



INDIRECT TAX

Illinois passes Digital Asset Tax

Tax Alert

Overview

On June 16, 2026, Illinois [Senate Bill 3019](#) (“S.B. 3019”) was enacted into law. S.B. 3019 is an omnibus revenue measure that, among other changes, creates the Digital Asset Privilege Tax Act (the “Act”). Beginning January 1, 2027, the Act imposes a Digital Asset Tax on the privilege of receiving digital asset business activity by a customer in Illinois, at a rate of 0.2% of the value of the digital asset to which a digital asset business activity relates. The tax is collected and remitted by digital asset brokers.

This Tax Alert summarizes the digital asset privilege tax provisions of S.B. 3019.

Imposition of the tax

Beginning January 1, 2027, a tax is imposed on the privilege of receiving any digital asset business activity by a customer in Illinois, at a rate of 0.2% of the value of the digital asset to which the digital asset business activity relates. It is the duty of the digital asset broker making or effectuating the sale (as defined below) of the digital asset business activity to collect the tax on each sale. The tax is in addition to all other occupation or privilege taxes imposed by Illinois or any municipal corporation or political subdivision. The tax does not apply to business activity in interstate commerce that may not, under the U.S. Constitution and statutes, be taxed by Illinois, or to services provided to the United States or its agencies or instrumentalities.

Key definitions

The Act defines several terms that establish the scope of the tax:

- “Digital asset business activity” means any single occurrence of exchanging, transferring, or storing a digital asset as part of a business or on behalf of a customer who has entered into an agreement with a business for the provision of those services.
- “Digital asset broker” means a person, as defined in IRC § 6045(c)(1)(D) and any regulations prescribed thereunder, engaged in the business of providing digital asset business activity to customers in Illinois.
- “Digital asset” has the meaning set forth in Section 1-5 of the Illinois Digital Assets and Consumer Protection Act, where a digital asset is defined, subject to several exclusions, as a digital representation of value that is used as a medium of exchange, unit of account, or store of value, and that is not fiat currency, whether or not denominated in fiat currency.
- “Fiat currency” means a medium of exchange or unit of value issued by the United States or a foreign government that is designated as legal tender in its country of issuance.

- “Customer” means a person receiving digital asset business activity from a digital asset broker for valuable consideration.
- “Sale” means an agreement between a digital asset broker and a customer for the broker to provide the customer with a digital asset business activity for valuable consideration. If the activity is sold as a bundle of separate services, each service is an individual sale.
- “Purchase price” means the consideration paid for the purchase of digital asset business activity, determined without deduction for materials, labor, service, or other costs, and including all charges related or incidental to receipt of the activity.

Digital asset brokers maintaining a place of business in Illinois

A digital asset broker will be considered to maintain a place of business in Illinois if it has, directly or through a subsidiary, an office, distribution or transmission facility, sales office, warehouse, or other place of business, or an agent or representative operating in Illinois under the authority of the broker or its subsidiary, whether permanent or temporary. A digital asset broker that is headquartered outside Illinois also maintains a place of business in the state if its gross receipts from digital asset business activity sales to Illinois customers are \$100,000 or more. The \$100,000 threshold is determined quarterly (periods ending the last day of March, June, September, and December) for the preceding 12-month period, with collection, remittance, and return obligations attaching for the one-year periods specified in the Act.

Sourcing

For a sale occurring in person, “in this State” means at a physical location within Illinois. For a sale occurring electronically or by phone, there is a rebuttable presumption that the customer is located in Illinois where the customer's contact information on record with or available to the digital asset broker indicates an Illinois home address, an Illinois mailing address, an Illinois internet protocol address, or other data showing “place of primary use” in Illinois, as defined in the Mobile Telecommunications Sourcing Conformity Act. The burden of proving that a customer is not located in Illinois is on the digital asset broker. For administrative ease, a digital asset broker may create reasonable categorization standards for analyzing data to determine whether a customer is located in Illinois. Reliance on those standards does not relieve the broker's burden of proof.

Tax collection

A digital asset broker maintaining a place of business in Illinois collects the tax from the customer at the 0.2% rate and remits it to the Illinois Department of Revenue (“Department”) and is liable for the tax regardless of whether it is collected. Tax actually collected is held in trust for the Department. The tax is collected by adding it to the purchase price and must be stated separately from the purchase price. Where it is not possible to separately state the tax, the Department may promulgate a rule to exempt the purchase from this requirement if customers are notified on the face of the invoice or other written documents that the tax is included in the purchase price.

Returns and payment

Each digital asset broker must file a return with the Department on or before the 20th day of each month for the preceding calendar month that must include, among other information, the amount of digital asset business sales and the tax due. Returns and payments are made by electronic means in the form and manner authorized by the Department, with stated whole dollar rounding rules and a final return requirement upon ceasing business. Separately, a self-reporting purchaser must make payment of the tax in the form and manner provided by the Department on or before the 20th day of the month following the month of payment for the digital asset business activity.

Administration, penalties, and rulemaking

Enumerated violations, including failure to file, filing a fraudulent return, and recordkeeping failures, constitute a Class 3 felony, with prosecution permitted within five years of the act. The Act incorporates enumerated provisions of the Retailers' Occupation Tax Act and all provisions of the Uniform Penalty and Interest Act that are not inconsistent with the Act, and expressly adopts the Illinois Administrative Procedure Act, subject to limited exceptions. The Department may adopt rules and prescribe forms relating to administration and enforcement of the Act.

Get in touch

[Rob Massey](#)

[Conor O'Brien](#)

[Valerie Dickerson](#)

[Lindsay McAfee](#)

[Scott Schiefelbein](#)

[Mary Pat Kohberger](#)

[Eric Miller](#)

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