

Effective
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Making Sales to Illinois Customers

Where are your sales* made?



Through a Marketplace

which is a physical or electronic place, forum, platform, application, or other method by which a marketplace seller or serviceperson sells or offers to sell items or service to buyers. A marketplace is operated by an unrelated third-party marketplace facilitator.

Outside a Marketplace

which may include, among other things, a storefront, warehouse, or website.

Do you have physical presence in IL?

\$100K Threshold

Has the Marketplace Facilitator met the tax remittance threshold** including the marketplace facilitator's own sales and marketplace sellers' or servicepersons' sales over the marketplace?

You are responsible for any potential taxes imposed on your sales made through the marketplace.

YES

NO

You are considered a remote retailer or serviceperson.

Do you meet the tax remittance threshold**?

\$100K Threshold

NOTE: Do not include gross receipts made over a marketplace that has met the threshold.

YES

NO

ROT or SOT*** at the **destination rate** (includes local taxes)

No tax liability, but you may voluntarily collect and remit 6.25% **Use Tax or Service Use tax**

- For sales for which selling activities occur in Illinois, State and local retailers' or service*** occupation taxes are incurred at the tax rate in effect at the location of the selling activities (**origin rate**);
- For sales that are fulfilled from inventory located in Illinois and for which selling activities do not otherwise occur in Illinois, State and local retailers' or service*** occupation taxes are incurred at the tax rate in effect at the location of the Illinois inventory (**origin rate**);
- For sales that are not fulfilled from inventory located in Illinois and for which selling activities do not otherwise occur in Illinois, State and local retailers' or service*** occupation taxes are incurred at the tax rate in effect at the purchaser's location (**destination rate**).

NOTE: Information pertaining to "selling activities" can be found at 86 Ill. Adm. Code 270.115.

Marketplace Seller's sales

- Marketplace facilitator is the retailer or serviceperson, not you.
- Taxes for sales made by a marketplace facilitator on behalf of a marketplace seller or serviceperson are incurred at the tax rate in effect at the purchaser's location (**destination rate**).

YES

NO

Marketplace Facilitator's own sales

Marketplace facilitator's own sales are distinct from the sales made by other sellers or servicepersons through the marketplace.

Marketplace Affiliate's sales

Affiliates of a marketplace facilitator are not considered "marketplace sellers or servicepersons" when they make sales on an affiliated marketplace.

* "Sales" in this document refers not only to retail sales, leases, or rentals of tangible personal property to customers, but also to transfers by sale, lease, or rental of tangible personal property as an incident of sales of service.

** The **tax remittance threshold** is \$100K in gross receipts from sales to Illinois purchasers.

*** Not applicable to de minimis servicepersons making no retail sales to Illinois purchasers. See Publication 113-SOT, Overview of Service Occupation Tax (SOT) for more information.

“Marketplace” means a physical or electronic place, forum, platform, application, or other method by which a marketplace seller sells or offers to sell items or a marketplace serviceman makes or offers to make sales of service. [35 ILCS 120/1 and 35 ILCS 115/2]

“Marketplace facilitator” means a person who, pursuant to an agreement with an unrelated third-party marketplace seller or serviceperson, directly or indirectly through one or more affiliates facilitates a retail sale or a sale of service by an unrelated third-party marketplace seller or serviceperson by:

1. Listing or advertising for sale by the marketplace seller or serviceperson in a marketplace, tangible personal property that is subject to tax under the Retailers' Occupation Tax Act (ROTA) or sales of service that are subject to tax under Service Occupation Tax Act (SOTA); and
2. Either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace seller or serviceperson regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services. A marketplace that provides functionality for connecting to a payment mechanism meets this requirement.

A person who provides advertising services, including listing products or services for sale, is not considered a marketplace facilitator, so long as the advertising service platform or forum does not engage, directly or indirectly through one or more affiliated persons, in the activities described in paragraph (2) of this definition of “marketplace facilitator”. [35 ILCS 120/1 and 35 ILCS 115/2]

Marketplace facilitators meeting the tax remittance threshold are required to register with IDOR, file returns, and remit tax for all sales made through the marketplace to Illinois purchasers, including their own sales and sales made on behalf of marketplace sellers or servicepersons. A marketplace facilitator shall certify to each marketplace seller or serviceperson that the marketplace facilitator will:

1. Assume the rights and duties of a retailer or serviceperson under the ROTA or SOTA and all applicable local retailers' or service occupation taxes administered by the Department with respect to sales made by the marketplace seller or serviceperson through the marketplace; and
2. Remit taxes imposed by the ROTA and SOTA and all applicable local retailers' and service occupation taxes administered by the Department for sales made through the marketplace. [35 ILCS 115/3(f) and 35 ILCS 120/2(d)]

Marketplace facilitators that meet the SOT remittance threshold must calculate the State and local service occupation tax using 50% of the entire billing to the service customer as the tax base for all sales of service made through the marketplace. In no event shall 50% of the entire billing be less than the cost price of the property to the marketplace serviceman or the marketplace facilitator on its own sales of service. [35 ILCS 115/3]

“Marketplace seller or serviceperson” means a person that makes sales through a marketplace operated by an unrelated third-party marketplace facilitator. A person that is an affiliate of a marketplace facilitator is not a marketplace seller or serviceperson. [35 ILCS 120/1 and 35 ILCS 115/2]

“Affiliate” means a person that, with respect to another person: (i) has a direct or indirect ownership interest of more than 5 percent in the other person; or (ii) is related to the other person because a third person, or a group of third persons who are affiliated with each other as herein defined, holds a direct or indirect ownership interest of more than 5% in the related person. [86 Ill. Adm. Code 131.105]

“ROT” or “Retailers' Occupation Tax” means the tax levied under the Retailers' Occupation Tax Act and all applicable local retailers' occupation taxes collected by IDOR in conjunction with the State retailers' occupation tax. [35 ILCS 185/5-10]

“SOT” or “Service Occupation Tax” means the tax levied under the Service Occupation Tax Act and all applicable local service occupation taxes collected by IDOR in conjunction with the State service occupation tax. [35 ILCS 115]

“Destination rate” means the total State and local retailers' or service occupation tax rate calculated for a sale using the rate in effect at the Illinois location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser. [86 Ill. Adm. Code 131.155]

“Origin rate” means the total State and local retailers' or service occupation tax rate calculated for a sale using the rate in effect at the Illinois location at which the sales are determined to occur. [86 Ill. Adm. Code 270.115]

“Physical presence” in Illinois means having or maintaining within Illinois, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within IL under the authority of the retailer or serviceperson, or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or serviceperson, or its subsidiary, is licensed to do business in Illinois. [35 ILCS 105/2 (1) and 35 ILCS 110/2]

For other forms of physical presence, see 35 ILCS 105/2 (1.1) and (1.2) and 35 ILCS 110/2 (1.1) and (1.2).

“Remote retailer or serviceperson” means a retailer or serviceperson that does not maintain within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the retailer or serviceperson, or its subsidiary, irrespective of whether that place of business or agent is located in Illinois permanently or temporarily or whether the retailer or serviceperson, or its subsidiary, is licensed to do business in this State. A retailer or serviceperson that fulfills any orders from its inventory in Illinois is not a “remote retailer or serviceperson”. [35 ILCS 120/1]

A remote retailer's or serviceperson's inventory at the location of a marketplace facilitator in Illinois does not create a physical presence nexus when used exclusively to fulfill orders made over the marketplace that meets the tax remittance threshold under Section 131.135(a) because the marketplace facilitator is considered the retailer or serviceperson with respect to sales over the marketplace. [86 Ill. Adm. Code 131.105]

“Tax remittance threshold” means the nexus standards used to determine tax collection obligations for remote retailers or servicepersons that meet the selling threshold but have no physical presence in the State. These standards are based on the Supreme Court case, South Dakota v. Wayfair, Inc., No. 17-494 (U.S. June 21, 2018) and are virtually identical to those upheld in the Wayfair decision. Beginning January 1, 2026, remote retailers or servicepersons that meet or exceed the threshold of \$100,000 or more in cumulative gross receipts from retail sales or sales of service shall be liable for all applicable State and locally imposed retailers' or service occupation taxes administered by IDOR on all sales to Illinois purchasers. [86 Ill. Adm. Code 131.115]

Likewise, marketplace facilitators making retail sales or sales of service in Illinois are subject to state and local ROT or SOT on all sales made through the marketplace if the threshold of \$100,000 or more in cumulative gross receipts from retail sales or sales of service are made to purchasers in Illinois through the marketplace by the marketplace facilitator and by marketplace sellers or servicepersons. [86 Ill. Adm. Code 131.135]

Note: There is a \$100,000 threshold for retail sales under ROT and a separate \$100,000 threshold for sales of service under SOT. Sellers should not combine their retail sales and their sales of service when evaluating against the thresholds.

For further information and examples, see 86 Ill. Adm. Code 131.

The contents of this document are informational only and do not take the place of statutes, rules and regulations, or court decisions.

Illinois statutes, public acts, and administrative code may be found at the Illinois General Assembly's website at: <https://ilga.gov>.