

# Illinois Direct-To-Consumer Permit Applications

**Beginning June 1, 2008 wineries** will be required to have an “Out-of-State Winery Shipper’s License,” file reports, obtain a bond and pay sales and excise tax in order to ship wine to consumers in Illinois. Wineries with a valid Shipper’s License issued by the Illinois Liquor Control Commission will be permitted to ship up to 12 cases a year to a consumer who is 21 years of age or older, an increase over the 2 case annual limit in the reciprocity law being replaced. Illinois Direct-to-Consumer Permit applications are now available on the Wine Institute website.

## **Application for State of Illinois Winery Shipper’s License - Direct-to-Consumer Application**

California wineries should select option F, “OUT-OF-STATE WINERY SHIPPER’S LICENSE” as type of license being applied for.

The application process separates wineries into 3 classes based on the total number of gallons manufactured annually. The cost of the annual license for each class varies. Class 1 wineries have a \$150 license fee and produce less than 250,000 gallons annually. Class 2 consists of wineries producing more than 250,000 gallons but less than 500,000 gallons annually. The license fee for Class 2 is \$500.00. Class 3 wineries have a \$1000.00 license fee and manufacture 500,000 gallons or more annually.

A copy of the applicant’s state manufacturer’s liquor license (Class 02 Winegrower’s license) must be submitted with the license application.

The license must be renewed annually.

## **Registration Statement (For Brand Registration)**

Brands not already registered with the Commission must be registered prior to, or simultaneously with, the direct shipper application filing. The brand registration requirements are fulfilled by submitting the Registration Form and copies of all federal label approvals for products being shipped into Illinois.

- In the first column titled Name, Address, City etc., write “N/A” if sales are only made to consumers.
- In the second column titled Trade-Mark Brand, or Name of Item, list brands not already registered with the Illinois Liquor Control Commission.
- In the third column titled Geographical Territory, write “Illinois”.
- In the fourth column titled Time Period, write “Until further notice”.

**Note:** If brands are already registered, you do not need to complete this form.

## **Self –Distribution**

Class 1 wineries who will not produce more than 25,000 gallons annually may apply for self-distribution privileges by completing the “Self-Distribution Exemption” form. Wineries qualifying for the self-distribution exemption may not sell more than 5,000 gallons to retail licensees in Illinois each year. Wineries producing more than 25,000 gallons annually, including all Class 2 and 3 wineries are not eligible to self-distribute in Illinois.

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## Bond

Applicants must obtain a bond for the amount of \$1000 or 2x their estimated monthly tax liability, whichever is greater, up to a maximum of \$100,000. (See RL-26-W, Step 2: "Figure your tax due" for alcohol content breakdown with corresponding excise tax rates to estimate monthly tax liability.) Form RL-1, Liquor Tax Statement of Liability must be submitted with the bond paperwork. In addition you will need to submit one of the following:

- Form REG-4-A "Financial Responsibility Bond"
- Form REG -4-D "Financial Institution Irrevocable Letter of Credit Bond". or
- a cashiers check to cover the cost of a Certificate of Deposit that the Illinois Department of Revenue will purchase for you.

## Applications to Register to Pay Sales and Excise Taxes

Illinois requires applicants to register their business with the Illinois Department of Revenue (IDOR). You do not need a separate application to register to pay the Liquor Tax. IDOR will automatically register you to pay this excise tax using the application you submitted to receive your wine shipper license. The license certificate you receive from the Illinois Liquor Control Commission will contain your liquor license number as well as an Illinois Business Tax Number (IBT). This IBT must be used to file and pay liquor tax. However, you will need to complete a separate application to register for the sales/use tax that you will need to file and pay.

IDOR will automatically send you a request for an application once you have been registered for the liquor tax or you can register online. You may register by visiting the IDOR website <http://www.revenue.state.il.us/Businesses/register.htm> or by completing and mailing in Form REG-1. Applications submitted electronically will be processed significantly faster than applications submitted by mail. When completing Form REG-1, Step 3, question 11, write "Direct Wine Shipper". When completing Step 3, question 13, applicants should select "sales to Illinois Consumers" and "Liquor at Retail" as type of business. **\*IMPORTANT: WAIT UNTIL AFTER YOU RECEIVE YOUR SHIPPER'S LICENSE BEFORE FILING THE REG-1 TO AVOID LICENSING COMPLICATIONS.\***

Once the application is processed you will receive an Illinois Business Authorization Certificate of Registration. Your Sales/Use Tax Account Identifier Number will be listed on the certificate. Keep track of the number because it will be needed on sales/use tax payment forms.

Note: Do not confuse your identification numbers. You will receive a Liquor License number, an Illinois Business Tax number (IBT), and a Sales/Use Tax Account number. The Sales/Use Tax Account Number is sometimes also referred to as an IBT number. However; this number is different from the IBT number that is used to pay the liquor tax.

Winery Shippers are required to file and pay state sales tax and excise tax on all shipments to IL consumers. The state sales tax is 6.25%; payment schedules will depend on the estimated amount of total sales. Local sales tax is not required.

Excise taxes must be filed and paid every month, including months in which 0 shipments occurred. Once your Winery Shipper's License has been issued, the IDOR will mail you tax form RL-26-W "Liquor Direct Wine Shipper Return." Winery Shippers have the option of filling the form electronically on the IDOR Website or by mail. Winery Shippers who choose to file and pay electronically will receive a discount of 2% if their return and payment are filed and paid on time. This discount is not available to those that use the paper method.



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## ILLINOIS OUT-OF-STATE WINERY SHIPPER'S APPLICATION CHECKLIST

- \*\* **Direct Shipping Permit Application** for "Out-Of-State Winery Shipper's License"
- \*\* **Application Fee** (Varies According to Class)
  - **Class 1 (not to exceed 250,000 gallons manufactured annually) \$150.00**
  - **Class 2 (not to exceed 500,000 gallons manufactured annually) \$500.00**
  - **Class 3 (over 500,000 gallons manufactured annually) \$1000.00**
- \*\* **Copy of Current State Manufacturer's Liquor License** (Class 02 Winegrower's License)
- \*\* **Registration Statement** (Form IL 567-0014)
- \*\* **Copy of all Federal Label Approvals** for any Product being shipped to Illinois  
(*Registration Statement and Federal Label Approvals complete the brand registration requirements.*)
- \*\* **Self-Distribution Exemption** (This form should only be completed by Class 1 Wineries that will not produce more than 25,000 gallons annually and want to sell directly to retailers and restaurants in Illinois.)
- \*\* **Bond Forms: RL-1 Liquor Tax Statement of Liability** and one of the following:
  - **Form REG-4-A** "Financial Responsibility Bond"
  - **Form REG -4-D** "Financial Institution Irrevocable Letter of Credit Bond" or
  - a cashiers check to cover the cost of a Certificate of Deposit that the Illinois Department of Revenue will purchase for you

**\*WAIT UNTIL AFTER YOU RECEIVE YOUR SHIPPER'S LICENSE BEFORE FILING THE REG-1 TO AVOID LICENSING COMPLICATIONS.\***

- \*\* **Form REG -1 Illinois Business Registration Application.** Form REG-1 can be submitted online or by mail. The processing time for electronic applications is significantly shorter.