

Sales/Use/Indirect:

Illinois General Information Letter Says Tariffs are Not Deductible in Computing Retailers' Occupation Tax Liability

General Information Letter ST 25-0022-GIL, Ill. Dept. of Rev. (4/7/25). A recently posted Illinois Department of Revenue (Department) general information letter explains that federal importation taxes (*i.e.*, tariffs) generally are *not* deductible in computing Illinois retailers' occupation tax (ROT) liability from the gross receipts of persons who sell such tangible personal property at retail. In doing so, the letter provides some background and explains that tariffs are imposed by the US government on certain products imported from foreign countries, and that the identity of the person legally responsible for paying the tariff under federal law is the critical factor in determining whether Illinois sales or use tax applies to the tariff amount. The letter notes that the "consignee" is the importer of record of the imported tangible personal property and is the person legally responsible for payment of the tariff. In this respect, if a seller is the consignee (importer) and passes the amount of the tariff on to the customer, it is considered a part of the selling price, and the amount of the tariff must be included in the gross receipts. In such cases, tariffs are considered costs of doing business to the importer and are *not* deductible in computing ROT liability on the subsequent retail sale – even if separately stated on the bill to the customer. However, the letter explains that if the customer as the end-user is the consignee (*i.e.*, the importer), the tariff is *not* part of the selling price for purposes of computing the customer's Illinois use tax liability. Please contact us with any questions.

URL:

<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/legalinformation/lett rulings/st/documents/2025/st25-0022-gil.pdf>

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