



Informational

Bulletin

David Harris, Director

What's New for Illinois Income Taxes

This bulletin summarizes changes for

- individual and business income taxes for the 2019 tax year
- withholding income tax for the 2020 tax year

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

The 2019 Tax Year

- The Illinois Department of Revenue (IDOR) continues to advance efforts in identifying fraud and identity theft. This includes developing new electronic options for identity verification which will improve security and response time. In some cases, manual review is necessary to ensure the security and confidentiality of taxpayer information. We continue to make every effort to issue tax refunds as quickly as possible. Visit [Where's my Refund?](#) for the most current information. This is the same information Call Center personnel utilize.
- All updates for the tax filing season will be posted to our website at [tax.illinois.gov](#). We encourage taxpayers to check back for the most current information.
- [MyTax Illinois](#), our **free** online account management program, provides a centralized location on our website where taxpayers may electronically file tax returns and supporting schedules, make payments, register a new business, manage their tax accounts, and view correspondence from IDOR. Taxpayers are not required to create a MyTax Illinois account to file their Form IL-1040. First-time Illinois filers must have an Illinois-issued driver's license or identification card and use the non-login filing process to file their Individual Income Tax return (Form IL-1040).
- MyTax Illinois will begin accepting 2019 Individual Income Tax returns on January 27, 2020.
- Filing electronically through MyTax Illinois or the modernized e-file system (MeF) is the best filing option. Electronic filing allows for faster processing of your return and a quicker refund.

For information or forms

Visit our website at:
[tax.illinois.gov](#)

File your return online at:
[mytax.illinois.gov](#)

Call us at:
1 800 732-8866 or
217 782-3336

Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304

Individual and Business Income Tax

Changes that affect both individual and business income tax for the 2019 tax year

- Public Act 101-0031 required
 - the addition of a line on the return to report income from the surcharge for the sale of assets by gaming licensee.
 - wagering and gambling winnings from Illinois sources for taxable years ending on or after December 31, 2019, to be allocated to Illinois.
- Schedules 1299-A, C, and D have changed as follows.
 - Public Act 101-0031 created the Data Center Construction Employment Tax Credit for tax years beginning on or after January 1, 2019.
 - Public Act 101-0178 extended the Film Production Services Tax Credit to tax years beginning on or after January 1, 2027.
 - Public Act 101-0207
 - extended the Research and Development Credit to tax years ending prior to January 1, 2027.
 - created the Apprenticeship Education Expense Credit effective for tax years beginning on or after January 1, 2020.
- Public Act 100-0981 added the New Harmony Bridge Authority and the New Harmony Bridge Bi-State Commission bonds to Schedule M.

2018 Individual Income Tax

Changes on the 2018 Form IL-1040, Illinois Individual Income Tax return

- Federal legislation signed on December 20, 2019, retroactively extended the expired federal tuition and fees deduction. If you have already filed your **2018** Form IL-1040, Individual Income Tax Return, and want to claim the tuition and fees deduction, you will need to file **2018** Form IL-1040-X, Amended Individual Income Tax Return, and attach Schedule NR and Schedule CR, as required.

Individual Income Tax

Changes on the 2019 Form IL-1040, Illinois Individual Income Tax return

- The personal exemption amount for tax year 2019 is \$2,275.
- Form IL-1040, Individual Income Tax Return, includes line changes resulting from federal Form 1040 changes.
- Public Act 101-0355 increased the estimated payment threshold for individual taxpayers from \$500 to \$1,000 for tax years ending on or after December 31, 2019.
- Lines to list 'Year of birth' for taxpayer and spouse and 'County' were added to Step 1.
- New mailing addresses for Form IL-1040 returns with payment and returns without payment are listed in the Form IL-1040 Instructions. The addresses are no longer listed on Form IL-1040.
- Taxpayers will be able to respond to certain Individual Income Tax notices using MyTax Illinois. If an individual receives a 2019 Individual Income Tax notice and the individual does not have a MyTax Illinois account, the Letter ID on the notice can be used to sign up for MyTax Illinois account access.

Changes on the 2019 Illinois Individual Income Tax schedules

- Public Act 101-0588 updated the title of the Alzheimer's Disease Research Fund to the Alzheimer's Disease Research, Care, and Support Fund on **Schedule G**, Voluntary Charitable Contributions.
- Federal legislation renewed the expired federal deduction for tuition and fees on federal Form 1040. This deduction may be claimed on **Schedule NR**, Line 33, and **Schedule CR**, Line 29.

Business Income Tax

Changes on the 2019 Illinois Business Income Tax returns

- A checkbox has been added to Step 1 for 52/53 week filers on all business income tax returns.
- New mailing addresses for Form IL-1120 returns with payment and returns without payment are listed in the Form IL-1120 Instructions. The addresses are no longer listed on Form IL-1120.
- Form IL-1120 Instructions for Step 2, Lines 3 and 7 are updated to explain what Regulated Investment Corporation (RIC) income to include and not include on these lines.
- Form IL-990-T and Form IL-990-T Instructions are changed as follows.
 - Illinois Public Act 101-0545 changed the definition of base income of an exempt organization. See Form IL-990-T Instructions for more information.
 - Federal Public Law 116-94 retroactively repealed IRC Section 512(a)(7). As a result, Lines 2 and 3 are reserved and the instructions for Line 5 have changed.

Changes on the 2019 Illinois Business Income Tax schedules

- Public Act 101-0001 created on **Schedule M**,
 - an addition on Line 9 equal to the amount of the deduction allowed under IRC Section 250(a)(1)(A).
 - a subtraction on Line 33 equal to the excess business loss disallowed as a deduction by IRC Section 461(l)(1)(B). This line applies to Form IL-1041 filers only.

Withholding Income Tax

Changes that affect Illinois Withholding Income Tax for the 2020 tax year

- Public Act 101-0001 created the Minimum Wage Credit effective for tax years beginning on or after January 1, 2020.
- New Schedules WC, Withholding Income Tax Credits and WC-I, Withholding Income Tax Credits Information and Worksheets, provide detailed information about the withholding income tax credits, how to calculate them and where to report them.
- Schedule P, Illinois Withholding Payroll Schedule, is required to be attached to your Form IL-941- and Form IL-941-X, to verify Illinois income and withholding records.
- Public Act 101-0031 required that after December 31, 2019, Illinois income tax must be withheld from all payments made to residents and nonresidents for winnings from wagering at a licensed Illinois horse racing pari-mutuel wagering facility or an Illinois casino, riverboat or organization gaming facility, provided that the entity making the payment is required to withhold federal income tax under Section 3402(q) of the Internal Revenue Code from those winnings.
- Public Act 101-0585 changed the definition of compensation paid in Illinois, affecting the requirement to withhold Illinois Income Tax beginning January 1, 2020. This new definition includes, but is not limited to, updated localization tests that include working days. See [Publication 130, Who is Required to Withhold Illinois Income Tax](#).
- **Reminder:** Form IL-941 is required to be filed electronically. If you are unable to file electronically, you may request a waiver by submitting Form IL-900-EW, Electronic Waiver Request. To request Form IL-900-EW, contact our Taxpayer Assistance Division at 1 800 732-8866 or 217 782-3336.

Important information for tax preparers and software vendors regarding 2019 tax forms

- Substitute paper forms must be submitted and approved through our Forms Approval Program. For more information, see the [Substitute Forms Guidelines](#) under the Tax Professionals Section on our website.
- Certain paper returns will be processed using new imaging software. All specifications for producing substitute forms, including the updated 1-D barcode, are available in the password protected "Draft Forms" webpage for [Substitute Forms Developers](#).
- All payment vouchers (and some forms) require a scan line at the bottom that is specific to the taxpayer and filing period. Documents with a scan line **should not be duplicated** for other taxpayers or filing periods. This could delay processing for the taxpayer.
- All Forms W-2 are due by January 31, 2020, and must be submitted electronically. Electronically filing Forms W-2 helps combat tax return fraud and identity theft. Submitting Forms W-2 to IDOR is a separate transaction from submitting Forms W-2 to the Social Security Administration. For more information, see [Publication 110, Forms W-2, W-2c, W-2G, and 1099 Filing and Storage Requirements for Employers and Payers, including New 1099-K Electronic Filing Requirements](#).
- If you are a tax professional, see the [Tax Professionals](#) page on our website for current news and resources.
- If you are a tax preparer, make sure your tax preparation software is up-to-date. Using the most recently updated version of your tax preparation software helps reduce the time it takes us to process your clients' returns and helps ensure the security of your clients' tax information.

What to watch for in 2020

- **Personal Exemption** - The personal exemption allowed for individuals on Form IL-1040 will increase to \$2,325 per person for tax years beginning on or after January 1, 2020. This impacts 2020 withholding.
- **Minimum Wage Credit** - Effective July 1, 2020, the formula to determine the amount of Minimum Wage Credit an employer is allowed to claim will change due to the scheduled minimum wage increase (to \$10 on July 1, 2020). This affects the third and fourth quarter withholding returns.

Income Tax Due Dates

Income Tax Original Due Dates

Return type	Illinois original filing and payment due date
<ul style="list-style-type: none"> Individual (IL-1040) 	15th day of the 4th month following the close of the tax year (April 15, 2020 for calendar year filers)
<ul style="list-style-type: none"> Calendar year C corporations (IL-1120) Fiscal year C corporations whose tax year ends on a date <u>other than</u> June 30 (IL-1120) 	15th day of the 4th month following the close of the tax year (April 15, 2020)
<ul style="list-style-type: none"> Fiscal year C corporations whose tax year ends on June 30 (IL-1120) 	15th day of the 3rd month following the close of the tax year (September 15, 2020)
<ul style="list-style-type: none"> Cooperatives (IL-1120) 	15th day of the 9th month following the close of the tax year
<ul style="list-style-type: none"> S corporations (IL-1120-ST) 	15th day of the 3rd month following the close of the tax year
<ul style="list-style-type: none"> Partnerships (IL-1065) 	15th day of the 4th month following the close of the tax year
<ul style="list-style-type: none"> Fiduciaries (IL-1041) 	15th day of the 4th month following the close of the tax year
<ul style="list-style-type: none"> Exempt Organizations (IL-990-T) [except for employee trusts as described in IRC Section 401(a)] 	15th day of the 5th month following the close of the tax year [15th day of the 4th month following the close of the tax year]

Income Tax Extended Due Dates

Tax type	Illinois Automatic Extension Length
<ul style="list-style-type: none"> Individual 	6 Months
<ul style="list-style-type: none"> Calendar year C corporations Fiscal year C corporations whose tax year ends on a date <u>other than</u> June 30 Partnerships Fiduciaries Exempt organizations federally classified as 401(a) trusts 	6 Months
<ul style="list-style-type: none"> Fiscal year C corporations whose tax year ends on June 30 Cooperatives S corporations Exempt organizations federally classified as corporations or 501(c) trusts 	7 Months
<ul style="list-style-type: none"> Lloyd's plan of operation filers 	The length of the federal filing extension

Withholding Income Tax Due Dates

2020 Withholding Income Tax Due Dates

Specific 2020 payment and return due dates can be found on our [website](#).

Monthly Payment and Quarterly Return Schedule	
<p>Must pay electronically or use Form IL-501 by</p> <p>15th of each month for amounts withheld in the preceding month.</p>	<p>Must file Form IL-941 electronically by</p> <p>the last day of April, July, October, and January.</p>

Semi-weekly Payment and Quarterly Return Schedule	
<p>Must pay electronically by</p> <p>Wednesday for amounts withheld on the preceding Wednesday, Thursday, or Friday, and</p> <p>Friday for amounts withheld on the preceding Saturday, Sunday, Monday, or Tuesday.</p>	<p>Must file Form IL-941 electronically by</p> <p>the last day of April, July, October, and January.</p>

Income Tax Rates

Tax Type	Tax Rate
Individual Income Tax	4.95 percent of net income
Business Income Tax	Corporations – 7 percent of net income Trusts and estates – 4.95 percent of net income
Personal Property Replacement Tax	Corporations (other than S corporations) – 2.5 percent of net income Partnerships, trusts, and S corporations – 1.5 percent of net income
Withholding Income Tax	4.95 percent of net income is required to be withheld from: <ul style="list-style-type: none"> employee compensation based on the number of allowances claimed by the employee, Illinois lottery winnings each time a single payment is over \$1,000 for both Illinois residents and nonresidents, and other gambling winnings paid if the winnings are subject to federal income tax withholding requirements.