



Training Expense Credit Update

Informational Bulletin

September 2000

Glen L. Bower
Director of Revenue

For information
or forms...

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- ◆ Write us at:
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To:

All Income Tax Practitioners

In 1995, we published an income tax regulation* providing guidance for taxpayers regarding the Training Expense Credit. The Illinois Register stated that this regulation would not apply to years before 1995. This is no longer correct.

What is the Training Expense Credit?

The Training Expense Credit is a credit against income tax of 1.6 percent (.016) of all federally deducted amounts that were paid or accrued, for educational or vocational training in semi-technical or technical fields or semi-skilled or skilled fields on behalf of all persons employed by you in Illinois or Illinois residents employed outside of Illinois.

What has changed?

Since the publication of the regulation, we have received requests from taxpayers to apply the provisions of the regulation retroactively. In response to these requests, Director Glen Bower has decided that the training expense credit regulation may be applied to all taxable years for which the training expense credit is allowed. Any taxpayer who, as a result of the retroactive application of the regulation, is entitled to a greater credit than was previously claimed or allowed should file a claim for refund for years for which the statute of limitations is still open. Any taxpayer whose Illinois Income Tax liability would be increased as the result of this retroactive applica-

tion of the regulation is entitled to abatement of that increase under the Taxpayers' Bill of Rights. This bill provides for abatement of taxes and penalties based upon erroneous written information or advice given by us.

Do employee benefits qualify for the credit ?

We also have received inquiries concerning whether employee benefits provided for employees involved in training may qualify for the credit.

Employee benefits do not qualify for the Training Expense Credit. The regulation** provides that "compensation" qualifies for the credit if it falls within the meaning of "wages, salaries, commissions, and any other form of compensation paid to employees for personal services" as stated in the Illinois Income Tax Act.

*86 Ill. Adm. Code, Section 100.2150

**Section 100.2150(d)