



Illinois Use Tax for Individual Taxpayers

This series of questions and answers refers specifically to the use tax incurred on the purchase of general merchandise which is not required to be titled or registered with another state agency, and qualifying food, drug and medical appliances. For items that are required to be titled or registered with another state agency, such as vehicles, watercraft, and aircraft, use tax is due and can be paid on the appropriate forms. See instructions for **Form RUT-25**, Vehicle Use Tax Transaction Return, **Form RUT-50**, Private Party Use Tax Transaction Return, and **Form RUT-75**, Aircraft/Watercraft Use Tax Transaction Return.

What is use tax?

Use tax is a form of sales tax designed to distribute the tax burden fairly among consumers and assure fair competition between in-state and out-of-state businesses. Illinois, like most states, imposes use tax on the privilege of using goods within its borders as a complement to sales tax. This tax applies to individuals, businesses, and organizations. Illinois law requires you to pay tax at Illinois rates on purchases you make for use or consumption in Illinois. Tax is due

- when you buy goods from businesses located outside Illinois and bring them into Illinois, or
- when you have the goods delivered to you from businesses located outside Illinois.

Note: If you bought or acquired cigarettes from another state or country for use in Illinois, you also owe Cigarette Use Tax and must complete Form RC-44, Cigarette Use Tax Return. For your convenience, Illinois (sales) Use Tax, which is also due on the purchase of cigarettes, can be paid together with the Cigarette Use Tax on Form RC-44.

Do I owe use tax?

You owe Illinois Use Tax if you purchase an item

- for use or consumption in Illinois,
- from an out-of-state retailer who charges no Illinois Sales Tax or charges sales tax at a rate lower than the Illinois rate, and
- on which sales tax would normally be collected if purchased from a retailer in Illinois.

Examples include

- purchases from an internet site that does not charge Illinois Sales Tax;
- catalog purchases from an out-of-state retailer who does not charge Illinois Sales Tax;
- purchases through an out-of-state home shopping network that does not charge Illinois Sales Tax; and
- items purchased while you were
 - in another state from a retailer who charged sales tax at a lower rate than the Illinois rate or
 - in a foreign country.

In addition, if you purchase an item for use or consumption in Illinois from an Illinois retailer and you do not pay tax, you owe Illinois Use Tax.

Why should I voluntarily pay use tax?

If you use goods in Illinois that were purchased tax free or at lower rates outside Illinois, you owe use tax to the department. If you do not pay, it is unfair to Illinois retailers, customers, and taxpayers in the following ways:

- Illinois retailers, who must charge sales tax, are put in a competitive disadvantage as compared to out-of-state retailers, who charge no sales tax or charge tax at rates less than Illinois rates.
- Illinois must make up lost revenues or curtail state services provided to consumers and taxpayers.

Note: By voluntarily paying all of the Illinois Use Tax you owe on time, you will avoid being billed for unpaid tax and additional penalty and interest charges.

Illinois is aggressively focusing on collecting use tax using a variety of methods including examining the sales records of out-of-state retailers, sharing sales information with other states and gathering information on overseas purchases from the U.S. Customs Service. The department bills any unpaid tax, penalty, and interest to Illinois residents who do not pay voluntarily. For taxpayers who do not have records to document their use tax liability, the department will estimate the liability. Taxpayers have the right to refute the department's estimates by following established protest procedures.

What are the Illinois Use Tax rates?

Illinois Use Tax rates are 6.25 percent of the purchase price of general merchandise and 1.00 percent of the purchase price of qualifying food, drugs, and medical appliances.

The 1.00 percent rate applies to

- food that has **not** been prepared for immediate consumption (such as most food sold in grocery stores, excluding hot foods, alcoholic beverages, candy, and soft drinks),
- prescription medicines and nonprescription items claimed to have medicinal value (such as aspirin and cough medicine, excluding nonprescription grooming and hygiene products), and
- medical appliances that replace a malfunctioning part of the body (such as wheel chairs and hearing aids).

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When and how do I pay my Illinois use tax?

Generally, individuals, organizations, and unregistered businesses must pay use tax directly to the Illinois Department of Revenue using Form ST-44, Illinois Use Tax Return.

The use tax due date is based on how much you owe. If your total tax liability for the year is

- **\$600 or less**, you may pay the tax for the entire year (January 1 through December 31) by filing
 - **Form IL-1040**, Individual Income Tax Return, on or before April 15 of the following year (for tax years ending December 31, 2010 and after).
 - **Form ST-44** on or before April 15 of the following year; or
- **Greater than \$600**, you must pay the tax by the last day of the month following the month in which the purchase was made by filing **Form ST-44**.

Note: If you bought or acquired cigarettes from another state or country for use in Illinois, you also owe Cigarette Use Tax. Illinois (sales) Use Tax and Cigarette Use Tax can be paid together by filing Form RC-44 no later than 30 days after you purchase or acquire cigarettes for use in Illinois.

If you are a registered Illinois retailer or serviceperson, and currently file Form ST-1, Sales and Use Tax and E911 Surcharge Return, you must report use tax on that form.

- Businesses that purchase items tax free for use or consumption in Illinois should use the return whose liability period corresponds to the purchase date of the items for which use tax is due.
- Businesses that purchase items tax free for resale and later remove these items from inventory for use or consumption in Illinois should use the return whose liability period corresponds to the date the items were removed from inventory.

Can I get credit for sales or use tax paid to other states?

Yes, we do allow credit for taxes properly due and paid to other states up to the amount owed to Illinois. However, if you pay tax to another state at less than the Illinois Use Tax rates, you must pay Illinois the difference.

Can I get credit for taxes paid to other foreign governments?

No, you are not allowed credit for taxes properly paid to foreign governments. These purchases are subject to the full Illinois tax rates.

Does the duty tax I paid to the U.S. Customs Service replace use tax?

No, use tax is due whether or not an item has to be declared or is subject to a duty tax.

Where do I get forms?

You can get current, department-authorized forms by calling our 24-hour Forms Order Line at **1 800 356-6302**. Form ST-44 is also available by visiting our website at **tax.illinois.gov**. In addition, the applicable transaction form is available at the agency where you will title and register the item.

- Motor vehicles - Office of the Secretary of State
- Watercraft - Illinois Department of Natural Resources
- Aircraft - Division of Aeronautics, Illinois Department of Transportation