



# *Informational*

## *Bulletin*

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## Withholding Tax Rate Changes

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This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

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This bulletin summarizes the rate change for employers, payroll service providers, software developers, and those that pay gambling and lottery winnings.

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### ***You must now immediately adjust withholding tax rates.***

The Illinois Income Tax rate for individuals has increased from 3 percent to 5 percent, effective January 1, 2011.

The new rate of withholding applies to

- employee compensation (*i.e.*, wages and salaries) paid in Illinois,
- unemployment paid to an Illinois resident who has asked to have Illinois taxes withheld, and
- gambling or lottery winnings in Illinois paid to an Illinois resident.

Booklet IL-700-T, Illinois Withholding Tax Tables, has been updated and is available on our web site.

If you use an automated payroll method to figure your withholding, use the following formula:

$$.05 \times \left( \text{Wages} - \left( \frac{(\text{IL-W-4, Line 1 allowances} \times \$2,000) + (\text{IL-W-4, Line 2 allowances} \times \$1,000)}{\text{number of pay periods in a year}} \right) \right)$$

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

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[tax.illinois.gov](http://tax.illinois.gov)

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Forms Order Line at:  
**1 800 356-6302**

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

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