

Frequently Asked Questions on Illinois Sales Tax

1. *Where can I find information on the sales tax requirements for exempt organizations, such as my PTA, in the state of Illinois?*

Illinois PTA has distributed information on sales tax titled “Advice on Complying with the State of Illinois Sales Tax Statutes” and “Additional Advice on Complying with State of Illinois Sales Tax Statutes”. This information is available on the Illinois PTA Local Unit Packet disk and on the Illinois PTA website (www.illinoispta.org) or can be emailed to you by contacting the Illinois PTA Treasurer. Additional information can be found on the Illinois Department of Revenue Website (www.tax.illinois.gov). For questions, you may also email or call the Illinois PTA Treasurer.

Remember, the number of fundraisers your PTA can conduct without paying sales tax is very limited. Your PTA may conduct two fundraisers per year in which goods you purchase for resale are sold without paying sales tax. Fundraisers in which the items sold are made by your PTA (for example, a bake sale), and certain types of fundraisers deemed noncompetitive by the state may also be held without paying sales tax. Any additional sales, even those held as a “service” where little profit is made, require the payment of sales tax.

2. *Do I need to worry about sales tax with an out-of-state vendor?*

Out-of-state vendors have no obligation to collect or remit Illinois sales tax when they sell goods to your PTA for resale. Unfortunately, this does not relieve your PTA of the responsibility for sales tax. Any sale of products from an out-of-state vendor should be one of your limited number of sales exempt from sales tax. This requires that your PTA plan ahead and deal with the sales tax issues on all sales you are planning for the year. If the number of sales you are planning exceeds the number of allowed sales exempt from sales tax, you will need to choose the sales you will pay sales tax on. A sale involving an out of state vendor should be one of the exempt sales that you choose.

3. *When we pay sales tax, can we just pay the state rate or do we need to pay the local sales tax, too?*

When you pay sales tax to a local vendor, you must pay the local sales tax rate. This varies based on your county and municipality but will include the state rate. If a vendor who is not local is willing and able to collect only the state rate from you, that is acceptable but certainly not required. Local sales tax rate may be found on the Illinois Department of Revenue website at www.tax.illinois.gov, click on “Tax Rate Finder”.

4. *What should our PTA do if a vendor requests a certificate of resale or CRT-61?*

A vendor who is selling a product to your PTA for resale is legally responsible to the Illinois Department of Revenue for sales tax. The vendor has three options:

- **First, they can obtain a copy of the tax-exempt letter from your PTA if the sale is one of the limited number of allowable, exempt sales your PTA is conducting.**
- Second, they can ask for a certificate of resale or CRT-61 that certifies the PTA is a registered reseller, providing the PTA’s ID number for remission of sales tax, and stating that the PTA will collect and remit the sales tax to the department of revenue. The regulations are clear that it is the vendor’s responsibility to insure that any ID number provided by a PTA is valid and where there is any doubt about the tax being paid it is the vendor’s responsibility to pay it to the state.
- Third, they can charge your PTA sales tax and remit it to the state.

Most PTAs do not have or need an ID number for the remission of sales tax because they conduct only a limited number of sales during the year. This leaves the first or third option for the vendor. If you are asked to provide a CRT-61, inform the vendor that you do not have an ID number. If the sale is one of your sales tax free sales, provide the tax-exempt letter to the vendor. If not, you can expect the vendor to charge you sales tax and remit it to the state. This will reduce your profit on the sale unless you set the price of what you are selling a little higher to cover the additional cost.

5. *Can our PTA charge sales tax at our book fair and send the tax to the vendor for remission to the state?*

If your PTA computes and charges sales tax at any sale, depositing the money in your PTA account, it is your responsibility to send the sales tax to the state. In order to do this, you must have an ID number as mentioned above. If the sale is not one of your sales tax exempt sales, look for vendors who will collect all money themselves and send you only the profit. In other words, all charges and checks go directly to the vendor while any cash is sent to the vendor via money order or collected (after being counted and signed for) on site. The fringe benefit of this type of sale is that the only money included in your gross income for the year is your profit, not the money you send on to the vendor. Look for vendors who will work with you and make the sale easier on your PTA.

6. *Must our PTA pay sales tax to the vendors we use for our catered Hot Lunch Program or Snack Day Program?*

Based on the information in ST00-0019-PLR, a private letter ruling from the Illinois Department of Revenue, yes. Ongoing sales do not count as one or more of the limited number of allowable tax-exempt sales your PTA is allowed. This assumes that your PTA has repeated individual sales of lunches or snacks. The sales tax in this case may be paid to the vendor on the cost of the catered food that your PTA pays. However, if you sell catered lunches or snacks on a semester or yearly basis, it appears that you could choose one or both sales as your tax-exempt sale. Remember, you need to look at your sales for the entire year to decide which are tax-exempt if the sales your PTA is planning exceed the allowable number.

7. *What can we do when the vendor we use refuses to charge or remit sales tax?*

This may happen if you are dealing with a wholesale vendor or a vendor who is not willing to accommodate your request. If the sale involved is one that sales tax must be paid on, you should find a vendor willing to charge and remit the sales tax. PTAs should choose vendors who are willing and able to help them meet the requirements of the law.

8. *Our vendor told us that we were the only PTA in our district that is paying sales tax. Why should we pay?*

You should pay sales tax, when required, because it is the law in Illinois. Illinois PTA encourages all local PTAs to learn about and abide by the laws regarding sales tax. We are here to help you do just that.

9. *Should we be keeping records of our decisions about sales tax and our fundraisers?*

YES! You should be keeping copies of contracts, invoices, receipts, minutes from your meetings and any other notes or documentation of your choices to pay sales tax or to choose sales tax-exempt sales as well as proof that the tax was paid. If your decisions are questioned, the questions will be asked in future years. Your decisions should be clearly documented in writing so that future officers can understand and explain what was done.