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Director
Illinois Department of Revenue



Taxpayers' Federation of Illinois State & Local Tax Conference



Department of Revenue Presentation
September 30, 2026

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Panel Participants

- Bridget DiBattista – General Counsel
- Brian Fliflet – Deputy General Counsel, Income Tax (Outgoing)
- Alexis Overstreet – Deputy General Counsel, Sales & Excise Tax
- Steven Hayes – Collections Program Manager

Department Attendees

- Jim Nicholson – Chief of Staff
- Rebecca Kulekowskis – Chair, Board of Appeals
- Brian Goldberg – Deputy General Counsel, Sales Tax Litigation
- Seth Schiftman – Deputy General Counsel, Income Tax Litigation
- Paul Caselton – Deputy General Counsel, Income Tax (Incoming)

Mid / late October

General Assembly

Actions of Notable Interest



Digital Asset Tax



Targeted Advertising Services Tax



Prediction Market Tax (Gaming Board)



Social Media Impact Fee (Secretary of State)

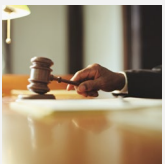
Actions Minimally Discussed Today



Digital Asset Tax



Targeted Advertising Services Tax



Lawsuits have been filed challenging both laws

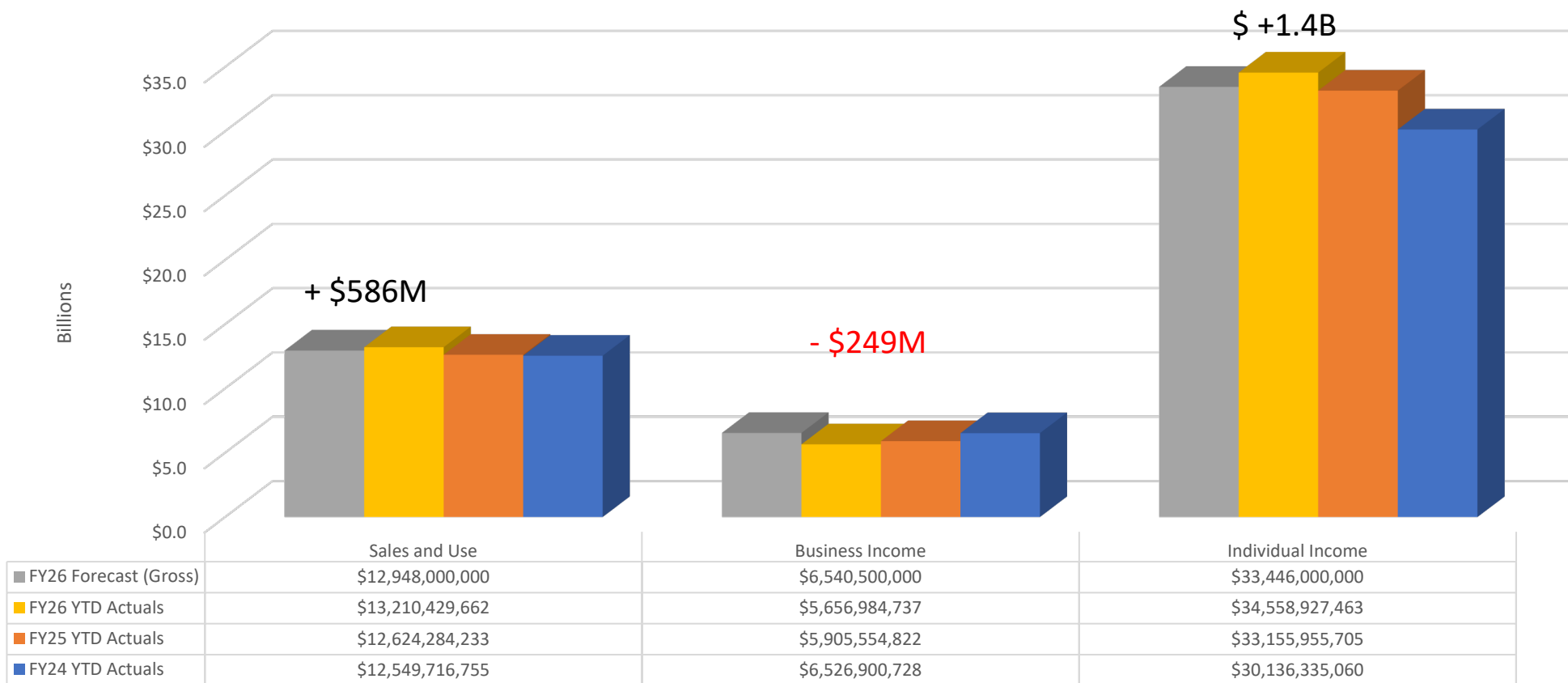
- Two against Digital Asset Tax
- One against Targeted Advertising Services Tax

Credit Worthiness of Illinois

- Not too distant past:
 - 17 straight Bond **DOW**Ngrades over 20 years
 - One step above Junk rating
- 9 consecutive Balanced Budgets by Governor Pritzker and GA
 - \$2.5 Billion in Budget Stabilization Fund (Rainy Day Fund)
 - Bills being paid in <30 days
- 12th credit rating **UP**grade earlier this month
 - Moody's put IL bonds at A1, highest in nearly 15 years

Big Three Tax Receipts : FY'26

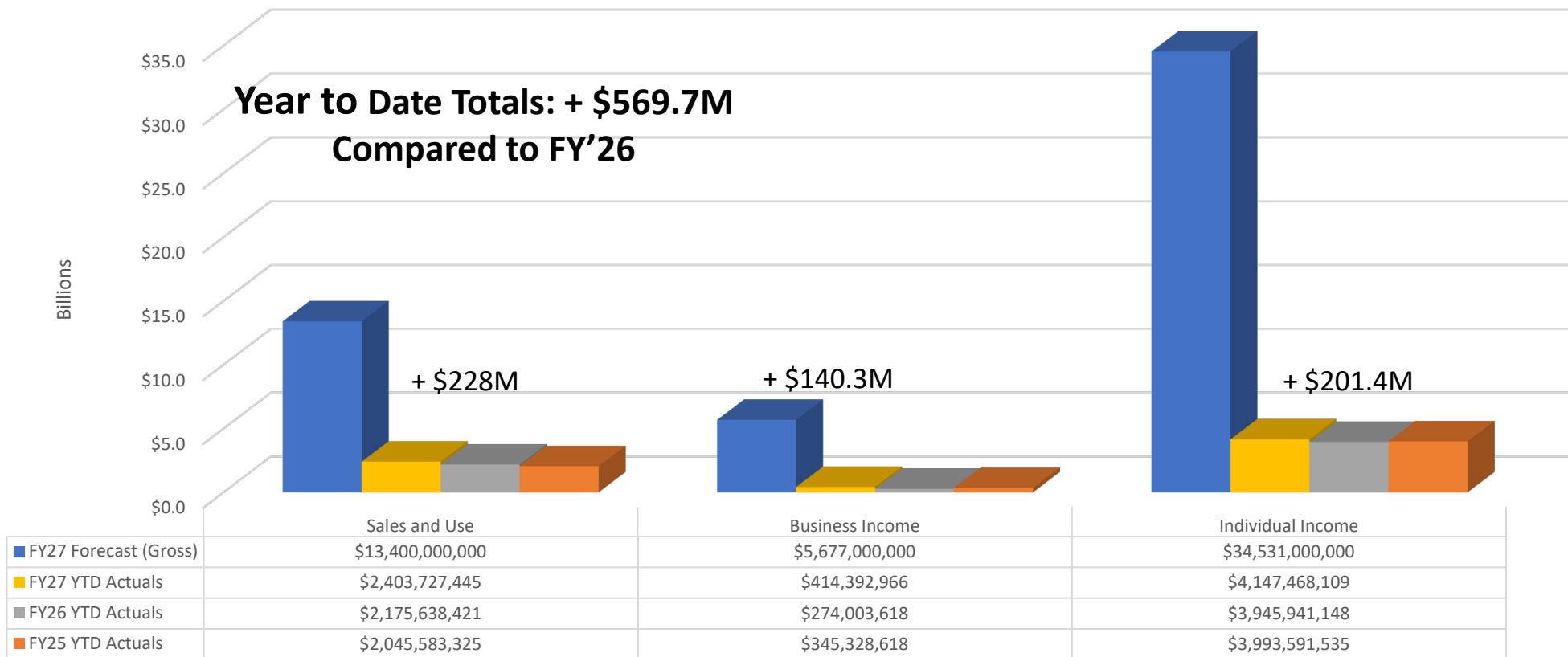
Fiscal Year-to-Date (Jul-Jun) Sales and Income Tax Receipts



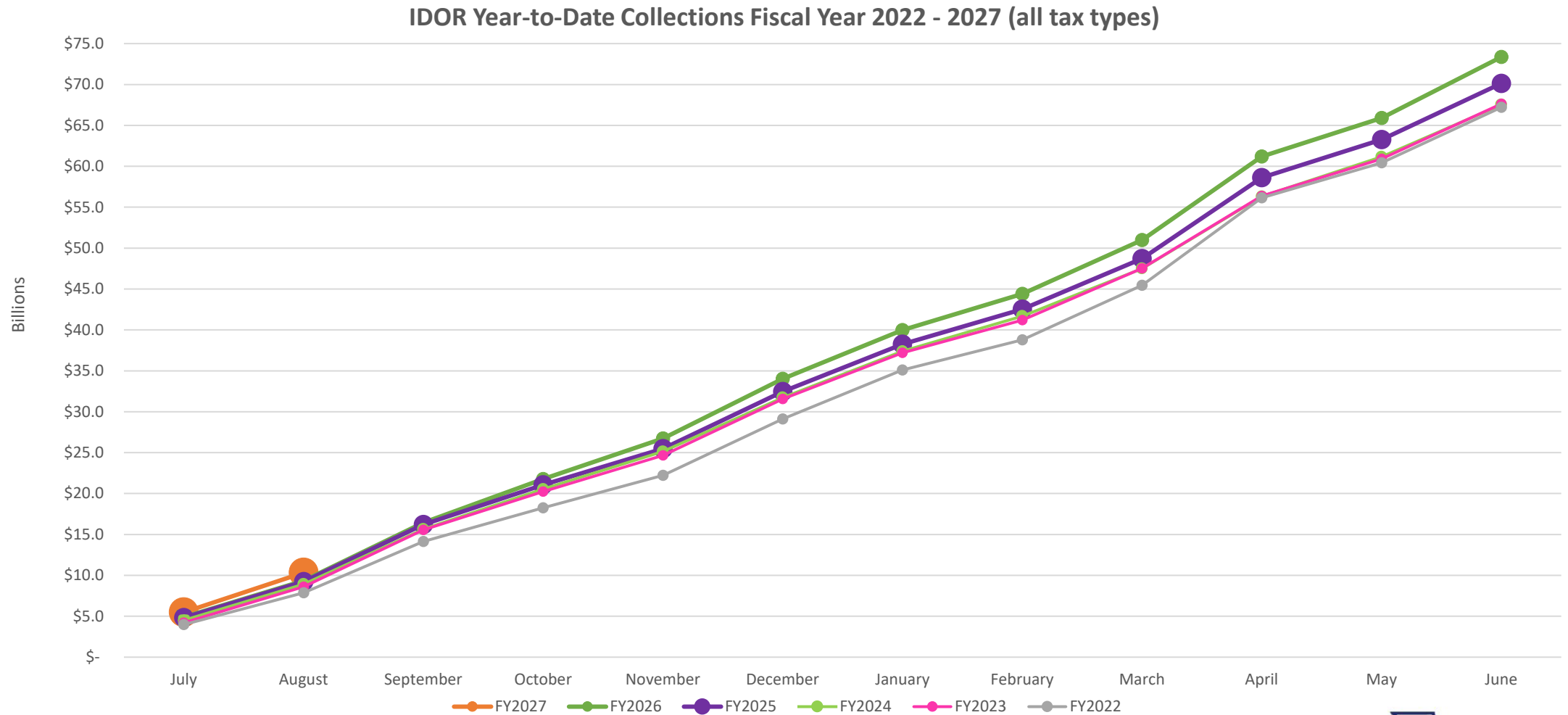
Big Three Tax Receipts : Year-to-Date FY'27

(July & August)

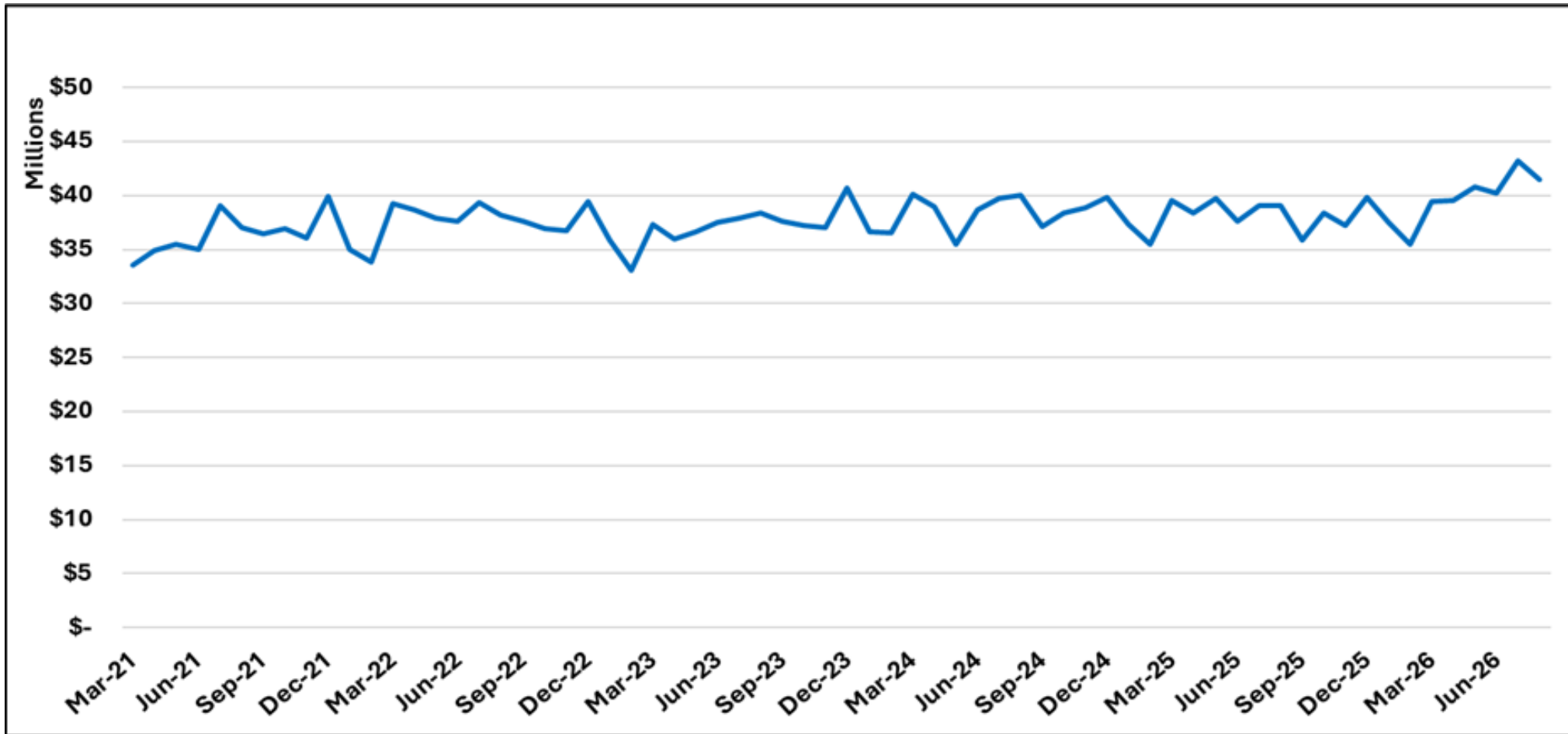
Fiscal Year-to-Date (Jul-Aug) Sales and Income Tax Receipts



Big Three Totals : Year Over Year



Cannabis Tax Receipts



CY'20	\$ 191,526,635
CY'21	417,114,922
CY'22	450,463,952
CY'23	445,478,229
CY'24	460,455,012
CY'25	457,440,256
CY'26(Jan-Aug)	<u>317,763,990</u>

Total **\$2,740,242,996**

Cultivator Tax
 Dispensary Tax
 State Sales Tax
 Local Sales Tax
 Municipal Cannabis Tax
 County Cannabis Tax

MCAN to date: \$217,662,729

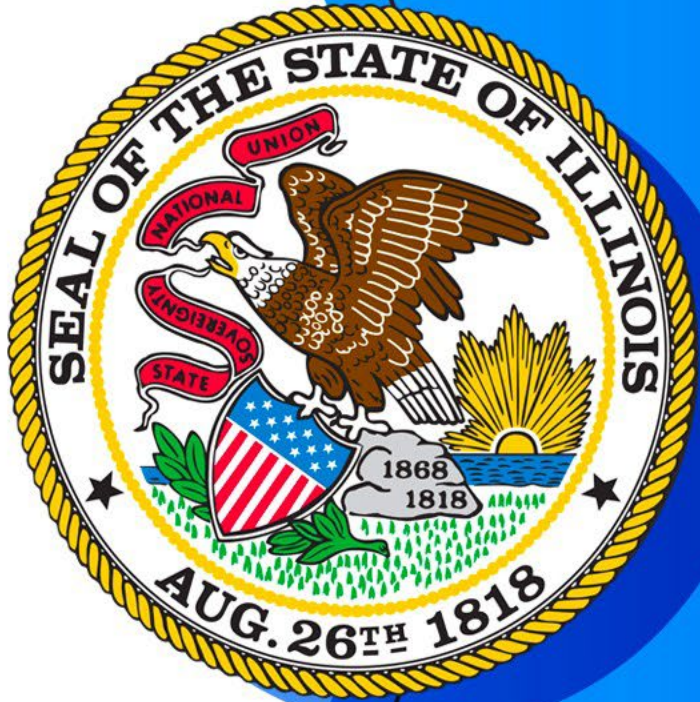
CCAN to date: \$206,911,881



State of Illinois Gaming Receipts

(Non-IDoR Revenue Sources)

Fiscal Year	Casino	VGTs	Lottery	Sports Wgng
FY '19	\$ 299 million	\$ 478 million	\$ 735 million	
FY '21	\$ 151 million	\$ 657 million	\$ 786 million	\$ 57 million
FY '22	\$ 272 million	\$ 764 million	\$ 833 million	\$ 92 million
FY '23	\$ 306 million	\$ 818 million	\$ 872 million	\$ 142 million
FY '24	\$ 330 million	\$ 850 million	\$ 886 million	\$ 170 million
FY '25	\$ 367 million	\$ 921 million	\$ 790 million	\$ 405 million
FY '26	\$ xxx million	\$1.01 billion	\$ 788 million	\$ 593 million



Legal Updates

Bridget DiBattista
General Counsel

Pending Litigation

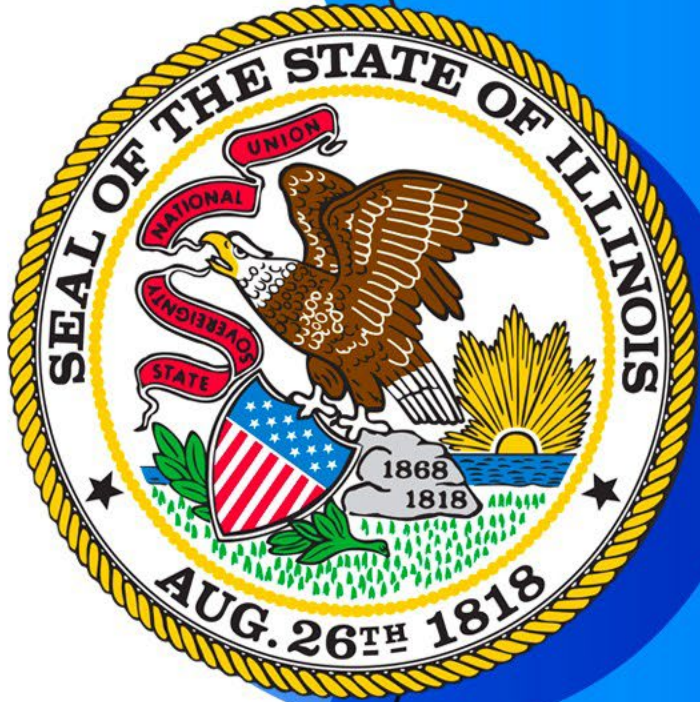
- Digital Asset Tax Act
 - Blockchain Association v. Harris (2026-MR-312)
 - Chamber of Digital Commerce v. Harris (2026-MR-271)
- Targeted Advertising Services Tax Act
 - NetChoice v. Harris (2026-CH-08791)

Draft proposed rules

- Digital Asset Tax Act

Legal Actions of Interest





Income Tax Developments

Brian Fliflet

Deputy General Counsel

Public Act 104-0468 (SB 3019)

- Transitions Net Loss Deduction from cap at \$500,000 to 80% of net income
- Decouples from IRC Section 1202 exclusion of gains from certain small business stock
- Provides alternative calculation of pass-through entity tax using resident partner's full distributive share

Public Act 104-453 (SB 1911)

- Extends 50% limitation on DRD for GILTI to NCTI

Legislation



Rulemaking



Implementing Finnigan apportionment method adopted by Public Law 104-0006 [50 Ill. Reg. 8595 (eff. June 2, 2026)]

- 86 Ill. Admin. Code 100.3200 Taxability in Other State
- 100.3370 Sales Factor
- **100.3375 Combined Apportionment** (new)
- 100.5200 Filing of Combined Returns
- 100.5201 Definitions and Miscellaneous Provisions Relating to Combined Returns
- 100.5210 Procedures for Elective and Mandatory Filing of Combined Returns
- 100.5215 Filing of Separate Unitary Returns
- 100.5250 Liability for Combined Tax, Penalty and Interest
- 100.5270 Computation of Combined Net Income and Tax
- 100.9720 Nexus

Rulemaking – Page 2

- Implementing changes to 80/20 addback safe harbors adopted by Public Law 104-0006 [50 Ill. Reg. 5569]
 - 86 Ill. Admin. Code 100.2430
 - Public Hearing held June 5, 2026
 - 5 witnesses provided oral testimony
 - 12 written comment submissions
- General cleanup [50 Ill. Reg. 13015]
 - 86 Ill. Admin Code 100.2455 Subtraction Modification: Federally Disallowed Deductions
 - 100.2465 Claim of Right Repayments
 - 100.2490 Foreign Trade Zone/High Impact Business Dividend Subtraction

Rulemaking – Page 3

- Informal Conference Board [50 Ill. Reg. 13458]
 - 86 Ill. Admin. Code 215.100 Informal Conference Board
 - 215.105 Composition of the ICB
 - 215.110 Representation of the Taxpayer Before the ICB
 - 215.115 Procedure for Requesting Review by the ICB
 - 215.120 Review of Requests by the ICB
 - 215.125 Disposition of Proposed Audit Adjustments
 - 215.130 Conferences
- Uniform Penalty and Interest Act
 - 86 Ill. Admin. Code 700.110, 700.210, 700.220, 700.230, 700.305, 700.315, 700.320, 700.330, 700.400, 700.500

DriveTime Car Sales Co. LLC

- 22-TT-61, 25-TT-100, 25-TT-101
- Decision issued July 6, 2026
- Bad debt deduction
- 1-26-1479 (1st Dist.)

Cutler Oil & Gas Corp.

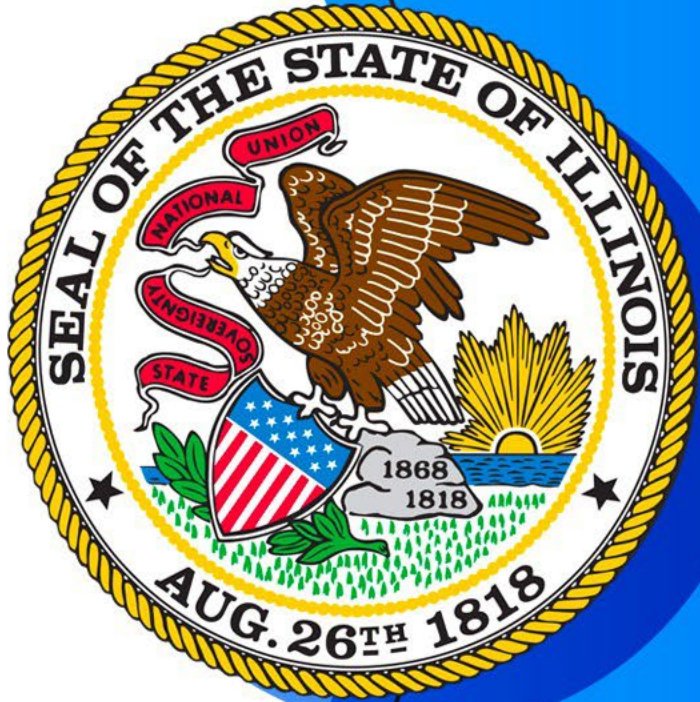
- 2025-L-050408 (Cook County)
- Cost of performance

Roche Holdings Inc. & Subs

- 2026-L-050399 (Cook County)
- 50% rule for royalties

Litigation





Sales Tax

Alexis Overstreet
Deputy General Counsel

Digital Asset Tax Act

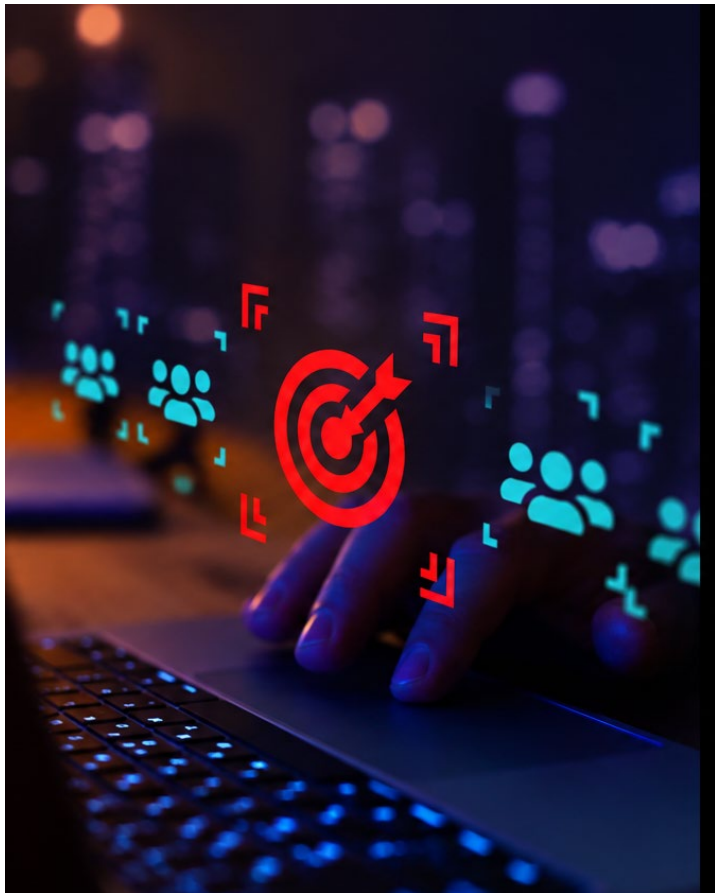


- Incidence of tax is on the Illinois customer receiving digital asset business activities from a broker.
- Collection obligation for the broker.
- Tax is imposed at 0.2% of the value of the digital asset being exchanged, transferred, or stored.
- To be a taxable event under the Act, a transaction must:
 - Involve an Illinois customer;
 - Include that customer's receipt of digital asset business activity;
 - Be in exchange for valuable consideration; and
 - Be conducted by a digital asset broker.

Digital Asset Tax Act – page 2

- Rulemaking will provide guidance on:
 - What is a digital asset?
 - How is value determined?
 - What is a digital asset broker?
 - What is digital asset business activity?
 - How is a customer determined to be an Illinois customer?
- General provisions:
 - Registration and revocations;
 - Returns and payment of the tax;
 - Claims for credit and credit memoranda issuance and assignment; and
 - Books and records requirements, including examples specific to digital assets.

Targeted Advertising Services Tax Act



- Incidence of tax is on the provider of targeted advertising services.
- The tax applies to *targeted* advertising services – not *digital* advertising.
 - Rulemaking provides explanation on what constitutes targeted advertising services.
 - The statutory language is expansive.
 - The lynchpin is the use of personal information in determining what advertisement to publish and to whom.

Targeted Advertising Services Tax Act - Page 2

- Rulemaking will provide guidance on:
 - Who is a provider including in multi-party transactions;
 - Sourcing; and
 - How to calculate gross receipts.
- General provisions:
 - Registration and revocations;
 - Returns and payment of the tax;
 - Claims for credit and credit memoranda issuance and assignment; and
 - Books and records requirements, including examples specific to showing proper sourcing of taxable gross receipts.

Remote Sellers of Tobacco

- Beginning January 1, 2027
- Remote retailer sellers of cigars, pipe tobacco, and alternative nicotine products (ANP)
- \$100,000 threshold – all tangible personal property
- 45% of the actual cost or actual cost list price paid for each individual stock keeping unit (SKU) before any stated discounts



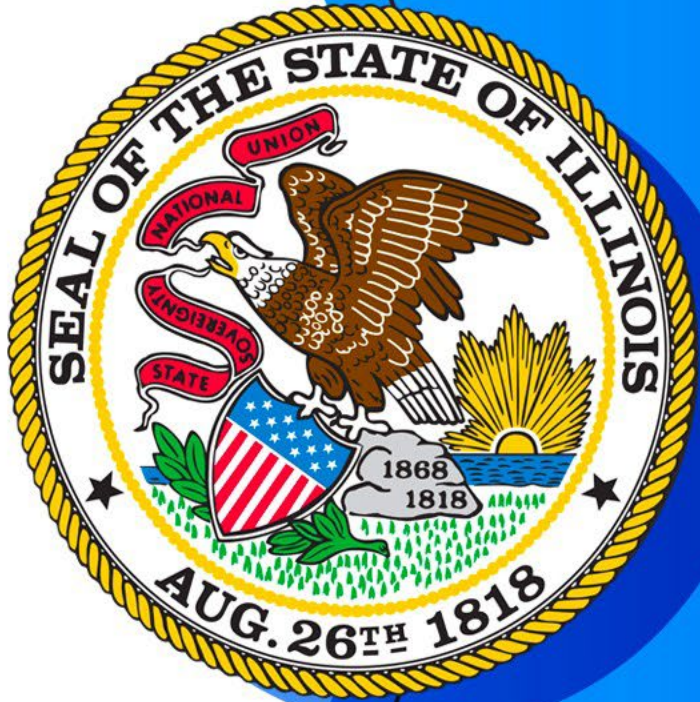
- Ends October 31, 2026
- Simplified tax rate and simplified return
- Interest and penalty abatement WITH a payment plan

Common Questions –

- Taxpayers already registered who incorrectly remitted Use Tax
 - Must file amnesty application and make payment using simplified rate for all time periods in which you have liability
 - Must file amended returns seeking refund of the incorrectly paid Use Tax
- Taxpayer must use the simplified tax rate unless they actually collected tax at a higher rate

Remote Retailer Amnesty Program





Collections

Liquor License tied to ROT Certificate
Pay Plans

Steven D. Hayes,
Collections Program Administrator

After Non-Renewal or Revocation of ROT Certificate.

- Taxpayer rights to a hearing.

Daily file exchange with Liquor Commission.

- Notice to inactivate
- Notice of compliance

SB3019 – Inactivation of Liquor License



SB3019 – Inactivation of Liquor License – Page 2

- Eliminates need for a second hearing on same fact pattern with the ILCC.
- Inactive liquor license prevents Liquor Distributors from selling to Retailers.

Pay Plans

Not all delinquent taxpayers are tax scofflaws.

- Pay plan needs and options:
 - Paper request
 - Pay by Phone
 - MyTax portal (Illinois tax system)
 - Non-login pre-approved



Benefits of Options

Diversifying pay plan request options reduces reliance on costly enforcement tools such as:

- Levy
- License/certificate revocation

Eases workload and improves operational efficiency

Enhances taxpayer experience and compliance rates

Pre-Approved Pay Plan Overview

- Allows taxpayers to select payment terms without collector interaction
- Terms must comply with IDOR predefined guidelines
- Options include:
 - Installments ranging from 1 to 24 months
 - Minimum balances for certain term lengths



Preset Term Options

Installment		Min	Max
Frequency	Installments	Balance	Balance
Monthly	1	\$ -	\$ 99,999,999.99
Monthly	3	\$ -	\$ 99,999,999.99
Monthly	6	\$ 250.00	\$ 99,999,999.99
Monthly	9	\$ 500.00	\$ 50,000.00
Monthly	12	\$ 1,000.00	\$ 50,000.00
Monthly	18	\$ 2,500.00	\$ 50,000.00
Monthly	24	\$ 5,000.00	\$ 50,000.00

Eligibility & Restrictions

Pre-approved plans not available to:

- Taxpayers with recent pay plan defaults (past 2 years)
- Taxpayers already levied
- Those referred to private collection agencies
- Taxpayers under bankruptcy protection

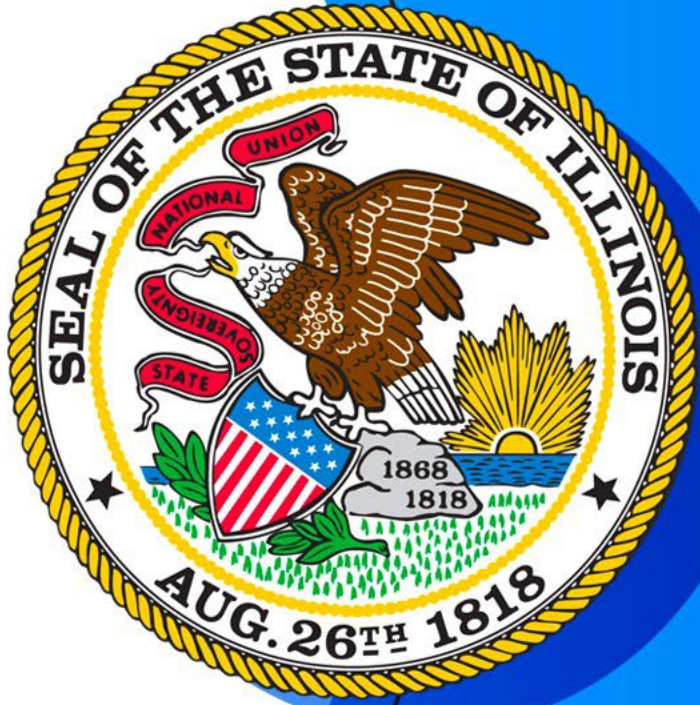
Taxpayers facing imminent enforcement
(revocation, etc.)



Instant Approval & System Monitoring

- Pre-approved plans receive instant automatic approval
- IDOR benefits from reduced manual reviews and setup
- System monitors pay plans for defaults
- Taxpayers who don't find suitable terms are routed to MyTax portal for manual plan requests

Contact Information



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Questions?

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