus twice the outstanding unpaid liabilities and twice the average liability of preceding filings times the number of unfiled returns which were not filed when due, to cover the amount of all tax, penalty, and interest due and unpaid by the seller or transferor under this Act or, if the payment of money or property is not involved, shall withhold the performance of the condition that constitutes the consideration for the sale or transfer. Within 60 business days after issuance of the initial order to withhold, the Department shall provide written notice to the purchaser or transferee of the actual amount of all taxes, penalties and interest then due and whether or not additional amounts may become due as a result of unpaid taxes required to be withheld by an employer, returns which were not filed when due, pending assessments and audits not completed. The purchaser or transferee shall continue to withhold the amount directed to be withheld by the initial order or such lesser amount as is specified by the final withholding order or to withhold the performance of the condition which constitutes the consideration for the sale or transfer until the purchaser or transferee receives from the Department a certificate showing that no unpaid tax, penalty or interest is due from the seller or transferor under this Act.

The purchaser or transferee is relieved of any duty to continue to withhold from the purchase price and of any liability for tax, penalty, or interest due hereunder from the seller or transferor if the Department fails to notify the purchaser or transferee in the manner provided herein of the amount to be withheld within 10 business days after the sale or transfer has been reported to the Department or within 60 business days after issuance of the initial order to withhold, as the case may be. The Department shall have the right to determine amounts claimed on an estimated basis to allow for periods for which returns were not filed when due, pending assessments and audits not completed, however the purchaser or transferee shall be personally liable only for the actual amount due when determined.

If the seller or transferor has failed to pay the tax, penalty, and interest due from him hereunder and the Department makes timely claim therefor against the purchaser or transferee as hereinabove provided, then the purchaser or transferee shall pay to the Department the amount so withheld from the purchase price. If the purchaser or transferee fails to comply with the requirements of this Section, the purchaser or transferee shall be personally liable to the Department for the amount owed hereunder by the seller or transferor up to the amount of the reasonable value of the property acquired by the purchaser or transferee.

Any person who shall acquire any property or rights

thereto which, at the time of such acquisition, is subject to a valid lien in favor of the Department, shall be personally liable to the Department for a sum equal to the amount of taxes, penalties and interests, secured by such lien, but not to exceed the reasonable value of such property acquired by him.

(Source: P.A. 94-776, eff. 5-19-06.)

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

Sec. 905. Limitations on Notices of Deficiency.

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

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

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

(a-5) Notwithstanding any other provision of this Act to the contrary, for any taxable year included in a claim for credit or refund for which the statute of limitations for issuing a notice of deficiency under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

(b) Substantial omission of items.

(1) Omission of more than 25% of income. If the

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

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

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



(c) No return or fraudulent return. If no return is filed or a false and fraudulent return is filed with intent to evade the tax imposed by this Act, a notice of deficiency may be issued at any time. For purposes of this subsection (c), any taxpayer who is required to join in the filing of a return filed under the provisions of subsection (e) of Section 502 of this Act for a taxable year ending on or after December 31, 2013 and who is not included on that return and does not file its own return for that taxable year shall be deemed to have failed to file a return; provided that the amount of any proposed assessment set forth in a notice of deficiency issued under this subsection (c) shall be limited to the amount of any increase in liability under this Act that should have reported on the return required under the provisions of subsection (e) of Section 502 of this Act for that taxable year resulting from proper inclusion of that taxpayer on that return.

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

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

(e) Report of federal change.

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

(2) On and after August 13, 1999, in any case where notification of an alteration is given as required by Section 506(b), a notice of deficiency may be issued at any time within 2 years after the date such notification is given for the taxable year for which the notification is given or for any taxable year to which the taxpayer may

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

(f) Extension by agreement. Where, before the expiration of the time prescribed in this Section for the issuance of a notice of deficiency, both the Department and the taxpayer shall have consented in writing to its issuance after such time, such notice may be issued at any time prior to the expiration of the period agreed upon. In the case of a taxpayer who is a partnership, Subchapter S corporation, or trust and who enters into an agreement with the Department pursuant to this subsection on or after January 1, 2003, a notice of deficiency may be issued to the partners, shareholders, or beneficiaries of the taxpayer at any time prior to the expiration of the period agreed upon. Any proposed assessment set forth in the notice, however, shall be limited to the amount of any deficiency resulting under this Act from recomputation of items of income, deduction, credits, or other amounts of the taxpayer that are taken into account by the

partner, shareholder, or beneficiary in computing its liability under this Act. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

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

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

(h) Time return deemed filed. For purposes of this Section a tax return filed before the last day prescribed by law

(including any extension thereof) shall be deemed to have been filed on such last day.

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

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

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

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

(j) Withholding tax. In the case of returns required under Article 7 of this Act (with respect to any amounts withheld as tax or any amounts required to have been withheld as tax) a notice of deficiency shall be issued not later than 3 years after the 15th day of the 4th month following the close of the calendar year in which such withholding was required.

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

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

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

1) Initial Transferee. In the case of the liability of an initial transferee, up to 2 years after the expiration of the period of limitation for assessment against the transferor, except that if a court proceeding for review of the assessment against the transferor has begun, then

up to 2 years after the return of the certified copy of the judgment in the court proceeding.

2) Transferee of Transferee. In the case of the liability of a transferee, up to 2 years after the expiration of the period of limitation for assessment against the preceding transferee, but not more than 3 years after the expiration of the period of limitation for assessment against the initial transferor; except that if, before the expiration of the period of limitation for the assessment of the liability of the transferee, a court proceeding for the collection of the tax or liability in respect thereof has been begun against the initial transferor or the last preceding transferee, as the case may be, then the period of limitation for assessment of the liability of the transferee shall expire 2 years after the return of the certified copy of the judgment in the court proceeding.

(n) Notice of decrease in net loss. On and after August 23, 2002, no notice of deficiency shall be issued as the result of a decrease determined by the Department in the net loss incurred by a taxpayer in any taxable year ending prior to December 31, 2002 under Section 207 of this Act unless the Department has notified the taxpayer of the proposed decrease within 3 years after the return reporting the loss was filed or within one year after an amended return reporting an increase in the loss was filed, provided that in the case of an amended

return, a decrease proposed by the Department more than 3 years after the original return was filed may not exceed the increase claimed by the taxpayer on the original return.

(Source: P.A. 98-496, eff. 1-1-14.)

Section 15. The Use Tax Act is amended by changing Section 21 as follows:

(35 ILCS 105/21) (from Ch. 120, par. 439.21)

Sec. 21. As to any claim for credit or refund filed with the Department on and after January 1 but on or before June 30 of any given year, no amount of tax or penalty or interest erroneously paid (either in total or partial liquidation of a tax or penalty or interest under this Act) more than 3 years prior to such January 1 shall be credited or refunded, and as to any such claim filed on and after July 1 but on or before December 31 of any given year, no amount of tax or penalty or interest erroneously paid (either in total or partial liquidation of a tax or penalty or interest under this Act) more than 3 years prior to such July 1 shall be credited or refunded. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended



for 6 months from the date it would have otherwise expired. No claim shall be allowed for any amount paid to the Department, whether paid voluntarily or involuntarily, if paid in total or partial liquidation of an assessment which had become final before the claim for credit or refund to recover the amount so paid is filed with the Department, or if paid in total or partial liquidation of a judgment or order of court.

(Source: P.A. 79-1366; 79-1365.)

Section 20. The Service Occupation Tax Act is amended by changing Section 19 as follows:

(35 ILCS 115/19) (from Ch. 120, par. 439.119)

Sec. 19. As to any claim for credit or refund filed with the Department on or after each January 1 and July 1, no amount of tax or penalty or interest erroneously paid (either in total or partial liquidation of a tax or penalty or interest under this Act) more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and taxpayer have agreed to an extension of time to issue a notice of tax liability as provided in Section 4 of the Retailers' Occupation Tax Act, such claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for

issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired. No claim shall be allowed for any amount paid to the Department, whether paid voluntarily or involuntarily, if paid in total or partial liquidation of an assessment which had become final before the claim for credit or refund to recover the amount so paid is filed with the Department, or if paid in total or partial liquidation of a judgment or order of court.

(Source: P.A. 90-562, eff. 12-16-97.)

Section 25. The Retailers' Occupation Tax Act is amended by changing Sections 2a and 6 as follows:

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

Sec. 2a. It is unlawful for any person to engage in the business of selling tangible personal property at retail in this State without a certificate of registration from the Department. Application for a certificate of registration shall be made to the Department upon forms furnished by it. Each such application shall be signed and verified and shall state: (1) the name and social security number of the applicant; (2) the address of his principal place of business; (3) the address of the principal place of business from which

he engages in the business of selling tangible personal property at retail in this State and the addresses of all other places of business, if any (enumerating such addresses, if any, in a separate list attached to and made a part of the application), from which he engages in the business of selling tangible personal property at retail in this State; (4) the name and address of the person or persons who will be responsible for filing returns and payment of taxes due under this Act; (5) in the case of a publicly traded corporation, the name and title of the Chief Financial Officer, Chief Operating Officer, and any other officer or employee with responsibility for preparing tax returns under this Act, and, in the case of all other corporations, the name, title, and social security number of each corporate officer; (6) in the case of a limited liability company, the name, social security number, and FEIN number of each manager and member; and (7) such other information as the Department may reasonably require. The application shall contain an acceptance of responsibility signed by the person or persons who will be responsible for filing returns and payment of the taxes due under this Act. If the applicant will sell tangible personal property at retail through vending machines, his application to register shall indicate the number of vending machines to be so operated. If requested by the Department at any time, that person shall verify the total number of vending machines he or she uses in his or her business of selling tangible personal property at

retail.

The Department shall provide by rule for an expedited business registration process for remote retailers required to register and file under subsection (b) of Section 2 who use a certified service provider to file their returns under this Act. Such expedited registration process shall allow the Department to register a taxpayer based upon the same registration information required by the Streamlined Sales Tax Governing Board for states participating in the Streamlined Sales Tax Project.

The Department may deny a certificate of registration to any applicant if a person who is named as the owner, a partner, a manager or member of a limited liability company, or a corporate officer of the applicant on the application for the certificate of registration is or has been named as the owner, a partner, a manager or member of a limited liability company, or a corporate officer on the application for the certificate of registration of another retailer that is in default for moneys due under this Act or any other tax or fee Act administered by the Department. For purposes of this paragraph only, in determining whether a person is in default for moneys due, the Department shall include only amounts established as a final liability within the 23 ~~20~~ years prior to the date of the Department's notice of denial of a certificate of registration.

The Department may require an applicant for a certificate

of registration hereunder to, at the time of filing such application, furnish a bond from a surety company authorized to do business in the State of Illinois, or an irrevocable bank letter of credit or a bond signed by 2 personal sureties who have filed, with the Department, sworn statements disclosing net assets equal to at least 3 times the amount of the bond to be required of such applicant, or a bond secured by an assignment of a bank account or certificate of deposit, stocks or bonds, conditioned upon the applicant paying to the State of Illinois all moneys becoming due under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution. In making a determination as to whether to require a bond or other security, the Department shall take into consideration whether the owner, any partner, any manager or member of a limited liability company, or a corporate officer of the applicant is or has been the owner, a partner, a manager or member of a limited liability company, or a corporate officer of another retailer that is in default for moneys due under this Act or any other tax or fee Act administered by the Department; and whether the owner, any partner, any manager or member of a limited liability company, or a corporate officer of the applicant is or has been the owner, a partner, a manager or

member of a limited liability company, or a corporate officer of another retailer whose certificate of registration has been revoked within the previous 5 years under this Act or any other tax or fee Act administered by the Department. If a bond or other security is required, the Department shall fix the amount of the bond or other security, taking into consideration the amount of money expected to become due from the applicant under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance, or resolution. The amount of security required by the Department shall be such as, in its opinion, will protect the State of Illinois against failure to pay the amount which may become due from the applicant under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution, but the amount of the security required by the Department shall not exceed three times the amount of the applicant's average monthly tax liability, or \$50,000.00, whichever amount is lower.

No certificate of registration under this Act shall be

issued by the Department until the applicant provides the Department with satisfactory security, if required, as herein provided for.

Upon receipt of the application for certificate of registration in proper form, and upon approval by the Department of the security furnished by the applicant, if required, the Department shall issue to such applicant a certificate of registration which shall permit the person to whom it is issued to engage in the business of selling tangible personal property at retail in this State. The certificate of registration shall be conspicuously displayed at the place of business which the person so registered states in his application to be the principal place of business from which he engages in the business of selling tangible personal property at retail in this State.

No certificate of registration issued prior to July 1, 2017 to a taxpayer who files returns required by this Act on a monthly basis or renewed prior to July 1, 2017 by a taxpayer who files returns required by this Act on a monthly basis shall be valid after the expiration of 5 years from the date of its issuance or last renewal. No certificate of registration issued on or after July 1, 2017 to a taxpayer who files returns required by this Act on a monthly basis or renewed on or after July 1, 2017 by a taxpayer who files returns required by this Act on a monthly basis shall be valid after the expiration of one year from the date of its issuance or last renewal. The

expiration date of a sub-certificate of registration shall be that of the certificate of registration to which the sub-certificate relates. Prior to July 1, 2017, a certificate of registration shall automatically be renewed, subject to revocation as provided by this Act, for an additional 5 years from the date of its expiration unless otherwise notified by the Department as provided by this paragraph. On and after July 1, 2017, a certificate of registration shall automatically be renewed, subject to revocation as provided by this Act, for an additional one year from the date of its expiration unless otherwise notified by the Department as provided by this paragraph.

Where a taxpayer to whom a certificate of registration is issued under this Act is in default to the State of Illinois for delinquent returns or for moneys due under this Act or any other State tax law or municipal or county ordinance administered or enforced by the Department, the Department shall, not less than 60 days before the expiration date of such certificate of registration, give notice to the taxpayer to whom the certificate was issued of the account period of the delinquent returns, the amount of tax, penalty and interest due and owing from the taxpayer, and that the certificate of registration shall not be automatically renewed upon its expiration date unless the taxpayer, on or before the date of expiration, has filed and paid the delinquent returns or paid the defaulted amount in full. A taxpayer to whom such a notice



is issued shall be deemed an applicant for renewal. The Department shall promulgate regulations establishing procedures for taxpayers who file returns on a monthly basis but desire and qualify to change to a quarterly or yearly filing basis and will no longer be subject to renewal under this Section, and for taxpayers who file returns on a yearly or quarterly basis but who desire or are required to change to a monthly filing basis and will be subject to renewal under this Section.

The Department may in its discretion approve renewal by an applicant who is in default if, at the time of application for renewal, the applicant files all of the delinquent returns or pays to the Department such percentage of the defaulted amount as may be determined by the Department and agrees in writing to waive all limitations upon the Department for collection of the remaining defaulted amount to the Department over a period not to exceed 5 years from the date of renewal of the certificate; however, no renewal application submitted by an applicant who is in default shall be approved if the immediately preceding renewal by the applicant was conditioned upon the installment payment agreement described in this Section. The payment agreement herein provided for shall be in addition to and not in lieu of the security that may be required by this Section of a taxpayer who is no longer considered a prior continuous compliance taxpayer. The execution of the payment agreement as provided in this Act

shall not toll the accrual of interest at the statutory rate.

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

A certificate of registration issued under this Act more than 5 years before January 1, 1990 (the effective date of Public Act 86-383) shall expire and be subject to the renewal provisions of this Section on the next anniversary of the date of issuance of such certificate which occurs more than 6 months after January 1, 1990 (the effective date of Public Act 86-383). A certificate of registration issued less than 5 years before January 1, 1990 (the effective date of Public Act 86-383) shall expire and be subject to the renewal provisions of this Section on the 5th anniversary of the issuance of the certificate.

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

If the applicant will sell tangible personal property at retail through vending machines, the Department shall furnish him with a sub-certificate of registration for each such vending machine, and the applicant shall display the appropriate sub-certificate of registration on each such vending machine by attaching the sub-certificate of registration to a conspicuous part of such vending machine. If a person who is registered to sell tangible personal property at retail through vending machines adds an additional vending machine or additional vending machines to the number of vending machines he or she uses in his or her business of selling tangible personal property at retail, he or she shall notify the Department, on a form prescribed by the Department, to request an additional sub-certificate or additional sub-certificates of registration, as applicable. With each such request, the applicant shall report the number of sub-certificates of registration he or she is requesting as well as the total number of vending machines from which he or she makes retail sales.

Where the same person engages in 2 or more businesses of selling tangible personal property at retail in this State, which businesses are substantially different in character or engaged in under different trade names or engaged in under other substantially dissimilar circumstances (so that it is more practicable, from an accounting, auditing or bookkeeping standpoint, for such businesses to be separately registered),

the Department may require or permit such person (subject to the same requirements concerning the furnishing of security as those that are provided for hereinbefore in this Section as to each application for a certificate of registration) to apply for and obtain a separate certificate of registration for each such business or for any of such businesses, under a single certificate of registration supplemented by related sub-certificates of registration.

Any person who is registered under the Retailers' Occupation Tax Act as of March 8, 1963, and who, during the 3-year period immediately prior to March 8, 1963, or during a continuous 3-year period part of which passed immediately before and the remainder of which passes immediately after March 8, 1963, has been so registered continuously and who is determined by the Department not to have been either delinquent or deficient in the payment of tax liability during that period under this Act or under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the registrant under this Act will permit the registrant to engage in business without registering separately under such other law, ordinance or resolution, shall be considered to be a Prior Continuous Compliance taxpayer. Also any taxpayer who has, as verified by the Department, faithfully and continuously complied with the condition of his bond or other security under the provisions of this Act for a period of 3

consecutive years shall be considered to be a Prior Continuous Compliance taxpayer.

Every Prior Continuous Compliance taxpayer shall be exempt from all requirements under this Act concerning the furnishing of a bond or other security as a condition precedent to his being authorized to engage in the business of selling tangible personal property at retail in this State. This exemption shall continue for each such taxpayer until such time as he may be determined by the Department to be delinquent in the filing of any returns, or is determined by the Department (either through the Department's issuance of a final assessment which has become final under the Act, or by the taxpayer's filing of a return which admits tax that is not paid to be due) to be delinquent or deficient in the paying of any tax under this Act or under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the registrant under this Act will permit the registrant to engage in business without registering separately under such other law, ordinance or resolution, at which time that taxpayer shall become subject to all the financial responsibility requirements of this Act and, as a condition of being allowed to continue to engage in the business of selling tangible personal property at retail, may be required to post bond or other acceptable security with the Department covering liability which such taxpayer may thereafter incur. Any taxpayer who fails to pay an admitted or

established liability under this Act may also be required to post bond or other acceptable security with this Department guaranteeing the payment of such admitted or established liability.

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

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

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

liability is admitted by the taxpayer or established by the Department through the issuance of a final assessment that has become final under the law, convert the security which that taxpayer has furnished into money for the State, after first giving the taxpayer at least 10 days' written notice, by registered or certified mail, to pay the liability or forfeit such security to the Department. If the security consists of stocks or bonds or other securities which are listed on a public exchange, the Department shall sell such securities through such public exchange. If the security consists of an irrevocable bank letter of credit, the Department shall convert the security in the manner provided for in the Uniform Commercial Code. If the security consists of a bank certificate of deposit, the Department shall convert the security into money by demanding and collecting the amount of such bank certificate of deposit from the bank which issued such certificate. If the security consists of a type of stocks or other securities which are not listed on a public exchange, the Department shall sell such security to the highest and best bidder after giving at least 10 days' notice of the date, time and place of the intended sale by publication in the "State Official Newspaper". If the Department realizes more than the amount of such liability from the security, plus the expenses incurred by the Department in converting the security into money, the Department shall pay such excess to the taxpayer who furnished such security, and the balance shall be

paid into the State Treasury.

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

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

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

(Source: P.A. 100-302, eff. 8-24-17; 100-303, eff. 8-24-17; 100-863, eff. 8-14-18; 101-31, eff. 6-28-19.)



(35 ILCS 120/6) (from Ch. 120, par. 445)

Sec. 6. Credit memorandum or refund. If it appears, after claim therefor filed with the Department, that an amount of tax or penalty or interest has been paid which was not due under this Act, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person died or became a person under legal disability, to his or her legal representative, as such. For purposes of this Section, the tax is deemed to be erroneously paid by a retailer when the manufacturer of a motor vehicle sold by the retailer accepts the return of that automobile and refunds to the purchaser the selling price of that vehicle as provided in the New Vehicle Buyer Protection Act. When a motor vehicle is returned for a refund of the purchase price under the New Vehicle Buyer Protection Act, the Department shall issue a credit memorandum or a refund for the amount of tax paid by the retailer under this Act attributable to the initial sale of that vehicle. Claims submitted by the retailer are subject to the same restrictions and procedures provided for in this Act. If it is determined that the Department should issue a credit memorandum or refund, the Department may first apply the amount thereof against any tax or penalty or interest due or to become due under this Act or under the Use Tax Act, the Service

Occupation Tax Act, the Service Use Tax Act, any local occupation or use tax administered by the Department, Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (e), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act, from the person who made the erroneous payment. If no tax or penalty or interest is due and no proceeding is pending to determine whether such person is indebted to the Department for tax or penalty or interest, the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act, the Use Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, any local occupation or use tax administered by the Department, Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (e), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act, and the amount thereof applied by the Department against any tax or penalty or interest due or to become due under this Act or under the Use Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, any local occupation or use tax administered by the Department, Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or

subsections (e), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act, from such assignee. However, as to any claim for credit or refund filed with the Department on and after each January 1 and July 1 no amount of tax or penalty or interest erroneously paid (either in total or partial liquidation of a tax or penalty or amount of interest under this Act) more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability as provided in Section 4 of this Act, such claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

No claim may be allowed for any amount paid to the Department, whether paid voluntarily or involuntarily, if paid in total or partial liquidation of an assessment which had become final before the claim for credit or refund to recover the amount so paid is filed with the Department, or if paid in total or partial liquidation of a judgment or order of court. No credit may be allowed or refund made for any amount paid by

or collected from any claimant unless it appears (a) that the claimant bore the burden of such amount and has not been relieved thereof nor reimbursed therefor and has not shifted such burden directly or indirectly through inclusion of such amount in the price of the tangible personal property sold by him or her or in any manner whatsoever; and that no understanding or agreement, written or oral, exists whereby he or she or his or her legal representative may be relieved of the burden of such amount, be reimbursed therefor or may shift the burden thereof; or (b) that he or she or his or her legal representative has repaid unconditionally such amount to his or her vendee (1) who bore the burden thereof and has not shifted such burden directly or indirectly, in any manner whatsoever; (2) who, if he or she has shifted such burden, has repaid unconditionally such amount to his own vendee; and (3) who is not entitled to receive any reimbursement therefor from any other source than from his or her vendor, nor to be relieved of such burden in any manner whatsoever. No credit may be allowed or refund made for any amount paid by or collected from any claimant unless it appears that the claimant has unconditionally repaid, to the purchaser, any amount collected from the purchaser and retained by the claimant with respect to the same transaction under the Use Tax Act.

Any credit or refund that is allowed under this Section shall bear interest at the rate and in the manner specified in

the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from the Aviation Fuel Sales Tax Refund Fund or from such appropriation as may be available for that purpose, as appropriate. If it appears unlikely that the amount available would permit everyone having a claim allowed during the period covered by such appropriation or from the Aviation Fuel Sales Tax Refund Fund, as appropriate, to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

If a retailer who has failed to pay retailers' occupation tax on gross receipts from retail sales is required by the Department to pay such tax, such retailer, without filing any formal claim with the Department, shall be allowed to take credit against such retailers' occupation tax liability to the extent, if any, to which such retailer has paid an amount equivalent to retailers' occupation tax or has paid use tax in error to his or her vendor or vendors of the same tangible personal property which such retailer bought for resale and did not first use before selling it, and no penalty or interest shall be charged to such retailer on the amount of such credit. However, when such credit is allowed to the retailer by the Department, the vendor is precluded from refunding any of that tax to the retailer and filing a claim for credit or refund

with respect thereto with the Department. The provisions of this amendatory Act shall be applied retroactively, regardless of the date of the transaction.

(Source: P.A. 101-10, eff. 6-5-19.)

Section 30. The Cigarette Machine Operators' Occupation Tax Act is amended by changing Section 1-55 as follows:

(35 ILCS 128/1-55)

Sec. 1-55. Claims; credit memorandum or refunds. If it appears, after claim is filed with the Department, that an amount of tax or penalty has been paid which was not due under this Act, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person has died or become a person under legal disability, to his or her legal representative.

If it is determined that the Department should issue a credit or refund under this Act, the Department may first apply the amount thereof against any amount of tax or penalty due under this Act, the Cigarette Tax Act, the Cigarette Use Tax Act, or the Tobacco Products Act of 1995 from the person entitled to that credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty is due under this Act or under the Cigarette Tax Act,

Cigarette Use Tax Act, or the Tobacco Products Act of 1995 from the person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department under this Act, the Cigarette Tax Act, the Cigarette Use Tax Act, or the Tobacco Products Act of 1995 as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty is due and no proceeding is pending to determine whether such taxpayer is indebted to the Department for the payment of a tax or penalty, the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act, the Cigarette Tax Act, the Cigarette Use Tax Act, or the Tobacco Products Act of 1995, and the amount thereof shall be applied by the Department against any tax or penalty due or to become due under this Act, the Cigarette Tax Act, the Cigarette Use Tax Act, or the Tobacco Products Act of 1995 from such assignee.

As to any claim filed hereunder with the Department on and after each January 1 and July 1, no amount of tax or penalty erroneously paid (either in total or partial liquidation of a tax or penalty under this Act) more than 3 years prior to such

January 1 and July 1, respectively, shall be credited or refunded, except that, if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability under this Act, the claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

Any credit or refund that is allowed under this Act shall bear interest at the rate and in the manner set forth in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from appropriations available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

The provisions of Sections 6a, 6b, and 6c of the Retailers' Occupation Tax Act which are not inconsistent with



this Act shall apply, as far as practicable, to the subject matter of this Act to the same extent as if such provisions were included herein.

(Source: P.A. 97-688, eff. 6-14-12.)

Section 35. The Cigarette Tax Act is amended by changing Section 9d as follows:

(35 ILCS 130/9d) (from Ch. 120, par. 453.9d)

Sec. 9d. If it appears, after claim therefor filed with the Department, that an amount of tax or penalty has been paid which was not due under this Act, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person has died or become a person under legal disability, to his or her legal representative, as such.

If it is determined that the Department should issue a credit or refund under this Act, the Department may first apply the amount thereof against any amount of tax or penalty due under this Act or under the Cigarette Use Tax Act from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty is due under this Act or under the Cigarette Use Tax Act from such person, the Department may withhold issuance of the credit or refund pending the final disposition of such

proceedings and may apply such credit or refund against any amount found to be due to the Department under this Act or under the Cigarette Use Tax Act as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty is due and no proceeding is pending to determine whether such taxpayer is indebted to the Department for tax or penalty, the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act or the Cigarette Use Tax Act, and the amount thereof shall be applied by the Department against any tax or penalty due or to become due under this Act or under the Cigarette Use Tax Act from such assignee.

As to any claim filed hereunder with the Department on and after each January 1 and July 1, no amount of tax or penalty erroneously paid (either in total or partial liquidation of a tax or penalty under this Act) more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability under this Act, the claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the

contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

If the Department approves a claim for stamps affixed to a product returned to a manufacturer or for replacement of stamps, the credit memorandum shall not exceed the face value of stamps originally affixed, and replacement stamps shall be issued only in an amount equal to the value of the stamps previously affixed. Higher denomination stamps shall not be issued as replacements for lower value stamps. Distributors must prove the face value of the stamps which have been destroyed or returned to manufacturers when filing claims.

Any credit or refund that is allowed under this Act shall bear interest at the rate and in the manner set forth in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from such appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what

types of cases qualify as hardship cases.

If the Department approves a claim for the physical replacement of cigarette tax stamps, the Department (subject to the same limitations as those provided for hereinbefore in this Section) may issue an assignable credit memorandum or refund to the claimant or to the claimant's legal representative.

The provisions of Sections 6a, 6b and 6c of the Retailers' Occupation Tax Act which are not inconsistent with this Act, shall apply, as far as practicable, to the subject matter of this Act to the same extent as if such provisions were included herein.

(Source: P.A. 90-491, eff. 1-1-98.)

Section 40. The Cigarette Use Tax Act is amended by changing Section 14a as follows:

(35 ILCS 135/14a) (from Ch. 120, par. 453.44a)

Sec. 14a. If it appears, after claim therefor filed with the Department, that an amount of tax or penalty has been paid which was not due under this Act, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person has died or become a person under legal disability, to his or her legal representative, as such.

If it is determined that the Department should issue a credit or refund under this Act, the Department may first apply the amount thereof against any amount of tax or penalty due under this Act or under the Cigarette Tax Act from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty is due under this Act or under the Cigarette Tax Act from such person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department under this Act or under the Cigarette Tax Act as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty is due and no proceeding is pending to determine whether such taxpayer is indebted to the Department for tax or penalty, the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act or the Cigarette Tax Act, and the amount thereof shall be applied by the Department against any tax or penalty due or to become due under this Act or under the Cigarette Tax Act from such assignee.

As to any claim filed hereunder with the Department on and after each January 1 and July 1, no amount of tax or penalty

erroneously paid (either in total or partial liquidation of a tax or penalty under this Act) more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability under this Act, the claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from such appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

If the Department approves a claim for the physical replacement of cigarette tax stamps, the Department (subject to the same limitations as those provided for hereinbefore in

this Section) may issue an assignable credit memorandum or refund to the claimant or to the claimant's legal representative.

Any credit or refund that is allowed under this Act shall bear interest at the rate and in the manner set forth in the Uniform Penalty and Interest Act.

The provisions of Sections 6a, 6b and 6c of the "Retailers' Occupation Tax Act", approved June 28, 1933, as amended, in effect on the effective date of this amendatory Act, as subsequently amended, which are not inconsistent with this Act, shall apply, as far as practicable, to the subject matter of this Act to the same extent as if such provisions were included herein.

(Source: P.A. 90-491, eff. 1-1-98.)

Section 45. The Tobacco Products Tax Act of 1995 is amended by changing Section 10-5 as follows:

(35 ILCS 143/10-5)

Sec. 10-5. Definitions. For purposes of this Act:

"Business" means any trade, occupation, activity, or enterprise engaged in, at any location whatsoever, for the purpose of selling tobacco products.

"Cigarette" has the meaning ascribed to the term in Section 1 of the Cigarette Tax Act.

"Contraband little cigar" means:

(1) packages of little cigars containing 20 or 25 little cigars that do not bear a required tax stamp under this Act;

(2) packages of little cigars containing 20 or 25 little cigars that bear a fraudulent, imitation, or counterfeit tax stamp;

(3) packages of little cigars containing 20 or 25 little cigars that are improperly tax stamped, including packages of little cigars that bear only a tax stamp of another state or taxing jurisdiction; or

(4) packages of little cigars containing other than 20 or 25 little cigars in the possession of a distributor, retailer or wholesaler, unless the distributor, retailer, or wholesaler possesses, or produces within the time frame provided in Section 10-27 or 10-28 of this Act, an invoice from a stamping distributor, distributor, or wholesaler showing that the tax on the packages has been or will be paid.

"Correctional Industries program" means a program run by a State penal institution in which residents of the penal institution produce tobacco products for sale to persons incarcerated in penal institutions or resident patients of a State operated mental health facility.

"Department" means the Illinois Department of Revenue.

"Distributor" means any of the following:

(1) Any manufacturer or wholesaler in this State



engaged in the business of selling tobacco products who sells, exchanges, or distributes tobacco products to retailers or consumers in this State.

(2) Any manufacturer or wholesaler engaged in the business of selling tobacco products from without this State who sells, exchanges, distributes, ships, or transports tobacco products to retailers or consumers located in this State, so long as that manufacturer or wholesaler has or maintains within this State, directly or by subsidiary, an office, sales house, or other place of business, or any agent or other representative operating within this State under the authority of the person or subsidiary, irrespective of whether the place of business or agent or other representative is located here permanently or temporarily.

(3) Any retailer who receives tobacco products on which the tax has not been or will not be paid by another distributor.

"Distributor" does not include any person, wherever resident or located, who makes, manufactures, or fabricates tobacco products as part of a Correctional Industries program for sale to residents incarcerated in penal institutions or resident patients of a State operated mental health facility.

"Electronic cigarette" means:

(1) any device that employs a battery or other mechanism to heat a solution or substance to produce a

vapor or aerosol intended for inhalation, except for (A) any device designed solely for use with cannabis that contains a statement on the retail packaging that the device is designed solely for use with cannabis and not for use with tobacco or (B) any device that contains a solution or substance that contains cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act or the Cannabis Regulation and Tax Act;

(2) any cartridge or container of a solution or substance intended to be used with or in the device or to refill the device, except for any cartridge or container of a solution or substance that contains cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act or the Cannabis Regulation and Tax Act; or

(3) any solution or substance, whether or not it contains nicotine, intended for use in the device, except for any solution or substance that contains cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act or the Cannabis Regulation and Tax Act.

The changes made to the definition of "electronic cigarette" by this amendatory Act of the 102nd General Assembly apply on and after June 28, 2019, but no claim for credit or refund is allowed on or after the effective date of this amendatory Act of the 102nd General Assembly for such taxes paid during the period beginning June 28, 2019 and the

effective date of this amendatory Act of the 102nd General Assembly.

"Electronic cigarette" includes, but is not limited to, any electronic nicotine delivery system, electronic cigar, electronic cigarillo, electronic pipe, electronic hookah, vape pen, or similar product or device, and any component or part that can be used to build the product or device. "Electronic cigarette" does not include: cigarettes, as defined in Section 1 of the Cigarette Tax Act; any product approved by the United States Food and Drug Administration for sale as a tobacco cessation product, a tobacco dependence product, or for other medical purposes that is marketed and sold solely for that approved purpose; any asthma inhaler prescribed by a physician for that condition that is marketed and sold solely for that approved purpose; or any therapeutic product approved for use under the Compassionate Use of Medical Cannabis Program Act.

"Little cigar" means and includes any roll, made wholly or in part of tobacco, where such roll has an integrated cellulose acetate filter and weighs less than 4 pounds per thousand and the wrapper or cover of which is made in whole or in part of tobacco.

"Manufacturer" means any person, wherever resident or located, who manufactures and sells tobacco products, except a person who makes, manufactures, or fabricates tobacco products as a part of a Correctional Industries program for sale to persons incarcerated in penal institutions or resident

patients of a State operated mental health facility.

Beginning on January 1, 2013, "moist snuff" means any finely cut, ground, or powdered tobacco that is not intended to be smoked, but shall not include any finely cut, ground, or powdered tobacco that is intended to be placed in the nasal cavity.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint venture, limited liability company, or public or private corporation, however formed, or a receiver, executor, administrator, trustee, conservator, or other representative appointed by order of any court.

"Place of business" means and includes any place where tobacco products are sold or where tobacco products are manufactured, stored, or kept for the purpose of sale or consumption, including any vessel, vehicle, airplane, train, or vending machine.

"Retailer" means any person in this State engaged in the business of selling tobacco products to consumers in this State, regardless of quantity or number of sales.

"Sale" means any transfer, exchange, or barter in any manner or by any means whatsoever for a consideration and includes all sales made by persons.

"Stamp" or "stamps" mean the indicia required to be affixed on a package of little cigars that evidence payment of the tax on packages of little cigars containing 20 or 25 little

cigars under Section 10-10 of this Act. These stamps shall be the same stamps used for cigarettes under the Cigarette Tax Act.

"Stamping distributor" means a distributor licensed under this Act and also licensed as a distributor under the Cigarette Tax Act or Cigarette Use Tax Act.

"Tobacco products" means any cigars, including little cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff (including moist snuff) or snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings, and sweeping of tobacco; and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking; but does not include cigarettes as defined in Section 1 of the Cigarette Tax Act or tobacco purchased for the manufacture of cigarettes by cigarette distributors and manufacturers defined in the Cigarette Tax Act and persons who make, manufacture, or fabricate cigarettes as a part of a Correctional Industries program for sale to residents incarcerated in penal institutions or resident patients of a State operated mental health facility.

Beginning on July 1, 2019, "tobacco products" also includes electronic cigarettes.

"Wholesale price" means the established list price for

which a manufacturer sells tobacco products to a distributor, before the allowance of any discount, trade allowance, rebate, or other reduction. In the absence of such an established list price, the manufacturer's invoice price at which the manufacturer sells the tobacco product to unaffiliated distributors, before any discounts, trade allowances, rebates, or other reductions, shall be presumed to be the wholesale price.

"Wholesaler" means any person, wherever resident or located, engaged in the business of selling tobacco products to others for the purpose of resale. "Wholesaler", when used in this Act, does not include a person licensed as a distributor under Section 10-20 of this Act unless expressly stated in this Act.

(Source: P.A. 101-31, eff. 6-28-19; 101-593, eff. 12-4-19.)

Section 50. The Messages Tax Act is amended by changing Section 6 as follows:

(35 ILCS 610/6) (from Ch. 120, par. 467.6)

Sec. 6. If it appears, after claim therefor filed with the Department, that an amount of tax or penalty or interest has been paid which was not due under this Act, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous

payment or, if that person has died or become a person under legal disability, to his or her legal representative, as such.

If it is determined that the Department should issue a credit or refund under this Act, the Department may first apply the amount thereof against any amount of tax or penalty or interest due hereunder from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty or interest is due under this Act from such person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty or interest is due and no proceeding is pending to determine whether such person is indebted to the Department for tax or penalty or interest, the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act, and the amount thereof shall be applied by the Department against any tax or penalty or interest due or to become due under this Act from such assignee.

As to any claim for credit or refund filed with the

Department on or after each January 1 and July 1, no amounts erroneously paid more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability under this Act, the claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

Claims for credit or refund shall be filed upon forms provided by the Department. As soon as practicable after any claim for credit or refund is filed, the Department shall examine the same and determine the amount of credit or refund to which the claimant is entitled and shall notify the claimant of such determination, which amount shall be prima facie correct.

Any credit or refund that is allowed under this Act shall bear interest at the rate and in the manner specified in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from such



appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

(Source: P.A. 90-491, eff. 1-1-98.)

Section 55. The Gas Revenue Tax Act is amended by changing Section 6 as follows:

(35 ILCS 615/6) (from Ch. 120, par. 467.21)

Sec. 6. If it appears, after claim therefor filed with the Department, that an amount of tax or penalty or interest has been paid which was not due under this Act, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person has died or become a person under legal disability, to his or her legal representative, as such.

If it is determined that the Department should issue a credit or refund under this Act, the Department may first apply the amount thereof against any amount of tax or penalty or interest due hereunder from the person entitled to such credit or refund. For this purpose, if proceedings are pending

to determine whether or not any tax or penalty or interest is due under this Act from such person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty or interest is due and no proceeding is pending to determine whether such person is indebted to the Department for tax or penalty or interest, the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act, and the amount thereof shall be applied by the Department against any tax or penalty or interest due or to become due under this Act from such assignee.

As to any claim for credit or refund filed with the Department on or after each January 1 and July 1, no amounts erroneously paid more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability under this Act, the claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision

of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

Claims for credit or refund shall be filed upon forms provided by the Department. As soon as practicable after any claim for credit or refund is filed, the Department shall examine the same and determine the amount of credit or refund to which the claimant is entitled and shall notify the claimant of such determination, which amount shall be prima facie correct.

Any credit or refund that is allowed under this Act shall bear interest at the rate and in the manner specified in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from such appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

(Source: P.A. 90-491, eff. 1-1-98.)

Section 60. The Public Utilities Revenue Act is amended by changing Section 6 as follows:

(35 ILCS 620/6) (from Ch. 120, par. 473)

Sec. 6. If it appears, after claim therefor filed with the Department, that an amount of tax or penalty or interest has been paid which was not due under this Act, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person has died or become a person under legal disability, to his or her legal representative, as such.

If it is determined that the Department should issue a credit or refund under this Act, the Department may first apply the amount thereof against any amount of tax or penalty or interest due hereunder from the person entitled to such credit or refund. Any credit memorandum issued under the Electricity Excise Tax Law may be applied against any liability incurred under the tax previously imposed by Section 2 of this Act. For this purpose, if proceedings are pending to determine whether or not any tax or penalty or interest is due under this Act from such person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund

against any amount found to be due to the Department as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty or interest is due and no proceeding is pending to determine whether such person is indebted to the Department for tax or penalty or interest, the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act, and the amount thereof shall be applied by the Department against any tax or penalty or interest due or to become due under this Act from such assignee.

As to any claim for credit or refund filed with the Department on or after each January 1 and July 1, no amounts erroneously paid more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability under this Act, the claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is

automatically extended for 6 months from the date it would have otherwise expired.

Claims for credit or refund shall be filed upon forms provided by the Department. As soon as practicable after any claim for credit or refund is filed, the Department shall examine the same and determine the amount of credit or refund to which the claimant is entitled and shall notify the claimant of such determination, which amount shall be prima facie correct.

Any credit or refund that is allowed under this Act shall bear interest at the rate and in the manner specified in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from such appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

(Source: P.A. 90-491, eff. 1-1-98; 90-624, eff. 7-10-98.)

Section 65. The Water Company Invested Capital Tax Act is amended by changing Section 6 as follows:

(35 ILCS 625/6) (from Ch. 120, par. 1416)

Sec. 6. If it appears, after claim therefor filed with the Department, that an amount of tax or penalty or interest has been paid which was not due under this Act, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person has died or become incompetent, to his legal representative, as such.

If it is determined that the Department should issue a credit or refund under this Act, the Department may first apply the amount thereof against any amount of tax or penalty or interest due hereunder from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty or interest is due under this Act from such person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty or interest is due and no proceeding is pending to determine whether such person is indebted to the Department for tax or penalty or interest, the credit memorandum or refund shall be issued to the claimant; or (in

the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act, and the amount thereof shall be applied by the Department against any tax or penalty or interest due or to become due under this Act from such assignee.

As to any claim for credit or refund filed with the Department on or after each January 1 and July 1, no amounts erroneously paid more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability under this Act, the claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

Claims for credit or refund shall be filed upon forms provided by the Department. As soon as practicable after any claim for credit or refund is filed, the Department shall examine the same and determine the amount of credit or refund to which the claimant is entitled and shall notify the



claimant of such determination, which amount shall be prima facie correct.

Any credit or refund that is allowed under this Section shall bear interest at the rate and in the manner specified in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from such appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

(Source: P.A. 90-491, eff. 1-1-98.)

Section 70. The Telecommunications Excise Tax Act is amended by changing Section 10 as follows:

(35 ILCS 630/10) (from Ch. 120, par. 2010)

Sec. 10. If it shall appear that an amount of tax or penalty or interest has been paid in error hereunder to the Department by a taxpayer, as distinguished from the retailer, whether such amount be paid through a mistake of fact or an error of law, such taxpayer may file a claim for credit or refund with the Department. If it shall appear that an amount

of tax or penalty or interest has been paid in error to the Department hereunder by a retailer who is required or authorized to collect and remit the tax imposed by this Article, whether such amount be paid through a mistake of fact or an error of law, such retailer may file a claim for credit or refund with the Department, provided that no credit or refund shall be allowed for any amount paid by any such retailer unless it shall appear that he bore the burden of such amount and did not shift the burden thereof to anyone else, or unless it shall appear that he or she or his or her legal representative has unconditionally repaid such amount to his customer (1) who bore the burden thereof and has not shifted such burden directly or indirectly in any manner whatsoever; or (2) who, if he or she shifted such burden, has repaid unconditionally such amount to his or her own customer; and (3) who is not entitled to receive any reimbursement therefor from any other source than from his retailer, nor to be relieved of such burden in any other manner whatsoever.

If it is determined that the Department should issue a credit or refund under this Article, the Department may first apply the amount thereof against any amount of tax or penalty or interest due hereunder from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty or interest is due under this Article from such person, the Department may withhold issuance of the credit or refund pending the final

disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty or interest is due and no proceeding is pending to determine whether such person is indebted to the Department for tax or penalty or interest, the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Article, and the amount thereof shall be applied by the Department against any tax or penalty or interest due or to become due under this Article from such assignee.

As to any claim for credit or refund filed with the Department on or after each January 1 and July 1, no amounts erroneously paid more than three years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability under this Act, the claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or

refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

Claims for credit or refund shall be filed upon forms provided by the Department. As soon as practicable after any claim for credit or refund is filed, the Department shall examine the same and determine the amount of credit or refund to which the claimant is entitled and shall notify the claimant of such determination, which amount shall be prima facie correct.

A claim for credit or refund shall be considered to have been filed with the Department on the date upon which it is received by the Department. Upon receipt of any claim for credit or refund filed under this Article, any officer or employee of the Department, authorized in writing by the Director of Revenue to acknowledge receipt of such claims on behalf of the Department, shall execute on behalf of the Department, and shall deliver or mail to the claimant or his duly authorized agent, a written receipt, acknowledging that the claim has been filed with the Department, describing the claim in sufficient detail to identify it and stating the date upon which the claim was received by the Department. Such written receipt shall be prima facie evidence that the Department received the claim described in such receipt and

shall be prima facie evidence of the date when such claim was received by the Department. In the absence of such a written receipt, the records of the Department as to when the claim was received by the Department, or as to whether or not the claim was received at all by the Department, shall be deemed to be prima facie correct upon these questions in the event of any dispute between the claimant (or his or her legal representative) and the Department concerning these questions.

Any credit or refund that is allowed under this Article shall bear interest at the rate and in the manner specified in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from such appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department by rule or regulation shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

If a retailer who has failed to pay tax on gross charges for telecommunications is required by the Department to pay such tax, such retailer, without filing any formal claim with the Department, shall be allowed to take credit against such tax liability to the extent, if any, to which such retailer has paid the tax to its vendor of the telecommunications which

such retailer purchased and used for resale, and no penalty or interest shall be charged to such retailer on the amount of such credit. However, when such credit is allowed to the retailer by the Department, the vendor is precluded from refunding any of the tax to the retailer and filing a claim for credit or refund with respect thereto with the Department. The provisions of this Section added by this amendatory Act of 1988 shall be applied retroactively, regardless of the date of the transaction.

(Source: P.A. 90-491, eff. 1-1-98.)

Section 75. The Local Government Revenue Recapture Act is amended by changing Sections 5-5, 5-10, 5-15, 5-20, 5-30, 5-35, 5-37, 10-15, 10-20, 10-30, 10-35, and 10-40 as follows:

(50 ILCS 355/5-5)

Sec. 5-5. Definitions. As used in this Article:

"Department" means the Department of Revenue.

"Family member" means the following, whether by whole blood, half-blood, or adoption:

- (1) a parent or step-parent;
- (2) a child or step-child;
- (3) a grandparent or step-grandparent;
- (4) an aunt, uncle, great-aunt, or great-uncle;
- (4.1) a niece, nephew, great-niece, or great-nephew;
- (5) a sibling;

(6) a spouse or domestic partner; and

(7) the spouse or domestic partner of any person referenced in items (1) through (5).

"Financial information" means the information provided to the municipality or county by the Department under Section 11 of the Retailers' Occupation Tax Act that is reported to the Department by a business located in a given municipality or county.

"Person" means an individual, sole proprietorship, corporation, registered limited liability partnership, limited liability company, partnership, professional service corporation, or any other form of organization.

"Misallocation" means tax paid by the taxpayer and allocated to one unit of local government that should have been allocated to a different unit of local government. This includes misallocations discovered by a unit of local government through the tax location verification process under Section 8-11-16 of the Illinois Municipal Code and misallocations discovered by the Department other than through an audit of the taxpayer. "Misallocation" does not, however, include any amount reported by a taxpayer in an amended return or any amount discovered in an audit of the taxpayer by the Department or discovered in an audit of the taxpayer by a qualified practitioner under Article 10 of this Act.

"Misallocation" also does not include amounts overpaid by the taxpayer and therefore not owed to any unit of local

government, nor amounts underpaid by the taxpayer and therefore not previously allocated to any unit of local government.

"Monitoring disbursements" means keeping track of payments from the Department by a municipality, county, or third party for the limited purpose of tracking previous misallocations.

"Third party" means a person, partnership, corporation, or other entity or individual registered to do business in Illinois who contracts with a municipality or county to review financial information related to the disbursement of local taxes by the Department to the municipality or county.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/5-10)

Sec. 5-10. Contracts with third parties. A municipality or county that receives a disbursement of tax proceeds from the Department may contract with a third party for the purpose of ensuring that the municipality or county receives the correct disbursement from the Department and monitoring disbursements. The third party may not contact the Department on behalf of the municipality or county, but instead must work directly with the municipality or county to acquire financial information. A third party may, however, directly access a municipality's or county's financial information that is provided by the Department by electronic means under Section 11 of the Retailers' Occupation Tax Act, provided that the third party



meets all other conditions under this Section for the receipt of financial information. To be eligible to receive financial information from the municipality or county, the third party must:

(1) enter into a confidentiality agreement with the municipality or county in the form and manner required by the Department prior to receiving the financial information;

(2) have an existing contract with the municipality or county at the time the third party enters into the confidentiality agreement with the municipality or county; a copy of that existing contract must be on file with the Department;

(3) abide by the same conditions as the municipality or county with respect to the furnishing of financial information under Section 11 of the Retailers' Occupation Tax Act; and

(4) be registered with the Department as required by Section 5-35 of this Act.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/5-15)

Sec. 5-15. Financial information. The third party may use the financial information it receives from the contracting municipality or county only for the purpose of providing services to the municipality or county as specified in this

Act and may not use the information for any other purpose. Electronic data submitted to third parties ~~or~~ by the contracting municipality or county must be accessible only to third parties who have entered into a confidentiality agreement with the municipality or county or who have an existing contract with the municipality or county.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/5-20)

Sec. 5-20. Retention, collection, disclosure, and destruction of financial information.

(a) A third party in possession of a taxpayer's financial information must permanently destroy that financial information pursuant to this Act. The financial information shall be destroyed upon the soonest of the following to occur:

(1) if the taxpayer is not referred to the Department, within 30 days after receipt of the taxpayer's financial information from either the municipality or county, unless the third party is monitoring disbursements from the Department on an ongoing basis for a municipality or county, in which case, the financial information shall be destroyed no later than 3 years after receipt; or

(2) within 30 days after the Department receives a taxpayer audit referral from a third party referring the taxpayer to the Department for additional review.

(b) No third party in possession of financial information

may sell, lease, trade, market, or otherwise utilize or profit from a taxpayer's financial information. The ~~, except for a fee as negotiated by the municipality or county~~ may, however, negotiate a fee with the third party. The fee may be in the form of a contingency fee for a percentage of the amount of additional distributions the municipality or county receives for no more than 3 years following the first disbursement to the municipality or county as a result of the services of the third party under this Act.

(c) No third party may permanently or temporarily collect, capture, purchase, use, receive through trade, or otherwise retain a taxpayer's financial information beyond the scope of subsection (a) of this Section.

(d) No third party in possession of confidential information may disclose, redisclose, share, or otherwise disseminate a taxpayer's financial information.

(e) A third party must dispose of the materials containing financial information in a manner that renders the financial information unreadable, unusable, and undecipherable. Proper disposal methods include, but are not limited to, the following:

(1) in the case of paper documents, burning, pulverizing, or shredding so that the information cannot practicably be read or reconstructed; and

(2) in the case of electronic media and other non-paper media containing information, destroying or

erasing so that information cannot practicably be read, reconstructed, or otherwise utilized by the third party or others.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/5-30)

Sec. 5-30. Posting results. Annually, the third party shall provide the municipality or county with a final summary of the review for publication. It is the responsibility of the third party to ensure that this summary includes no personal or identifying information of taxpayers and that all such taxpayer information is kept confidential. If the summary includes any discussion of tax revenue, it shall include only aggregate amounts by tax type, and shall in no way include information about an individual return or an individual taxpayer, even with identifying information redacted. No aggregated data may be published that includes taxpayer information for 4 or fewer taxpayers. In addition, due to the preliminary nature of such a summary based only on unaudited financial information, no claim of specific tax savings or revenue generation may be made in the summary.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/5-35)

Sec. 5-35. Third party registration.

(a) Beginning on January 1, 2021, no person shall engage

in business as a third party pursuant to this Act in this State without first having registered with the Department. Application for registration or renewal of registration shall be made to the Department, by electronic means, in a form and at the time prescribed by the Department. Each applicant for registration or renewal of registration under this Section shall furnish to the Department, in an electronic format established by the Department, the following information:

(1) the name and address of the applicant;

(2) the address of the location at which the applicant proposes to engage in business as a third party in this State;

(3) valid and updated contact information;

(4) attestation of good standing to do business in Illinois;

(5) a copy of each contract it has entered into with a municipality or county; if an applicant has a contract with a municipality or county prior to the effective date of this Act, a copy of all existing contracts must be provided;

(6) an annual certification of process letter that:

(A) is signed by an attorney or certified public accountant licensed and authorized to practice in the State of Illinois;

(B) contains findings that, after due diligence, the author is of the opinion that:

(i) the third party's confidentiality standards for storing encrypted data at rest, using a cryptographic algorithm, conform to Security Level 1 of the Federal Information Processing Standard (FIPS) Publication 140-2, or conform to similar security requirements contained in any successor publication;

(ii) the third party uses multi-factor authentication;

(iii) the third party uses HTTPS with at least TLS 1.2 or its successor to protect the data files while in transit between a browser and server;

(iv) the third party adheres to best practices as recommended by the Open Web Application Security Project (OWASP);

(v) the third party has a firewall which protects against unauthorized use of the data; and

(vi) the third party shall maintain a physical location in this State at all times; if, at any time, the third party fails to have a physical location in this State, the third party's registration shall be revoked; and

(7) such other additional information as the Department may require by rule.

The annual registration fee payable to the Department for each third party shall be \$15,000. The fee shall be deposited

into the Tax Compliance and Administration Fund and shall be used for the cost of administering the certified audit pilot project under Article 10.

Each applicant shall pay the fee to the Department at the time of submitting its application or renewal to the Department. The Department may require an applicant under this Section to electronically file and pay the fee.

(b) The following are ineligible to register as a third party under this Act:

(1) a person who has been convicted of a felony related to financial crimes under any federal or State law, if the Department, after investigation and a hearing if requested by the applicant, determines that the person has not been sufficiently rehabilitated to warrant the public trust, including an individual or any employee, officer, manager, member, partner, or director of an entity that has been convicted as provided in this paragraph (1);

(2) a person, if any employee, contractual employee, officer, manager, or director thereof, or any person or persons owning in the aggregate more than 5% thereof, is employed by or appointed or elected to the corporate authorities of any municipality or county in this State;

(3) a person, if any employee, contractual employee, officer, manager, or director thereof, or any person or persons owning in the aggregate more than 5% thereof, is

not or would not be eligible to receive a certificate of registration under this Act or a license under the Illinois Public Accounting Act for any reason;

(4) a person who is a family member of any person who is employed by or appointed or elected to the corporate authorities of any municipality or county in the State;

(5) a person who is a qualified practitioner, as defined by Section 10-15 of this Act;

(6) a third party owned, in whole or in part, by any entity that competes directly or indirectly with any taxpayer whose financial information they are seeking or receiving; and

(7) a third party owning in whole or in part, directly or indirectly, any entity that competes, directly or indirectly, with any taxpayer whose financial information they are seeking or receiving.

(c) The Department shall begin accepting applications no later than January 1, 2021. Upon receipt of an application and registration fee in proper form from a person who is eligible to register as a third party under this Act, the Department shall issue, within 60 days after receipt of an application, a certificate of registration to such applicant in such form as prescribed by the Department. That certificate of registration shall permit the applicant to whom it is issued to engage in business as a third party under this Act. All certificates of registration issued by the Department under this Section shall



be valid for a period not to exceed one year after issuance unless sooner revoked or suspended as provided in this Act. No certificate of registration issued under this Section is transferable or assignable. A person who obtains a certificate of registration as a third party who ceases to do business as specified in the certificate of registration, or who never commenced business, or whose certificate of registration is suspended or revoked, shall immediately surrender the certificate of registration to the Department.

(d) Any person aggrieved by any decision of the Department under this Section may, within 60 days after notice of the decision, protest and request a hearing. Upon receiving a request for a hearing, the Department shall give written notice to the person requesting the hearing of the time and place fixed for the hearing and shall hold a hearing and then issue its final administrative decision in the matter to that person within 60 days after the date of the hearing or at a later date upon agreement of all of the parties. In the absence of a protest and request for a hearing within 60 days, the Department's decision shall become final without any further determination being made or notice given.

(e) All final decisions by the Department under this Section are subject to judicial review under the provisions of the Administrative Review Law.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/5-37)

Sec. 5-37. Insurance policy requirement. A third party is required to file and maintain in force an insurance policy issued by an insurance company authorized to transact fidelity and surety business in the State of Illinois. The insurance policy shall be for coverage of potential legal claims, including, but ~~by~~ not limited to, penalties set forth under Section 5-60, embezzlement, dishonesty, fraud, omissions or errors, or other financial wrongdoing in the course of providing services. The policy shall be ~~in the form prescribed by the Department~~ in the sum of \$500,000. The policy shall be continuous in form and run concurrently with the original and each renewal certification period unless terminated by the insurance company. An insurance company may terminate a policy and avoid further liability by filing a 60-day notice of termination with the Department and at the same time sending the same notice to the licensee. A licensee that receives a notice of termination must promptly notify each municipality and county with whom it has a contract under this Act of the notice of termination. A license shall be canceled on the termination date of the policy unless a new policy is filed with the Department and becomes effective at the termination date of the prior policy. If a policy has been canceled under this Section, the third party must file a new application and will be considered a new applicant if it obtains a new policy.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/10-15)

Sec. 10-15. Definitions. As used in this Article:

"Audit" means an agreed-upon procedures engagement in accordance with Statements on Standards for ~~the~~ Attestation Engagements (AICPA Professional Standards, AT-C Section 315 (Compliance Attestation ~~Attest~~)).

"Certification program" means an instructional curriculum, examination, and process for certification, recertification, and revocation of certification of certified public accountants that is administered by the Department with the assistance of the Illinois CPA Society and that is officially approved by the Department to ensure that a certified public accountant possesses the necessary skills and abilities to successfully perform an attestation engagement for a limited-scope tax compliance review in a certified audit project under this Act.

"Department" means the Department of Revenue.

"Family member" means the following, whether by whole blood, half-blood, or adoption:

- (1) a parent or step-parent;
- (2) a child or step-child;
- (3) a grandparent or step-grandparent;
- (4) an aunt, uncle, great-aunt, or great-uncle;
- (4.1) a niece, nephew, great-niece, or great-nephew;
- (5) a sibling;

(6) a spouse or domestic partner; and

(7) the spouse or domestic partner of any person referenced in items (1) through (5).

"Misallocation" means tax paid by the taxpayer and allocated to one unit of local government that should have been allocated to a different unit of local government. This includes misallocations discovered by a unit of local government through the tax location verification process under Section 8-11-16 of the Illinois Municipal Code and misallocations discovered by the Department other than through an audit of the taxpayer. "Misallocation" does not, however, include any amount reported by a taxpayer in an amended return or any amount discovered in an audit of the taxpayer by the Department or discovered in an audit of the taxpayer by a qualified practitioner under Article 10 of this Act. "Misallocation" also does not include amounts overpaid by the taxpayer and therefore not owed to any unit of local government, nor amounts underpaid by the taxpayer and therefore not previously allocated to any unit of local government.

"Participating taxpayer" means any person subject to the revenue laws administered by the Department who is the subject of a tax compliance referral by a municipality, county, or third party, who enters into an engagement with a qualified practitioner for a limited-scope tax compliance review under this Act, and who is approved by the Department under the local

government revenue recapture certified audit pilot project.

"Qualified practitioner" means a certified public accountant who is licensed or registered to perform accountancy activities in Illinois under Section 8.05 of the Illinois Public Accounting Act and who has met all requirements for the local government revenue recapture certified audit training course, achieved the required score on the certification test as approved by the Department, and been certified by the Department. "Qualified practitioner" does not include a third party, as defined by Section 5-5 of this Act, or any employee, contractual employee, officer, manager, or director thereof, any person or persons owning in the aggregate more than 5% of such third party, or a person who is a family member of any person who is employed by or is an appointed or elected member of any corporate authorities, as defined in the Illinois Municipal Code.

(Source: P.A. 101-628, eff. 6-1-20; revised 8-20-20.)

(50 ILCS 355/10-20)

Sec. 10-20. Local government revenue recapture certified audit project.

(a) The Department shall initiate a certified audit pilot project to further enhance tax compliance reviews performed by qualified practitioners and to encourage taxpayers to hire qualified practitioners at their own expense to review and report on certain aspects of their sales tax and use tax

compliance in cases where the Department has notified the taxpayer that it has received a tax compliance referral from a municipality, county, or third party under this Act. The nature of the certified audit work performed by qualified practitioners shall be agreed-upon procedures of a Compliance Attestation in which the Department is the specified user of the resulting report. Qualified practitioners are prohibited from using information obtained from audit manuals, training materials, or any other materials provided by the Department under this Act for any purpose other than to perform the tax compliance reviews under the certified audit pilot program under this Act.

The tax compliance reviews shall be limited in scope and may include only: (i) whether the taxpayer is reporting receipts in the proper jurisdiction; (ii) whether tangible personal property ~~asset~~ purchases that were used or consumed by the taxpayer were taxed properly; (iii) an evaluation of sales reported as exempt from tax; (iv) whether the proper tax rate was charged; (v) whether the tax was properly reported as retailers' occupation tax or use tax; and (vi) any other factor that impacts the Department's allocation of sales and use tax revenues to the jurisdiction in which the taxpayer reports sales or use tax.

(b) As an incentive for taxpayers to incur the costs of a certified audit, the Department shall abate penalties due on any tax liabilities revealed by a certified audit, except that

this authority to abate penalties shall not apply to any liability for taxes that were collected by the participating taxpayer but not remitted to the Department, nor shall the Department have the authority to abate fraud penalties.

(c) The certified audit pilot project shall apply only to taxpayers who have been notified that an audit referral has been received by the Department under this Act and only to occupation and use taxes administered and collected by the Department.

(c-5) The Department shall charge a fee of \$2,500 to each participant in the certification program under this Article.

(d) The certified audit pilot project shall begin with audit referrals received on and after January 1, 2021. Upon obtaining proper certification, qualified practitioners may initiate certified audits beginning January 1, 2021.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/10-30)

Sec. 10-30. Local government revenue recapture audit referral.

(a) A third party shall not refer a taxpayer to the Department for audit consideration unless the third party is registered with the Department pursuant to Section 5-35.

(b) If, based on a review of the financial information provided by the Department to a municipality or county, or provided by a municipality or county to a registered third

party, the municipality or county discovers that a taxpayer may have underpaid local retailers' or service occupation taxes, then it may refer the matter to the Department for audit consideration. The tax compliance referral may be made only by the municipality, county, or third party and shall be made in the form and manner required by the Department, including any requirement that the referral be submitted electronically. The tax compliance referral shall, at a minimum, include proof of registration as a third party, a copy of a contract between the third party and the county or municipality, the taxpayer's name, Department account identification number, mailing address, and business location, and the specific reason for the tax compliance referral, including as much detail as possible.

(c) The Department shall complete its evaluation of all audit referrals under this Act within 90 ~~60~~ days after receipt of the referral and shall handle all audit referrals as follows:

(1) the Department shall evaluate the referral to determine whether it is sufficient to warrant further action based on the information provided in the referral, any other information the Department possesses, and audit selection procedures of the Department;

(2) if the Department determines that the referral is not actionable, then the Department shall notify the local government that it has evaluated the referral and has



determined that no action is deemed necessary and provide the local government with an explanation for that decision, including, but not limited to an explanation that (i) the Department has previously conducted an audit; (ii) the Department is in the process of conducting an investigation or other examination of the taxpayer's records; (iii) the taxpayer has already been referred to the Department and the Department determined an audit referral is not actionable; (iv) the Department or a qualified practitioner has previously conducted an audit after referral under this Section 10-30; or (v) for just cause;

(3) if the Department determines that the referral is actionable, then it shall determine whether the taxpayer is currently under audit or scheduled for audit by the Department;

(A) if the taxpayer is not currently under audit by the Department or scheduled for audit by the Department, the Department shall determine whether it will schedule the taxpayer for audit; and

(B) if the taxpayer is not under audit by the Department ~~or scheduled for audit by the Department~~ and the Department decides under subparagraph (A) not to schedule the taxpayer for audit by the Department, then the Department shall notify the taxpayer that the Department has received an actionable audit referral

on the taxpayer and issue a notice to the taxpayer as provided under subsection (d) of this Section.

(d) The notice to the taxpayer required by subparagraph (B) of paragraph (3) of subsection (c) shall include, but not be limited to, the following:

(1) that the taxpayer must either: (A) engage a qualified practitioner, at the taxpayer's expense, to complete a certified audit, limited in scope to the taxpayer's Retailers' Occupation Tax, Use Tax, Service Occupation Tax, or Service Use Tax liability, and the taxpayer's liability for any local retailers' or service occupation tax administered by the Department; or (B) be subject to audit by the Department;

(2) that, as an incentive, for taxpayers who agree to the limited-scope certified audit, the Department shall abate penalties as provided in Section 10-20; and

(3) A statement that reads: "[INSERT THE NAME OF THE ELECTED CHIEF EXECUTIVE OF THE CORPORATE AUTHORITY] has contracted with [INSERT THIRD PARTY] to review your Retailers' Occupation Tax, Use Tax, Service Occupation Tax, Service Use Tax, and any local retailers' or service occupation taxes reported to the Illinois Department of Revenue ("Department"). [INSERT THE NAME OF THE ELECTED CHIEF EXECUTIVE OF THE CORPORATE AUTHORITY] and [INSERT THE THIRD PARTY] have selected and referred your business to the Department for a certified audit of your Retailers'

Occupation Tax, Use Tax, Service Occupation Tax, Service Use Tax, and any local retailers' or service occupation taxes reported to the Department pursuant to the Local Government Revenue Recapture Act. The purpose of the audit is to verify that your business reported and submitted the proper Retailers' Occupation Tax, Use Tax, Service Occupation Tax, Service Use Tax, and any local retailers' or service occupation taxes administered by the Department. The Department is required to disclose your confidential financial information to [INSERT THE NAME OF THE ELECTED CHIEF EXECUTIVE OF THE CORPORATE AUTHORITY] and [INSERT THE THIRD PARTY]. Additional information can be accessed from the Department's website and publications for a basic overview of your rights as a Taxpayer. If you have questions regarding your business's referral to the Department for audit, please contact [CORPORATE AUTHORITY'S] mayor, village president, or any other person serving as [CORPORATE AUTHORITY'S] chief executive officer or chief financial officer. [INSERT THIRD PARTY] is prohibited from discussing this matter with you directly or indirectly in any manner regardless of who initiates the contact. If [INSERT THIRD PARTY] contacts you, please contact the Department."

(e) Within 90 days after notice by the Department, the taxpayer must respond by stating in writing whether it will or will not arrange for the performance of a certified audit

under this Act. If the taxpayer states that it will arrange for the performance of a certified audit, then it must do so within 60 days after responding to the Department or within 90 days after notice by the Department, whichever comes first. If the taxpayer states that it will not arrange for the performance of a certified audit or if the taxpayer does not arrange for the performance of a certified audit within 180 days after notice by the Department, then the Department may schedule the taxpayer for audit by the Department.

(f) The certified audit must not be a contingent-fee engagement and must be completed in accordance with this Article 10.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/10-35)

Sec. 10-35. Notification by qualified practitioner.

(a) A qualified practitioner hired by a taxpayer who elects to perform a certified audit under Section 10-30 shall notify the Department of an engagement to perform a certified audit and shall provide the Department with the information the Department deems necessary to identify the taxpayer, to confirm that the taxpayer is not already under audit by the Department, and to establish the basic nature of the taxpayer's business and the taxpayer's potential exposure to Illinois occupation and use tax laws. The information provided in the notification shall be submitted in the form and manner

required by the Department and shall include the taxpayer's name, federal employer identification number or social security number, Department account identification number, mailing address, and business location, and the specific occupation and use taxes and period proposed to be covered by the engagement for the certified audit. In addition, the notice shall include the name, address, identification number, contact person, and telephone number of the engaged firm. An engagement for a qualified practitioner to perform a certified audit under this Act shall not be authorized by the Department unless the taxpayer received notice from the Department under subparagraph (B) ~~(b)~~ of paragraph (3) of subsection (c) of Section 10-30.

(b) If the taxpayer has received notice of an audit referral from the Department and has not been issued a written notice of intent to conduct an audit, the taxpayer shall be a participating taxpayer and the Department shall so advise the qualified practitioner in writing within 10 days after receipt of the engagement notice. However, the Department may ~~exclude a taxpayer from a certified audit or may~~ limit the taxes or periods subject to the certified audit ~~on the basis that: (i) the Department has previously conducted an audit; (ii) the Department is in the process of conducting an investigation or other examination of the taxpayer's records; (iii) the taxpayer has already been referred to the Department pursuant to Section 10-30 and the Department determined an audit~~

~~referral is not actionable; (iv) the Department or a qualified practitioner has previously conducted an audit under Section 10-30 of this Act; or (v) for just cause.~~

(c) Within 30 days after receipt of the notice of qualification from the Department under subsection (b), the qualified practitioner shall contact the Department and submit, for review and agreement by the Department, a proposed audit plan and procedures. The Department may extend the time for submission of the plan and procedures for reasonable cause. The qualified practitioner shall initiate action to advise the Department that amendment or modification of the plan and procedures is necessary if the qualified practitioner's inspection reveals that the taxpayer's circumstances or exposure to the revenue laws is substantially different from those described in the engagement notice.

(Source: P.A. 101-628, eff. 6-1-20.)

(50 ILCS 355/10-40)

Sec. 10-40. Audit performance and review.

(a) Upon the Department's designation of the agreed-upon procedures to be followed by a practitioner in a certified audit, the qualified practitioner shall perform the engagement and shall timely submit a completed report to the Department in the form and manner required by the Department and professional standards. The report shall affirm completion of the agreed-upon procedures and shall provide any required

disclosures.

(b) The Department shall review the report of the certified audit and shall accept it when it is determined to be complete by the qualified practitioner. Once the report is accepted by the Department, the Department shall ~~issue a notice of proposed assessment reflecting the determination of any additional liability reflected in the report and shall~~ provide the taxpayer with all the normal payment, protest, and appeal rights with respect to any the liability reflected in the report, including the right to a review by the Informal Conference Board. In cases in which the report indicates an overpayment has been made, the taxpayer shall submit a properly executed claim for credit or refund to the Department. Otherwise, the certified audit report is a final and conclusive determination with respect to the tax and period covered. No additional assessment may be made by the Department for the specific taxes and period referenced in the report, except upon a showing of fraud or material misrepresentation. This determination shall not prevent the Department from collecting liabilities not covered by the report or from conducting an audit or investigation and making an assessment for additional tax, penalty, or interest for any tax or period not covered by the report.

(c) Any ~~A notice of proposed~~ assessment issued by the Department under this Act is subject to the statute of limitations for assessments under the Retailers' Occupation

Tax Act, the Use Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, and any local retailers' or service occupation tax, as appropriate, and local taxes collected on assessments issued shall be allocated to units of local government for the full period of the statute of limitations in accordance with those Acts and any applicable local retailers' or service occupation tax Act. The Department shall provide notice in writing to the municipality or county and the third party, if applicable, of any audit findings, determinations, or collections once finalized, but limited to the amount of additional liability, if any, for distribution to the municipality or county as part of the municipality's or county's share of the State Retailers' Occupation Tax or Service Occupation Tax or under the municipality's or county's locally imposed retailer's or service occupation tax.

Claims for credit or refund filed by taxpayers under this Act are subject to the statute of limitations under the Retailers' Occupation Tax Act, the Use Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, and any local retailers' or service occupation tax Act, as appropriate, and any credit or refund of local taxes allowed to the taxpayer shall be de-allocated from units of local government for the full period of the statute of limitations in accordance with those Acts and any applicable local retailers' or service occupation tax Act.

If a reallocation of tax from one unit of local government



to another occurs as a result of an amended return filed by a taxpayer or an audit of a taxpayer, the Department shall make the reallocation for the full period of the statute of limitations under the Retailers' Occupation Tax Act, the Use Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, and any applicable local retailer's or service occupation tax Act.

With respect to misallocations discovered under this Act, the Department shall increase or decrease the amount allocated to a unit of local government by an amount necessary to offset any misallocation of previous disbursements. The offset amount shall be the amount erroneously disbursed within the previous 6 months from the time a misallocation is discovered.

(d) Under no circumstances may a person, including a municipality or county or third party, other than the person audited and his or her attorney, have any right to participate in an appeal or other proceeding regarding the audit, participate in settlement negotiations, challenge the validity of any settlement between the Department and any person, or review any materials, other than financial information as otherwise provided in this Act, that are subject to the confidentiality provisions of the underlying tax Act. In addition, the Department's determination of whether to audit a taxpayer or the result of the audit creates no justiciable cause of action, and any adjudication related to this program is limited to the taxpayer's rights in an administrative

hearing held by the Department, an administrative hearing held by the Illinois Independent Tax Tribunal, or related to payments made under protest as provided in Section 2a.1 of the State Officers and Employees Money Disposition Act, as appropriate.

(Source: P.A. 101-628, eff. 6-1-20.)

Section 80. The Liquor Control Act of 1934 is amended by changing Section 8-3 as follows:

(235 ILCS 5/8-3) (from Ch. 43, par. 159a)

Sec. 8-3. If it appears, after claim therefor filed with the Department, that an amount of tax or penalty or interest has been paid which was not due under this Article, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person died or became a person under legal disability, to his or her legal representative, as such.

If it is determined that the Department should issue a credit or refund under this Article, the Department may first apply the amount thereof against any amount of tax or penalty or interest due hereunder from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty or interest is due under this Article from such person, the Department may

withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty or interest is due and no proceeding is pending to determine whether such taxpayer is indebted to the Department for tax or penalty or interest the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Article, and the amount thereof shall be applied by the Department against any tax or penalty or interest due or to become due under this Article from such assignee.

As to any claim filed hereunder with the Department on and after each January 1 and July 1, no amount of tax or penalty or interest, erroneously paid (either in total or partial liquidation of a tax or penalty or interest under this Article) more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under

this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

Any credit or refund that is allowed under this Act shall bear interest at the rate and in the manner specified in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from such appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

(Source: P.A. 87-205.)

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