



informational

Bulletin

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Back-to-School State Sales Tax Holiday August 5, 2022, through August 14, 2022

To: All Retailers Registered in Illinois

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

Public Act (P.A.) 102-0700 creates a state sales tax holiday on qualifying items effective **August 5, 2022, through August 14, 2022.**

For information
Visit our website at:
tax.illinois.gov

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217 782-3336

Call our TDD
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1 800 544-5304

Email us at:
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What is the state sales tax holiday?

The state sales tax holiday is a ten-day period during which consumers can purchase certain clothing and school-related items and pay sales tax at a reduced rate. The reduced state portion of sales tax due during this period is 1.25 percent (1.25%), the state rate of 6.25 percent (6.25%) minus 5.00 percent (5.00%).

Items include qualifying clothing and footwear with a retail selling price of less than \$125 per item and certain school supplies used by students in the course of study. School supplies are not subject to the \$125 threshold. For a list of qualifying and nonqualifying items, see Page 3.

What action must the retailer take?

Retailers must adjust their method of collecting sales tax so that beginning on **August 5, 2022**, and ending at the close of business **August 14, 2022**, they will collect the reduced tax rate on qualifying items.

The sales tax rate that retailers must use during the holiday period is the rate currently in effect on the date of the holiday minus 5.00 percent (5.00%).

For example:

If your sales tax rate is:	9.75%
Reduced amount (state portion):	5.00%
Sales tax rate during the holiday period:	<u>4.75%</u>
If your sales tax rate is:	6.50%
Reduced amount (state portion):	5.00%
Sales tax rate during the holiday period:	<u>1.50%</u>

How do I handle special sales during the sales tax holiday?

Coupons and discounts

To determine whether the eligible clothing item's retail selling price is below \$125, retailers must look at the price after the unreimbursed coupon or store markdown but before a reimbursed coupon.

Bundled sales

Qualifying items bundled with items that do not qualify for the state sales tax holiday rate will be subject to the reduced tax rate only if the value of the qualifying items exceed the value of the non-qualifying items. Bundled sales are limited to \$125 for one bundled sale that includes qualifying clothing/shoes.

Splitting items

Articles normally sold as a single unit must continue to be sold as such to determine whether the selling price is within the state sales tax holiday price threshold. For example, a pair of shoes with a selling price of \$125 cannot be sold separately so the sales price of each shoe is within the sales tax holiday price threshold.

Rain checks

Qualifying items purchased during the holiday with a rain check issued prior to the state sales tax holiday will qualify for the reduced sales tax rate. Qualifying items purchased after the state sales tax holiday with rain checks issued during the holiday are not eligible for the reduced tax rate.

Exchanges

Retailers do not need to collect any additional tax if a customer purchases a qualifying item during the state sales tax holiday, but after the holiday exchanges it for a different size, color, or other feature at the same or lower price.

If a customer purchases a qualifying item during the state sales tax holiday, but after the holiday returns the item and receives credit on the purchase of a different item, they will receive credit for the holiday tax paid. The customer is charged the full sales tax rate on the purchase of a new item. If a customer purchases a qualifying item before the state sales tax holiday period, but returns it during the sales tax holiday period and receives credit on the purchase of a different item that is eligible, the reduced rate of sales tax is due if the replacement item is purchased during the holiday.

Back orders

Regardless of when an item is delivered to a customer, retailers must collect the reduced rate of tax on any qualifying item for which a customer has paid in full during the state sales tax holiday period.

Returns

Retailers may establish their own policies for time periods within which to accept returns of qualifying items. However, for a 60-day period immediately after the Sales Tax Holiday Period, if a customer returns a qualifying item, the retailer must only credit or refund sales tax at the reduced rate unless the customer provides a receipt or invoice showing tax was paid at the usual general merchandise rate, or the retailer has documentation to show tax was paid at the usual general merchandise rate on the item. Retailers must file Form ST-1-X, Amended Sales and Use Tax Return (and, if applicable, Form ST-2-X, Amended Multiple Site Form), and Schedule GT-X, Amended Sales and Use Tax Holiday and Grocery Tax Suspension Schedule, to make a claim for credit for tax paid to IDOR that was subsequently refunded to a customer.

How do I report qualifying sales made during the state sales tax holiday?

Schedule GT, Sales and Use Tax Holiday and Grocery Tax Suspension Schedule, was created for retailers to report sales of qualifying items sold during the sales tax holiday. This schedule should be filed with your Form ST-1, Sales and Use Tax and E911 Surcharge Return (and, when applicable, Form ST-2, Multiple Site Form). Form ST-1 has not changed. Retailers should continue to report their normal taxable sales, including sales of qualifying items, on Lines 4a and 4b, Lines 6a and 6b, or Lines 12a and 12b, of Form ST-1 (and, when applicable, Form ST-2) and will then use Lines 2a and 2b, Lines 3a and 3b, or Lines 4a and 4b on Schedule GT to calculate a credit against the tax reported on those lines for the tax they are not collecting during the state sales tax holiday. When determining the discount allowed for a timely filed return, retailers are authorized to include the amount of tax on receipts that would have been due at the rate in effect for their location(s) but for the 1.25 percent (1.25%) rate imposed on sales tax holiday items.

Sales Tax Holiday - Qualifying Items

Clothing

Retail selling price must be less than \$125 per item, including

- household and shop aprons
- athletic supporters
- bathing suits and caps
- belts and suspenders
- coats and jackets
- gloves and mittens
- hats, caps, and ear muffs
- lab coats
- neckties
- rainwear
- rubber pants (covers for cloth diapers)
- scarves
- underwear
- school uniforms
- shorts and pants
- skirts and dresses
- hosiery and pantyhose
- shirts and blouses

Footwear

Retail selling price must be less than \$125 per item, including

- shoes, sneakers, and shoe laces
- sandals
- slippers
- socks and stockings
- footlets
- boots and overshoes
- insoles for shoes
- steel-toed shoes

School supplies

Must be used by students in the course of study, including

- binders
- book bags
- calculators
- cellophane tape
- blackboard chalk
- composition books
- crayons
- colored pencils

- erasers
- expandable pocket, plastic, and manila folders
- glue, paste, and paste sticks
- highlighters
- index cards and index card boxes
- legal pads
- lunch boxes
- markers
- notebooks and notebook paper, including loose leaf notebook, copy, graph, tracing, manila, colored and construction paper, and poster board
- pencils and pencil leads
- pens, ink, and ink refills for pens
- pencil boxes and other school supply boxes
- pencil sharpeners
- protractors, rulers, and compasses
- scissors
- writing tablets

Sales Tax Holiday - Non-qualifying Items

Clothing accessories

Any clothing item with a retail selling price of \$125 or more, and

- briefcases
- cosmetics
- hair notions including, but not limited to barrettes, hair bows, and hair nets
- handbags and wallets
- handkerchiefs
- jewelry and watches
- non-prescription sunglasses
- umbrellas
- wigs and hair pieces

Sports or recreational equipment

- gloves, including but not limited to baseball, bowling, boxing, hockey, and golf gloves
- goggles
- hand and elbow guards
- life preservers and vests
- mouth guards
- shin guards
- shoulder pads
- wetsuits

Protective equipment

- breathing masks
- clean room apparel and equipment
- ear and hearing protectors
- face shields
- hard hats and helmets
- paint or dust respirators
- protective gloves
- safety glasses and goggles
- safety and tool belts
- welder's gloves and masks

Footwear

- ballet, tap, cleated or spiked athletic shoes
- roller and ice skates
- ski boots
- waders and fins

School supplies

Any item not used by students in the course of study, and

Art supplies

- clay and glazes
- acrylic, tempera, and oil paints
- paintbrushes for artwork
- sketch and drawing pads
- watercolors

Instructional material

- reference books
- reference maps and globes
- textbooks and workbooks

Computer and computer supplies

- computers and related supplies
- flashdrives and other computer data storage devices
- data storage media such as diskettes, and compact disks
- boxes and cases for disk storage
- external ports or drives
- computer cases
- computer cables
- computer printers
- printer cartridges, toner, and ink

Electronics

- cameras and related supplies such as film and memory cards, video cameras, tapes and videotapes
- cell phones
- Personal Digital Assistants (PDA's) and handheld electronic schedulers