

Illinois Department of Revenue
1500 South Ninth Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY84-8

TO: Registered State of Illinois Withholding Agents

SUBJECT: Update and Reminder of Withholding Tax Payment and Filing Requirements

INCREASE IN WITHHOLDING TAX RATE

As a result of the temporary increase in the income tax rate (from 2.5% to 3%), signed into law on June 30, 1983, it will be necessary for all employers to begin immediately withholding taxes at the rate of 3% for the remainder of 1983. Because the tax rate increase is retroactive to January 1, 1983, this rate will be necessary to achieve overall average withholding of 3% for calendar year 1983. On January 1, 1984, the withholding tax rate will change to 2.5% and on July 1, 1984, to 2%. The revised withholding rates also apply to gambling winnings, certain Illinois Lottery prizes, and certain payments to non-residents. For more information regarding withholding requirements on gambling winnings and payments to non-residents, refer to Form IL-700 (R-7/83), Withholding Tax Guide and Withholding Tables.

QUARTER-MONTHLY WITHHOLDING PAYMENTS

Since October 1, 1976, certain employers have been required to remit on a quarter-monthly basis Illinois income taxes withheld from employees. Specifically, any employer who has withheld \$500 or more at the end of a quarter-monthly period is required to remit the entire amount with Form IL-501 within three (3) banking days after the end of the quarter-monthly period. Quarter-monthly periods end on the 7th, 15th, 22nd, and the last day of each month.

EXAMPLE: On the seventh day of the month, Employer A has \$400.00 in Illinois income tax withholding which he has not remitted to the Department. On the tenth day of the month, Employer A pays his employees, withholding another \$200.00 in income tax from them. Employer A has no additional payroll prior to the 16th of the month. Employer A should file Form IL-501, remitting \$600.00 to the Department within three (3) banking days after the 15th of the month.

As a result of the tax increase, we expect additional withholding agents to be required to make quarter-monthly payments. Please examine your withholding records immediately to determine whether you are now required to make payments. If you qualify as a quarter-monthly filer but do not make payments as required, you may be subject to penalty for failure to pay (assessed under Section 1002(c)(2) of the Illinois Income Tax Act).

If you find that you will need more pre-printed Forms IL-501 than we

are now sending you, you must request additional forms by writing Central Registration Section, P.O. Box 4054, Springfield 62708.

REMINDERS

Please remember:

- to make withholding tax payments DIRECTLY to the Illinois Department of Revenue; and,
- to file your QUARTERLY Illinois withholding tax returns on Form IL-941. These forms are due by the last day of the month following the end of each quarter (that is, by April 30, July 31, and January 31).

If you have any questions regarding Illinois income tax withholding, please call us. In Cook County, call (312) 641-2150. Outside Cook County but inside Illinois, you may call toll-free (800) 252-8972. Out-of-state taxpayers should call (217) 782-3336.

J. Thomas Johnson
Director of Revenue

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