



Local Governments’ Guide to Tax Allocations

What is the rebate sharing agreement reporting requirement?

The General Assembly has enacted Public Act 97-0976 requiring all units of local government to report electronically to the Illinois Department of Revenue agreements commonly known as “rebate sharing agreements.” The law also requires that the report information be available beginning July 1, 2013, on the Department’s website at tax.illinois.gov. To implement this law, the Department has created the “Rebate Sharing Web Application.” Using the Rebate Sharing Web Application, local governments must report detailed information on any existing or new agreements to share or rebate any portion of retailers’ occupation taxes generated by retail sales of tangible personal property.

What is a rebate sharing agreement?

A rebate sharing agreement is an agreement made by a local government (municipality or county) to share or rebate any portion of retailers’ occupation taxes (including, but not limited to, the local share of the state retailer’s occupation taxes, or home rule, non-home rule, or business district taxes) generated by retail sales of tangible personal property. This includes agreements with retailers, developers, consultants, or other local governments or taxing jurisdictions.

Do rebate sharing agreements between local governments and other taxing jurisdictions have to be reported under this new law?

Yes. Any agreement in which a local government shares a portion of the sales tax allocations with another business, local government, or taxing district needs to be reported. This includes agreements between two municipalities, between a municipality and a county, or between a municipality and a school district. If the second unit of local government does not have a sales tax account ID, the FEIN should be entered as the Account ID.

Are agreements in which sales taxes are dedicated to the repayment of bonds issued by a municipality or county required to be reported?

No. Agreements by a municipality or county to dedicate sales tax revenues to the repayment of bonds issued by the municipality or county are not subject to the rebate sharing reporting requirement. These agreements are not considered to be “sharing” of the sales taxes.

Rebate Sharing Agreements

Is this a new requirement or should this rebate sharing agreement information have been reported before?

This is a new requirement effective January 1, 2013. Agreements that expired or terminated prior to January 1, 2013, do not have to be reported.

When is my rebate sharing agreement report due?

The Department will consider reports timely filed if they are submitted by May 1, 2013. This deadline applies to all agreements in effect from January 1, 2013, through April 1, 2013. Agreements entered into after April 1, 2013, are required to be reported via the web application within 30 days following the execution of the agreement. Effective August 26, 2014, a delinquency penalty of \$20 per day applies to local governments that fail to timely submit a rebate sharing agreement.

Is there a reporting requirement if my local government does not have any rebate sharing agreements at this time?

No. If the local government does not have any rebate sharing agreements, there is no reporting requirement.

If my municipality is in more than one county, which location code do I use to log in and report a rebate sharing agreement?

You must log in to the application using the first seven digits of the location code for the business from which the rebated sales taxes are generated. Email the Local Tax Allocation Division at rev.localtax@illinois.gov if you have questions.

How do I complete the agreement report if the rebate sharing agreement is between my local government and a developer or consulting firm?

In the business information section, enter the FEIN for the developer or consulting firm in the account ID field if the business does not have a sales tax account ID. In the business name field, enter the name of the developer or consulting firm. Then, under location address(es), enter the business address within your local government from which rebated sales are made. For example, the location address may be the developer's address at the development, such as the mall office.

In section (I) under the terms of the agreement, describe the formula used to distribute the rebate of sales tax for each year of the agreement. For example, 50 percent of the retailers' occupation taxes generated by tenants of the development (shopping mall) will be paid to the developer for each year of the agreement until a total aggregate of \$1,500,000.00 is paid, or 10 years have passed, whichever comes first.

Rebate Sharing Agreements

Continued from Page 2 **In section (II) under the terms of the agreement,** enter the beginning and ending dates for the rebate sharing agreement. Note: If there is a distribution limit on the amount to be rebated which would end the agreement prior to the ending date entered in section (II), specify the limit in section (I).

In section (III) under the terms of the agreement, list the name of each additional party to the agreement and each business which directly or indirectly receives a share, refund, or rebate of the retailers' occupation tax.

How do I report agreements with multiple parties to the agreement?

In the business information section, enter the account ID and business name of the primary party.

In section (III) under the terms of the agreement, list the name of each additional party to the agreement and each business which directly or indirectly receives a share, refund, or rebate of the retailers' occupation tax.

How do I enter the end date of the terms of the agreement if there is no defined end date for the agreement?

Enter a placeholder date, such as 12/31/2099.

What if I discover a mistake after I have submitted an agreement report?

Submit your corrected report by logging in and clicking "Add Agreement." Go through the steps to enter and submit a new agreement. Then email the Local Tax Allocation Division at rev.localtax@illinois.gov to notify us of the corrected report submission and identify the incorrect report. We will remove the incorrect report from your local government's list of agreement reports.

How do I report an amendment to an agreement?

If your local government amends an existing rebate sharing agreement, go through the steps to enter and submit a new agreement.

In section (I) under the terms of the agreement, include the date the agreement was amended.

In section (II) under the terms of the agreement, enter the date the agreement was amended as the beginning date.

Under the section for supporting documentation, upload a copy of the amended agreement.

Rebate Sharing Agreements

What do I do if an agreement is terminated prior to the end date that I entered on the agreement report?

Email the Local Tax Allocation Division at rev.localtax@illinois.gov, and we will update the report you submitted. Be sure to include in your email your local government's name, the business name listed on the rebate sharing agreement that is receiving monies from the local government, and the termination date of the agreement.

What information will be publicly available?

Starting July 1, 2013, the agreement reports will be searchable by business name and local government name. The information from the rebate sharing agreement reports will be viewable once selected; however, the Department will redact confidential information as required by statute. The uploaded copy of the agreement will not be included with the rebate sharing reports.

Statutory References

Illinois Municipal Code - 65 ILCS 5/8-11-21
Counties Code - 55 ILCS 5/5-1014.3