

## Sales/Use/Indirect:

### Illinois: Proposed Rule Changes Reflect New Destination-Based Sourcing for Some Retailers

*Proposed Amended 86 Ill. Adm. Code 130.225, 130.530, 130.715, 130.2075 (Retailers' Occupation Tax); Proposed Amended 86 Ill. Adm. Code 131.105, 131.107, 131.110, 131.150, 131.155, 131.ILLUSTRATION A (Leveling the Playing Field for Illinois Retail Act); Proposed Amended 86 Ill. Adm. Code 150.801, 150.802, 150.1305 (Use Tax); Proposed Amended 86 Ill. Adm. Code 270.115 (Home Rule Municipal Retailers' Occupation Tax), Ill. Dept. of Rev. (2/7/25).* The Illinois Department of Revenue has proposed several rule changes involving Illinois' retailers' occupation tax (ROT), use tax, home rule municipal retailers' occupation tax, and "Leveling Playing Field for Illinois Retail Act" that implement legislation enacted in 2024 [see S.B. 3362 (2024) [Public Act 103-983], and *State Tax Matters*, Issue 2024-33, for more details on this new law], which revised the tax obligation for some retailers maintaining a place of business in Illinois and making sales to Illinois customers from outside of Illinois. Prior to January 1, 2025, such sales were subject to Illinois use tax only; however, on and after January 1, 2025, these retailers incur destination-based ROT on these sales. Some of the proposed revisions also reflect another piece of legislation enacted in 2024 [see H.B. 4951 (2024) [Public Act 103-592], and previously issued Multistate Tax Alert for more details on this new law] that generally imposes Illinois sales and use tax upon certain leases of tangible personal property entered into or renewed on or after January 1, 2025, by amending the sourcing rules related to the lease of tangible personal property in Illinois. Comments on the proposed rule changes are due no later than 45 days after their February 7, 2025 publication. Please contact us with any questions.

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