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HIGHLIGHTS OF 2014 ILLINOIS TAX CHANGES

The most important 2014 tax changes and new developments are noted below.

Multiple Taxes

- *Limitations period suspended while taxpayer is financially disabled*

Effective January 1, 2015, the limitations period for claiming an Illinois corporate or personal income tax refund is suspended while the taxpayer is unable to manage financial affairs due to disability including, in the case of an individual, financial disability. An individual is "financially disabled" if the individual is unable to manage financial affairs by reason of a medically determinable physical or mental impairment of the individual that can be expected to result in death or that has lasted or can be expected to last for a period of not less than 12 months. An individual cannot be treated as financially disabled during any period in which the individual's spouse or any other person is authorized to act on behalf of the individual with respect to financial matters. (P.A. 98-970 (S.B. 3334), Laws 2014) (¶801)

- *Tax Rate Finder database is available online*

The Illinois Department of Revenue has a database on its website that gives rates for state and local taxes, including corporate and personal income, property, sales and use (use and occupation), and excise tax rates for taxing districts in the state. The database also denotes which taxes are fixed rates or location-based rates. The Tax Rate Finder is available on the DOR's website at <http://www.revenue.state.il.us/Publications/taxratefinder.htm>.

Sales and Use Taxes

(See also Multiple Taxes, above)

- *Sourcing of sales clarified*

Illinois legislation effective August 26, 2014, has enacted rules for determining a seller's location for sales tax, use tax, service occupation tax, service use tax and local sales tax purposes and requires the creation of a Use and Occupation Tax Reform Task Force. The new sourcing rules provide for the location where a retailer is deemed to be engaged in the business of selling tangible personal property for sales tax, use tax, service occupation tax, service use tax and local sales tax purposes. The new rules do not apply to retailers with respect to any activity not described in the rules.

Over-the-counter transactions are deemed to occur at the retailer's same place of business where the buyer is present and pays for the property if the retailer regularly stocks the property or similar property for sale at the retailer's place of business, the buyer had no prior commitment to the retailer, and either (1) the buyer takes possession of the property at the same place of business, or (2) the retailer delivers or arranges for the property to be delivered to the buyer.

Sales of property where the purchase is made and paid for over the phone, in writing or via the Internet are deemed to occur at the retailer's same place of business if the retailer regularly stocks the property or similar property for sale at the retailer's place of business, the buyer had no prior commitment to the retailer, and the buyer takes possession of the property at the retailer's place of business.

A retailer's vending machine sales are deemed to occur at the location of the vending machine when the sale is made, if: (1) the vending machine is operated by coin, currency, credit card, token, coupon or similar device; (2) the food, beverage or other property is contained in, and dispensed from, the vending machine; and (3) the buyer takes possession of the item immediately.