

**Illinois Department of Revenue  
Regulations**

**Title 86 Part 100 Section 100.7110 Withholding Exemption Certificate (IITA Section 702)**

TITLE 86: REVENUE

PART 100  
INCOME TAX

**Section 100.7110 Withholding Exemption Certificate (IITA Section 702)**

- a) In general. On or before the date on which an individual commences employment with an employer, the individual shall furnish the employer with a signed Illinois withholding exemption certificate relating to the number of withholding exemptions he or she claims, which in no event shall exceed the number to which he or she is entitled. If an individual has claimed total exemption from federal income tax withholding for the current taxable year under 26 CFR 31.3402(n)-1, i.e., if the individual has furnished his or her employer with a federal exemption certificate stating that he or she incurred no federal income tax liability for the preceding taxable year, and the individual anticipates that he or she will not incur a federal income tax liability for the current taxable year, then the individual may, solely on that basis, claim total exemption from Illinois income tax withholding for the current taxable year on a signed Illinois withholding exemption certificate. If an employee attempts to claim total exemption from withholding on the Illinois certificate but does not simultaneously file or have on file with his or her employer a federal certificate claiming total exemption from federal withholding, or if the employee subsequently files a federal certificate that does not claim total exemption, then the employer shall disregard the Illinois certificate as invalid and shall withhold Illinois income tax at the full rate from the employee's total compensation until a valid certificate is furnished by the employee. The employer is required to request a withholding exemption certificate from each employee, but if the employee fails to furnish the certificate, the employee shall be considered as claiming no withholding exemptions. If the employee is a resident of a state with which Illinois has entered into a reciprocal agreement, he or she may file an IL-W-5, Employee's Statement of Non-Residence in Illinois, to claim an exemption from Illinois withholding. See 86 Ill. Adm. Code 100.7120.
- b) Form and content. Form IL-W-4, Employee's Illinois Withholding Exemption Certificate, is the form prescribed for the certificate required to be filed under this Section. A withholding exemption certificate on Form IL-W-4 shall be prepared in accordance with the instructions applicable to that form, and shall set forth fully and clearly the data required in the form. An alteration of or unauthorized addition to a withholding exemption certificate shall cause the certificate to be invalid. An alteration of a withholding exemption certificate is any deletion of the language by which the employee certifies or affirms the correctness of the completed certificate, or any material defacing the certificate. An unauthorized addition to a withholding exemption certificate is any writing on the certificate other than the entries requested (e.g., name, address, and number of exemptions claimed). Form IL-W-4 will be supplied to employers upon request to the Department. In lieu of the prescribed form of certificate, employers may

prepare and use a written form the provisions of which are identical to those of the prescribed form. Alternatively, an employer may use any software application that will allow employees to prepare the IL-W-4 electronically, provided that any such electronic system meets the requirements of 26 CFR 31.3402(f)(5)-1(c) and requires the production and retention of the same information required on the written Form IL-W-4.

- c) Change in status that affects the current calendar year.
  - 1) Decrease in the number of exemptions.
    - A) Employee notification. If, on any day during the calendar year, the number of withholding exemptions to which an employee is entitled is less than the number of withholding exemptions claimed on a withholding certificate then in effect, the employee must, within 10 days after the change occurs, furnish the employer with a new Illinois withholding exemption certificate relating to the number of withholding exemptions the employee then claims, which must in no event exceed the number to which the employee is entitled on the day the form is submitted.
    - B) Internal Revenue Service notification. If an employer receives a notice from the Internal Revenue Service relative to a particular employee's withholding exemption certificate that necessitates the employer disregarding an employee's claim to total exemption or to the full amount of exemptions shown on the Form W-4 under 26 CFR 31.3402(f)(2)-1(g) or 31.3402(f)(2)-1T(g), then the employer shall withhold Illinois income tax from the employee as follows:
      - i) if the employee's Form IL-W-4 claims total exemption from Illinois withholding, on the basis of the maximum number of exemptions specified by the Internal Revenue Service in the notice; or
      - ii) if the employee's Form IL-W-4 claims a certain number of exemptions, on the basis of the number of exemptions claimed by the employee or on the basis of the maximum number of exemptions specified by the Internal Revenue Service in the notice, whichever is less.
  - 2) Increase in the number of exemptions. If, on any day during the calendar year, the number of withholding exemptions to which an employee is entitled is more than the number of withholding exemptions claimed on the withholding exemption certificate then in effect, the employee may furnish the employer with a new Illinois withholding exemption certificate on which the employee must in no event claim more than the number of withholding exemptions to which he or she is entitled on that day.
  - 3) Change in circumstances relative to a total exemption from Illinois income tax withholding.
    - A) Change entitling the employee to a total exemption. If, on any day during the calendar year, the employee furnishes his or her employer with a new federal withholding exemption certificate for the current taxable year claiming total exemption from federal income tax withholding under 26

CFR 31.3402(n)-1, then the employee may also furnish the employer with a new Illinois withholding exemption certificate claiming total exemption from Illinois income tax withholding for the current taxable year.

- B) Change depriving the employee of a total exemption. If, on any day during the calendar year, the employee furnishes his or her employer with a new federal withholding exemption certificate withdrawing his or her claim of total exemption for federal income tax withholding for the current taxable year under 26 CFR 31.3402(n)-1, then the employee must simultaneously furnish the employer with a new Illinois withholding exemption certificate specifying the number of withholding exemptions he or she claims.
- d) Change in status that affects next calendar year.
- 1) Increase or decrease in the number of exemptions. If, on any day during the calendar year, the number of withholding exemptions to which the employee will be, or may reasonably be expected to be, entitled to for the taxable year that begins in, or with, the next calendar year is different from the number to which the employee is entitled on that day, the following shall apply:
    - A) If the number is less than the number of withholding exemptions claimed by the employee on an Illinois withholding exemption certificate in effect on that day, the employee must, on or before December 1 of the year in which the change occurs, unless the change occurs in December, furnish his or her employer with a new withholding exemption certificate reflecting the decrease. If the change occurs in December, the new certificate must be furnished within 10 days after the change occurs.
    - B) If the number is greater than the number of withholding exemptions claimed by the employee on an Illinois withholding exemption certificate in effect on that day, the employee may, on or before December 1 of the year in which the change occurs, unless the change occurs in December, furnish his or her employer with a new withholding exemption certificate reflecting the increase. If the change occurs in December, the certificate may be furnished on or after the date on which the change occurs.
  - 2) Change in circumstances relative to the total exemption. If an employee, having in effect a federal withholding exemption certificate claiming total exemption from federal income withholding, furnishes his or her employer with a new federal withholding exemption certificate stating a specific number of withholding exemptions for the taxable year beginning with or including the following January 1, then the employee must also have on file with the employer, not later than the date on which the new federal withholding exemption certificate was submitted, an Illinois withholding exemption certificate stating a specific number of Illinois withholding exemptions not to exceed the total number to which the employee is entitled under IITA Section 702 and Section 100.7100 of this Part.
- e) Annual determination. On or before December 1 of each year, those employees whose Illinois withholding exemption will change in the succeeding year should file a new Illinois withholding exemption certificate (IL-W-4) reflecting the change.
- f) Effective date of exemption certificate. An Illinois withholding exemption certificate

furnished an employer, when no previous certificate is in effect for the employee, shall take effect as of the beginning of the first payroll period ending, or the first payment of compensation without regard to a payroll period, on or after the date on which the certificate is so furnished. In any case in which an Illinois withholding exemption certificate is in effect for an employee, the furnishing of a new withholding exemption certificate shall take effect with respect to the first payment of compensation made on or after the first status determination date (January 1, May 1, July 1 and October 1 of each year) that occurs at least 30 days after the date on which the new certificate is furnished. However, at the election of the employer, except for Illinois withholding exemption certificates provided under subsection (d) of this Section, the certificate may be effective with respect to any earlier payment of compensation made after the certificate is furnished.

- g) Period during which withholding exemption certificate remains in effect.
  - 1) Certificates claiming total exemption. An Illinois withholding exemption certificate that claims total exemption from Illinois income tax withholding remains in effect for the same period as the federal withholding exemption certificate on which it is based. This period is defined in 26 CFR 31.3402(f)(4)-1(c).
  - 2) Certificates claiming a specific number of withholding exemptions. An Illinois withholding exemption certificate that claims a specific number of withholding exemptions and that is in effect pursuant to this Section shall continue in effect until another withholding exemption certificate takes effect.
- h) Employer referral of certain Illinois withholding exemption certificates to the Department.
  - 1) When required.
    - A) Any Illinois withholding exemption certificate meeting all of the following criteria must be referred by the employer to whom it is submitted to the Department of Revenue not later than the day on which the next quarterly return of withholding is due. The criteria for referral are:
      - i) that the certificate claims more withholding exemptions than the simultaneously effective federal withholding certificate;
      - ii) that the certificate claims in excess of 14 exemptions; and
      - iii) that the employer has no obligation to submit a simultaneously effective federal certificate to the Internal Revenue Service under 26 CFR 31.3402(f)(2)-1(g).
    - B) In addition to the foregoing, an Illinois withholding certificate must be referred by the employer to the Department of Revenue as directed in a written notice to the employer from the Department or as directed in published guidance. A notice to the employer may relate either to one or more named employees; to one or more reasonably segregable units of the employer; or to withholding exemptions under certain specified criteria. Employers may also be required to submit copies of withholding exemption certificates under certain specified criteria when directed to do so by the Department in published guidance. "Published guidance," in this

case, includes but is not limited to Department of Revenue bulletins, circulars, publications and form instructions.

- C) Referral under this subsection (h) shall be accomplished by mailing or delivering a copy of the certificate to be referred to:

Illinois Department of Revenue  
Taxpayer Correspondence Section  
Post Office Box 4565  
Springfield, Illinois 62708

Alternatively, upon notice from the Department, the employer must make withholding exemption certificates received from one or more named employees, from one or more reasonably segregable units of the employer, or from employees who have furnished withholding exemption certificates under certain specified criteria available for inspection by a Department employee (e.g., a compliance check).

2) Results of referral.

- A) The withholding exemption certificate remains effective even though it has been referred to the Department under this subsection (h), unless and until the Department notifies the employer in writing:

- i) that the certificate claims exemptions in excess of the number to which the employee is entitled, in which case the notice shall specify either the number of exemptions to which the employee is entitled if that number can be determined or, if that number cannot be determined, that the employee is not entitled to any exemptions; or
- ii) that the Department has attempted to verify the certificate by correspondence with the employee but has been unsuccessful, in which case the employer shall withhold Illinois income tax from the employee as though no certificate were on file, i.e., as though the employee claimed no exemptions.

- B) As part of this notice, the Department may advise the employer of the reasons why it has determined that the certificate should not be effective.

- 3) Employer's action in response to the Department's notice rendering a certificate ineffective. The employer shall promptly furnish the employee who files the certificate, if still in his or her employ, with a copy of the written notice received from the Department under subsection (h)(2) relative to the certificate. The employer shall withhold amounts from the employee on the basis of the maximum number of exemptions specified in the notice. If the employee files a new certificate after the employer has received the notice relative to an earlier referred certificate, the employer shall withhold on the basis of that new certificate only if it does not claim a number of exemptions in excess of the maximum number specified in the notice. The employer shall disregard any new certificate from the employee that does claim exemptions in excess of the maximum number specified in the notice. The employer shall not submit such a

new certificate to the Department under this subsection (h) and the employer shall continue to withhold amounts from the employee on the basis of the maximum number of exemptions specified in the notice. However, the employee may detail, in a written statement attached to the new certificate, any circumstances of the employee that have changed since the date of the Department's notice and that justify or support the number of exemptions claimed by the employee on the new certificate. The employee may then submit that new certificate and written statement either to the Department at the address indicated in subsection (h)(1)(C), or to the employer who must then promptly submit a copy of the new certificate and the attached written statement to the Department at the address indicated in subsection (h)(1)(C). Even though the employer has submitted the new certificate to the Department, the employer shall continue to disregard the new certificate and shall continue to withhold amounts from the employee on the basis of the maximum number of exemptions specified in the notice unless and until the Department, by a second written notice, advises the employer to withhold on the basis of the new certificate.

(Source: Amended at 31 Ill. Reg. 16240, effective November 26, 2007)