



# This Week in State Tax (TWIST)

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## Illinois: DoR Issues Guidance on Tariffs and Sales Tax

The Illinois Department of Revenue (Department) recently issued a guidance on the application of retail sales tax to tariffed goods. The key issued addressed was whether separately itemized tariffs on an invoice are included in the price of the product and therefore subject to sales tax. Illinois Retailers' Occupation Tax (ROT) is imposed on the sale of tangible personal property for use or consumption in the state, and no deductions are allowed for the cost of the property sold. Illinois' Use Tax complements the ROT and is imposed on the privilege of using any tangible personal property in Illinois that was purchased at retail anywhere.

The Department clarified that tariffs are not deductible in computing the ROT from the gross receipts of the person selling tangible personal property. The Department indicated the critical factor in assessing the application of ROT is that the "importer of record" is the person legally responsible for paying the tariff. Therefore, if the importer of record is the seller of the product, tariffs itemized on the invoice are considered part of the sale price and are not deductible or excludible from the taxable base. However, if the importer of record is the end-user of the product, the tariff is not part of the selling price for purposes of computing the purchaser's use tax liability as the tariff is an amount paid separately to the federal government. Contact [Drew Olson](#) for more information [on Ill. Dep't of Revenue, ST 25-0022-GIL](#).

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