

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 420 Section 420.80</b>	<b>Monthly Return</b>
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**TITLE 86: REVENUE**

**PART 420  
LIQUOR CONTROL ACT**

**Section 420.80 Monthly Return**

- a) Requirement for Filing
  - 1) Each manufacturer and importing distributor of alcoholic liquor must file a return on the form approved and provided by the Department between the 1<sup>st</sup> and 15<sup>th</sup> day of each calendar month, covering transactions in alcoholic liquors during the preceding calendar month. Payment of the tax in the amount disclosed by the return shall accompany the return.
    - A) Voluntary Electronic Filing and Payment of Taxes. Beginning January 1, 2003, taxpayers may elect to file returns electronically under 86 Ill. Adm. Code 760. A taxpayer that elects to electronically file a return and accompanying schedules must also make payment through Electronic Funds Transfer as provided in 86 Ill. Adm. Code 750. Taxpayers who both timely pay tax by Electronic Funds Transfer and timely file returns and schedules electronically shall be entitled to a discount as follows:
      - i) For original returns due on January 1, 2003 through September 30, 2003, the discount shall be 1.75% or \$1,250 per return, whichever is less;
      - ii) For original returns due on October 1, 2003 through September 30, 2004, the discount shall be 2% or \$3,000 per return, whichever is less; and
      - iii) For original returns due on or after October 1, 2004, the discount shall be 2% or \$2,000 per return, whichever is less.
    - B) Mandatory Electronic Payment of Taxes. Effective January 1, 2003, taxpayers whose annual liability is \$200,000 or more for the preceding calendar year are required to make payments of tax by Electronic Funds Transfer. *Beginning October 1, 2010, a taxpayer who has an annual tax liability of \$20,000 or more shall make all payments of that tax to the Department by electronic funds transfer. [20 ILCS 2505/2505-210]*
  - 2) After a first return has been filed by any manufacturer or importing distributor, a return form will be mailed by the Department on or about the first day of each

succeeding month to that manufacturer or importing distributor. However, it is the duty of each manufacturer and importing distributor to obtain forms, and failure to receive forms from the Department will not be an excuse for failing to file returns when and as required by the Act.

- 3) Each manufacturer or importing distributor is required to file a return for each month that his or her license is in full force and effect, irrespective of the fact that he or she may not have any tax liability to pay for that month.
  - 4) In any case in which business is permanently discontinued, or when a stock of alcoholic liquors has been sold in bulk and the taxpayer has gone out of business, the taxpayer should immediately notify the Department of this fact, and upon a proper showing by the taxpayer that his or her license has been canceled by the Illinois Liquor Control Commission, he or she will be permitted to discontinue filing monthly returns.
  - 5) In completing the Liquor Revenue Return form, the amount of liquor manufactured, rectified, blended or bottled during the month must be included on the return by manufacturers of alcohol and spirits and by first and second class winemakers. In the case of manufacturers of alcohol and spirits, this item shall include bottled alcoholic liquor produced by the manufacturer in Illinois and bulk alcoholic liquor for which a deduction is being claimed on any schedule accompanying the return. In the case of first and second class winemaking, this item shall include all wine (whether immediately bottled or not) produced by the winemaker in Illinois. Wineries that are licensed as manufacturers, but not as first or second class winemakers, do not report anything as manufactured, rectified, blended or bottled.
- b) Schedules Accompanying Return of Manufacturer or Importing Distributor of Alcoholic Liquor:
- 1) As part of the monthly return of a manufacturer or importing distributor of alcoholic liquor, and to be completed and filed supplementary to the return in specified instances, the Department requires the completion and filing of the schedules described in subsection (b)(2). The totals of the several columns on each of the schedules must be carried to the corresponding columns and entered on proper lines according to the schedule designation on the monthly tax return.
  - 2) In every instance in which a manufacturer or importing distributor is required, by any particular schedule, to make a report of alcoholic liquors manufactured, imported, stored on hand or held in warehouses, purchased or otherwise acquired, sold or otherwise transferred, used, bottled, blended, fortified or rectified by that person, the person shall, to comply with the provisions of the Act, also include in the appropriate schedule the alcoholic liquors manufactured, imported, stored on hand or held in warehouses, purchased or otherwise acquired, sold or otherwise transferred, used, bottled, blended, fortified or rectified by that person as agent for others.
    - A) Schedule "A" – Alcoholic Liquor Transactions. This schedule must be completed and filed monthly by each importing distributor who imports alcoholic liquors into this State. This schedule consists of a detailed

itemization of the importations, and the importing distributor must include in it all importations of alcoholic liquors, regardless of whether the merchandise is imported in bond or out of bond. The mere fact that a warehouse acting as agent for the importing distributor receives the merchandise and issues a warehouse receipt does not relieve the importing distributor from reporting the transaction. All alcoholic liquors imported and stored in public or bonded warehouses, for the account of an importing distributor, must be reported by the importing distributor in this schedule at the time the alcoholic liquors are imported and receipt of the alcoholic liquors for the account of the importing distributor is acknowledged by the warehouse. This information may not be withheld until withdrawals of the alcoholic liquors from the warehouse are made. Items of this nature should be reported as importations into Illinois.

- B) Schedule "F" – Alcoholic Liquor Transactions. In this schedule, manufacturers of alcohol and spirits report only bottled alcoholic liquors purchased tax-free, including transfers in bond covered by the issuance, transfer or negotiation of warehouse receipts. All other manufacturers and importing distributors, however, must report tax-free purchases of both bottled and bulk alcoholic liquors in this schedule, including transfers in bond covered by the issuance, transfer or negotiation of warehouse receipts. Bottled alcoholic liquors purchased tax-free and stored in public or bonded warehouses for the account of a manufacturer of alcohol and spirits and all alcoholic liquors purchased tax-free and stored in public or bonded warehouses for the account of other manufacturers (such as wineries) and importing distributors, must be reported in this schedule at the time of purchase, and the report may not be withheld until the alcoholic liquors are withdrawn from the warehouse.
- C) Schedule "G" – Tax-Paid Inventory. This schedule must be completed by manufacturers and importing distributors who purchase tax-paid alcoholic liquors.
- D) Schedule "C" – Tax-Free Alcoholic Liquor Sales in Interstate Commerce and Foreign Trade. This schedule must be filed by manufacturers or importing distributors who claim deductions on the monthly return of gallonage of alcoholic liquors sold by them and shipped tax-free in interstate or foreign commerce, or delivered tax-free to ships for use outside the continental limits of the United States in foreign commerce as provided in Section 420.140. Manufacturers and importing distributors must include in the schedule bulk (as well as all other) alcoholic liquors shipped tax-free in interstate or foreign commerce, or delivered tax-free to ships for use outside the continental limits of the United States in foreign commerce as provided in Section 420.140.
  - i) Each manufacturer who includes tax exempt sales of bulk alcoholic liquor in this schedule must verify that the quantity so sold has been included in the Liquor Revenue Return inventory.
  - ii) A separate Schedule "C" – Tax-Free Alcoholic Liquor Sales in

Interstate Commerce and Foreign Trade must be filed covering shipments into each state.

- E) Schedule "B" – Tax-Free Sales of Alcoholic Liquors to Other Illinois-Licensed Manufacturers and Importing Distributors. This schedule must be filed by Illinois manufacturers or importing distributors, if the product is manufactured outside of Illinois, who sell alcoholic liquors tax-free to other licensed manufacturers or importing distributors in Illinois. Each manufacturer, who includes in this schedule tax-free sales of bulk alcoholic liquors, must verify that the quantity so sold has been included in the Liquor Revenue Return inventory. Manufacturers and importing distributors must include in this schedule tax-free sales and transfers of alcoholic liquors in bond, including alcoholic liquors covered by original, transferred or negotiated warehouse receipts.
- F) Schedule "E" –Tax-Free Alcoholic Liquor Sales for Non-Beverage Purposes. This schedule must be filed by manufacturers and importing distributors who claim deductions on the monthly return for tax-free sales of alcoholic liquors made to holders of non-beverage user's licenses. Original permits or coupons permitting the tax-free purchase of alcoholic liquors for non-beverage purposes must accompany this schedule. This schedule must also be filed by manufacturers and importing distributors who claim deductions on the monthly return for tax-free sales of alcoholic liquors to the United States or to a foreign government, their departments, agencies or instrumentalities, for non-beverage purposes. Each manufacturer, who includes in this schedule sales of bulk alcoholic liquors, must verify that the quantity so sold has been included in the Liquor Revenue Return inventory. Sales of wine for sacramental purposes must be reported as sales for non-beverage purposes. The seller should keep in its books and records certifications covering each delivery, and statements signed by the minister, priest or rabbi, showing the quantity of wine in each delivery together with a statement that the wine will be used only for sacramental purposes (see Section 420.70 of this Part).
- G) Schedule "J" – Report of Alcoholic Liquors Lost, Destroyed, or Damaged During Production and Bottling. Losses incurred during production and bottling alcoholic liquors carried in inventory on the Liquor Revenue Return at the time when the bottling loss occurs must be listed on this schedule. Bottling losses will not be allowed as tax exempt unless accurate records are maintained and the deduction on the return is supported by this schedule.
- H) Schedule for "Other Illinois Liquor Tax Deductions". This schedule should be used when manufacturers or importing distributors claim deductions on the monthly return for a gallonage of alcoholic liquors that may not be properly addressed by any of the other schedules supplied by the Department. Deductions claimed should be explained in detail and filed with the monthly return. Claimed exemptions from the tax will not be allowed at the time of audit unless supported by competent documentary evidence. For example, if alcoholic liquors are dumped for the purpose of destroying the alcoholic liquors, claimed exemption from the tax will not be

allowed unless supported by an affidavit of a Department representative who witnessed the destruction of the alcoholic liquors. The licensee should retain a copy of the affidavit. Each manufacturer, who includes in this schedule sales of bulk alcoholic liquors, must verify that the quantity so sold has been included in his Liquor Revenue Return inventory.

- I) Schedule "D" – Tax-Free Bulk Purchases Used in Rectification, Bottling and Blending. This schedule must be filed by manufacturers of alcohol and spirits, and will consist of a detailed itemization of all purchases of alcoholic liquors in bulk only, to be used in rectification, bottling or blending, or for sale in original containers, with respect to which the Illinois Alcoholic Liquor Tax has not been paid. All purchases of bulk alcoholic liquors must be included in this schedule irrespective of the fact that the alcoholic liquors are purchased in bond or imported in bond. The fact that a warehouse, acting as agent for the manufacturer, may receive the alcoholic liquors and issue a warehouse receipt does not relieve the manufacturer from reporting the transaction. All bulk alcoholic liquors purchased tax-free in Illinois or imported into Illinois by a manufacturer of alcohol and spirits and stored in a public or bonded warehouse for its account must be reported in this schedule at the time the alcoholic liquors are purchased by the manufacturer and received by the warehouse, and this information may not be withheld until the alcoholic liquors are withdrawn from the warehouse. This is an information schedule only and is not to be entered on the monthly return.
- J) Returned Merchandise. Alcoholic liquors returned by Illinois licensees to vendors from whom the alcoholic liquors were purchased, and who are located outside of the State of Illinois, must be reported the same as a sale in interstate commerce on Schedule "C"– Tax-Free Sales in Interstate Commerce and Foreign Trade.
  - i) Alcoholic liquors returned to Illinois licensees by their customers located outside of the State of Illinois must be reported the same as an importation on Schedule "A" – Alcoholic Liquor Transactions.
  - ii) When untaxed alcoholic liquors are returned to a manufacturer or an importing distributor, both parties being Illinois licensees, the person returning the liquors will report the transaction on Schedule "B"– Tax-Free Alcoholic Liquor Sales to Licensed Manufacturers and Importing Distributors, and the one receiving the returned liquors will report on Schedule "F"– Alcoholic Liquor Transactions.
  - iii) Tax-paid alcoholic liquors returned to an Illinois manufacturer or importing distributor by someone in Illinois need not be scheduled by the person returning the liquors, but the person receiving the returned liquors must report the transaction on Schedule "G"– Tax-Paid Inventory, the same as a purchase of tax-paid alcoholic liquor.
- c) Statement By Out-of-State Sellers Other Than Illinois Licensed Foreign Importers: Out-of-State sellers, who are not licensed in Illinois as foreign importers, and who sell,

to Illinois licensed importing distributors, beer, wine, or alcohol and spirits that are located at some place in the United States outside Illinois, and that are shipped or otherwise delivered into Illinois, are required to file with the Department, within 15 days after the end of each month, on forms prescribed and furnished by the Department, a statement setting forth the names and addresses of the persons in Illinois to whom beer, wine or alcohol and spirits were so sold and shipped or otherwise delivered during the preceding month and the respective quantities so sold and shipped or otherwise delivered.

d) Information Returns From Illinois Licensed Foreign Importers

- 1) The Department has determined it to be necessary, for the proper performance of its functions and duties under the Act, to require licensed foreign importers who are not also licensed in Illinois as importing distributors of alcoholic liquor to file a monthly information return with the Department. The return must be filed by the 15<sup>th</sup> day of the month following the month for which the return is filed. The return shall contain such information as the Department may reasonably require.
- 2) It is not necessary for the special foreign importer information return to be filed by any foreign importer who is also licensed in Illinois as an importing distributor of alcoholic liquor.

(Source: Amended at 39 Ill. Reg. 14701, effective October 22, 2015)