

**Illinois Department of Revenue
Regulations**

Title 86 Part 100 Section 100.2180 Credit for Residential Real Property Taxes

**TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 100
INCOME TAX**

Section 100.2180 Credit for Residential Real Property Taxes (IITA 208)

- a) *Beginning with tax years ending on or after December 31, 1991, every individual taxpayer shall be entitled to a tax credit equal to 5% of real property taxes paid by the taxpayer during the taxable year on the principal residence of the taxpayer. In the case of multi-unit or multi-use structures and farm dwellings, the taxes on the taxpayer's principal residence shall be that portion of the total taxes that is attributable to the principal residence.*
 - 1) *Notwithstanding any other provision of law, for taxable years beginning on or after January 1, 2017, no taxpayer is allowed a credit under this Section if the taxpayer's adjusted gross income for the taxable year exceeds:*
 - A) *\$500,000, in the case of spouses filing a joint federal tax return; or*
 - B) *\$250,000, in the case of all other taxpayers. (IITA Section 208)*
 - 2) For purposes of this provision, each spouse is a separate taxpayer.
- b) A taxpayer will qualify for the property tax credit if:
 - 1) the taxpayer's principal residence during the year preceding the tax year at issue was in Illinois; and
 - 2) the taxpayer owned the residence; and
 - 3) the property tax billed in the tax year at issue has been paid. This is the amount paid after factoring in any applicable exemptions.
- c) **Basis of the Credit**
 - 1) The credit may be based on the entire property tax bill if:
 - A) the taxpayer lived in the same residence during all of the year preceding the tax year at issue; and
 - B) the tax bill included property used only for the taxpayer's personal residence, yard, garage, or other structure used for personal purposes. If the property tax bill included not only taxpayer's personal residence, but also business, rental, or farm property, that credit may be calculated only

on that portion of the property tax bill that is for the personal residence.

- 2) The credit may not be taken for a vacation home.
 - 3) Credit may not be taken for mobile home privilege tax.
- d) If taxpayer sold a principal residence in the year preceding the tax year at issue, he or she may not take a credit for the tax year at issue. In this situation, taxpayer will not have paid property taxes during the taxable year on that principal residence. Property taxes in Illinois are assessed on a property in one year and paid in the next year. In other words, in 1994 taxpayers pay 1993 taxes. In order to qualify for the credit granted by IITA Section 208 during 1994, a taxpayer must have ownership of an Illinois principal residence during 1993. An amount representing property taxes for the period of ownership of the taxpayer in the year preceding the tax year at issue will have been paid to the buyer of the taxpayer's former residence. Therefore, taxpayer will be authorized to take an additional amount of credit for property taxes paid to buyer upon sale of the residence in the year preceding the tax year at issue, but will have no credit in the subsequent year.

EXAMPLE: Taxpayer A sells his or her principal residence to B on July 1, 1991. Taxpayer A owned and resided in the principal residence for all of 1990, and for the first 6 months of 1991. Taxpayer A is entitled to a credit for residential real property taxes on his or her 1991 return in an amount equal to the amount of 1990 taxes paid in 1991. In addition, Taxpayer A is entitled to a credit for 6 months of the 1991 taxes that were paid over to B upon sale of the principal residence on July 1, 1991. Taxpayer A is not entitled to a credit for property taxes paid on this property on his or her 1992 return because no taxes were paid on this residence in 1992. However, if Taxpayer A bought another residence in 1991, Taxpayer A may calculate a credit for that portion of 1991 during which he or she owned and lived at the new property.

(Source: Amended at 44 Ill. Reg. 2845, effective February 14, 2020)