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As of July 1, 2020, wineries are required to collect Chicago liquor tax on sales made directly to consumers with a Chicago address. This is a significant departure from previous policy: Chicago liquor tax applied only to sales made physically in the city through June 30, 2020.

The change to the Chicago liquor tax policy only affects wineries and other wine sellers, because breweries and distilleries aren't permitted to ship directly to consumers (DTC) in Illinois. Yet it will affect a lot of wineries — over one third of all

DTC wine sales in Illinois are shipped to a Chicago address, according to Avalara

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Soni wanted to [close a loophole](#): “It shouldn’t be that you go to the liquor store near your house and you pay the tax, but you get liquor shipped to your house and you don’t.” That loophole was closed for many other sales on October 1, 2018, when Illinois began requiring out-of-state sellers doing a certain amount of business in the state to collect and remit applicable state and local sales taxes under its [economic nexus](#) law.

Nonetheless, it’s unusual for a city to require out-of-city sellers to collect local *excise* tax. In most cities, local excise taxes apply only to sales by businesses with a physical presence in the locality.

The city’s move is also unusual in that it’s requiring *all* remote wine sellers shipping DTC into Chicago to collect and remit Chicago liquor tax. [Most state economic nexus laws](#) provide an exception for small remote sellers, requiring them to register only if their sales into the state exceed a certain threshold (e.g., \$100,000 in sales or 200 transactions). But according to the [Chicago ordinance](#), the liquor tax applies to “any person who engages in the business of retail sale of alcoholic beverages in the City of Chicago or to purchasers in the City.”

### Registration requirements for out-of-state wine sellers

All wineries selling DTC in Illinois are required to register with the Illinois Department of Revenue and obtain an Illinois Winery Shipper’s License *prior* to making sales to consumers in the Land of Lincoln. Wineries are permitted to ship up to 12 cases of wine for personal consumption per adult resident (aged 21 or over) per year. The cost of the license depends on the volume of wine produced annually; see the [Illinois Liquor Control Commission](#) for more details.

Generally, businesses are required to register with a tax authority prior to making any sales into a district. Interestingly, wineries with no physical presence in

Chicago are required to register with the Chicago Department of Finance for a

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### Collection requirements for remote wine sellers

Rates for the [Chicago liquor tax](#) vary by alcohol content. The rates for wine are as follows:

- \$0.36 per gallon of liquor containing 14% or less alcohol by volume
- \$0.89 per gallon for liquor containing more than 14% and less than 20% of alcohol by volume

### Filing requirements for remote wine sellers

Remote wineries are not required to submit a return to the City of Chicago for any month in which no sales into Chicago were made. In other words, zero returns are not required.

For months during which sales were made, returns and payments must be submitted through the Chicago Business Direct portal. Returns and payments for July sales are due August 15, 2020.

More information about the liquor tax can be found at the [Chicago Department of Finance](#). [Detailed instructions](#) and links to application forms are available from Wine Institute.

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Gail Cole has been researching, writing, and reporting tax news for Avalara since 2012. She's on a mission to uncover unusual tax facts and make complex laws and legislation more digestible for accounting and business professionals — or anyone interested in learning about tax compliance. [Get more sales tax news from the Avalara blog.](#)

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