

Sales/Use/Indirect:

Illinois: New Law Requires Direct Pay Permit Holders to Annually Verify Correct Sourcing or Else Penalties May Apply

S.B. 3282, signed by gov. 8/9/24. New law requires each holder of an Illinois “Direct Pay Permit” to annually review its purchase activity to verify that the purchases made in the preceding twelve-month period were sourced correctly and the correct tax rate was applied. The legislation also sets forth a penalty that potentially may apply for failure to comply with the bill’s new annual reporting requirements. Specifically, the legislation provides that “by March 31, 2025, and by March 31 of each year thereafter,” each holder of a Direct Pay Permit must review its purchase activity to verify that the purchases made during the twelve-month period ending on December 31 of the immediately preceding calendar year were sourced correctly and that the correct tax rate was applied. Under the new law, if the Direct Pay Permit holder discovers an error in sourcing or the tax rate during this review process, then, by April 20 of the calendar year in which the review occurs, the Direct Pay Permit holder must file an amended return to correct the error. If, for any twelve-month review period, a Direct Pay Permit holder fails to properly verify its purchase activity and correct sourcing and tax rate errors, then a \$6,000 penalty potentially may apply. Please contact us with any questions.

URL:
<https://www.ilga.gov/legislation/billstatus.asp?DocNum=3282&GAID=17&GA=103&DocTypeID=SB&LegID=152856&SessionID=112>

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