



## ■ Late-payment Penalty Rate Increases

### **TO:** Taxpayers and Tax Practitioners

The late-payment penalty will increase from 15 percent to 20 percent for returns due on or after January 1, 1998. Refer to Publication 103, Uniform Penalties and Interest, for late-payment penalty rates before this date.

### **What taxes are affected by the increase in the late-payment penalty?**

The increase in the late-payment penalty rate applies to all taxes administered by the Illinois Department of Revenue, except for the taxes imposed by the Racing Privilege Tax Act, the Property Tax Code, the Real Estate Transfer Tax Act, and the Coin-Operated Amusement Device and Redemption Machine Tax Act. In addition, this change does not apply to the use tax imposed by the Motor Fuel Tax Law.

### **When do I owe a late-payment penalty?**

You owe a late-payment penalty if you

- are required to make either estimated or quarter-monthly tax payments and fail to do so, or fail to pay the required amount by the payment due date; or
- do not pay the tax you owe by the original due date of the return, even if you have an extension of time to file.

### **How is the late-payment penalty figured?**

The late-payment penalty is figured separately for each required filing period. Therefore, you may still owe this penalty even if you paid enough tax later to make up the underpayment from a previous filing period. An explanation of the calculations for various tax payments is below.

- **Estimated and quarter-monthly tax payments.** The late-payment penalty is 20 percent of your required estimated or quarter-monthly tax for each required filing

period minus any timely payments and credits.

- **Regular tax payments.** The late-payment penalty is 20 percent of the amount required to be shown due on your return, minus any timely payments, timely credits, and the tax used in calculating any underpayment of estimated or quarter-monthly tax.

### **What if I receive information that reflects an incorrect late-payment penalty rate?**

If you receive information for a return that is due on or after January 1, 1998, the information may reflect the old late-payment penalty rate of 15 percent. This rate is in error. You must use the 20 percent rate to figure the correct penalty amount due. If you use an incorrect rate, we will bill you for the difference.

### **Questions?**

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed at the bottom of this bulletin.

### **For information or forms...**

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

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

Write us at Illinois Department of Revenue, P.O. Box 19044, Springfield, IL 62794-9044.

Visit our Web site at <[www.revenue.state.il.us](http://www.revenue.state.il.us)>.

Call "Illinois Tax Fax," our fax-on-demand service, at 217 785-3400.

Call our 24-hour Forms Order Line at 1 800 356-6302.

