

New Reporting Requirement for Sales Tax Sharing Agreements

January 22, 2013

Illinois law now requires sales tax revenue sharing agreements to be reported to the Illinois Department of Revenue (IDOR). 65 ILCS 5/8-11-21(c)-(f). Beginning on January 1, 2013, Illinois municipalities and counties are required to report details of their sales tax revenue sharing agreements to IDOR. These reports will be posted and available to the general public through the IDOR website.

Illinois municipalities and counties are generally authorized to rebate to businesses a portion of the retailers' occupation taxes generated by retail sales within their boundaries. Until now, municipalities were not required to disclose their sales tax revenue sharing agreements to the State of Illinois.

Municipalities and counties will now be required to submit reports electronically on a form supplied by IDOR. The report contains the name of the business entering into an agreement, business location, indication of other Illinois locations, copy of the sales tax revenue sharing agreement and terms of the agreement. The terms of the agreement include the tax rebate calculation method, term and names of other businesses directly or indirectly receiving a portion of the rebated sales taxes. Municipalities and counties are also required to include a copy of the executed sales tax revenue sharing agreement in their submission to IDOR.

IDOR and the municipality or county will redact sales figures, the sales tax collected and the sales tax rebated prior to public disclosure of the report. This redacted information is not subject to provisions of the Illinois Freedom of Information Act. These reports are required to be posted on the IDOR website by July 1, 2013.

Reports must be filed with IDOR within 30 days after execution of the sales tax revenue sharing agreement. An updated report must be filed within 30 days of any amendment to an agreement. For existing sales tax revenue sharing agreements, municipalities and counties are required to file reports with IDOR no later than April 1, 2013. According to IDOR, the form of the electronic report should be available on its website soon. IDOR advises municipalities and counties to continue to check its website for additional information.

Contact us if you need assistance preparing reports or if you have questions about this new reporting obligation.