



Informational

Bulletin

Constance Beard, Director

What's New for Illinois Income Tax

This bulletin summarizes changes for individual, business, and withholding income tax for the 2015 filing season.

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

For information or forms

Visit our website at:
tax.illinois.gov

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

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

The 2015 Filing Season

- **A SPECIAL NOTE ABOUT THIS TAX SEASON:** We are taking additional steps to protect Illinois taxpayers from identity theft and fraud. As a result of the new security measures, your Individual Income Tax refund may take longer to process this year than in previous years. Filing your Form IL-1040 electronically and requesting direct deposit is still the fastest way to receive your refund. You can file for free on MyTax Illinois, our online account management program for taxpayers. See our website for additional information.
- Due dates which fall on April 15, 2016, have been extended to April 18, 2016. We are following the Internal Revenue Service in extending the due date because of the Emancipation Day holiday being observed on April 15 in the District of Columbia.
- All updates for the tax filing season will be posted to our website at tax.illinois.gov. We encourage taxpayers to check back for the most up-to-date information.
- MyTax Illinois, our **free** online account management program, provides a centralized location on our website where taxpayers may electronically file tax returns and supporting schedules, make payments, register a new business, or manage their tax accounts. Taxpayers are not required to create a MyTax Illinois account to file their **Form IL-1040**. First-time Illinois filers must have a state of Illinois-issued driver's license or identification card and use the non-login filing process to file their return.
- MyTax Illinois is accepting Withholding Income Tax returns now. Individual Income Tax returns will be accepted in early February 2016, and Business Income Tax returns will be accepted in spring 2016.
- Filing electronically through MyTax Illinois or the modernized e-file system (MeF) is the best filing option. There is NO advantage to sending us a paper return by mail.

Individual Income Tax

Changes on the 2015 Form IL-1040, Illinois Individual Income Tax Return

- The Illinois Individual Income Tax rate for calendar year 2015 is 3.75 percent (.0375).
- Taxpayers and their dependents will receive an increased standard exemption allowance this year. The standard exemption allowance has increased from \$2,125 to \$2,150 for the 2015 tax year.
- Save taxpayer dollars and help the environment by obtaining your **1099-G** information from our website. If you are unable to obtain your **1099-G** electronically, you may check the box on **Form IL-1040**, Step 13, to receive a paper **1099-G**.

Changes on the 2015 Illinois Individual Income Tax schedules

- Taxpayers may donate to several new charitable funds this year. See **Schedule G** for a description of each fund.

Business Income Tax

Changes on the 2015 Illinois Business Income Tax returns and schedules

- The Illinois Business Income Tax rate for tax years ending on or after December 31, 2015, is 5.25 percent (.0525) for taxpayers taxed as corporations, and 3.75 percent (.0375) for taxpayers taxed as trusts or estates.
 - The instructions for overpayments to be carried forward have been updated. In addition, a credit carryforward worksheet has been included in the instructions for each return. The worksheet has been developed to assist you in determining how your credit carryforward will be applied. You are not required to complete the credit carryforward worksheet, and you should **not** submit it to the Department. See the instructions for your return for more information.
 - **Short-year filers only** — If your tax year **begins** on or after January 1, 2016, **and**
 - you are a **corporation** (excluding S corporations and cooperatives) **whose tax year ends on a date other than June 30**, your original filing and payment due date has changed. Your original filing and payment due date is now the 15th day of the 4th month following the close of the taxable year.
 - you are a **corporation** (excluding S corporations and cooperatives) **whose tax year ends on June 30**, your original filing and payment due date remains the 15th day of the 3rd month following the close of the taxable year.
- Important:** If you are a **cooperative**, your original filing and payment due date remains the 15th day of the 9th month following the close of the taxable year, regardless of when your tax year begins or ends.
- In addition, if your tax year begins on or after January 1, 2016, and you are a **corporation** (excluding S corporations) filing **Form IL-1120**, a **cooperative** filing **Form IL-1120**, or an **exempt organization taxed as a corporation** filing **Form IL-990-T**, we grant you an automatic extension of time to file your tax return as described in Illinois Income Tax Regulations, Section 100.5020(b), which is available on our website tax.illinois.gov.
- See **Form IL-1120** and **Form IL-990-T** instructions for more information.
- **Form IL-1041**, Step 1, has been rearranged. Please review the form carefully when completing this step.
 - If you are a complex trust without distributions filing **Form IL-1041**, check the appropriate box on **Form IL-1041**, Step 1, Line D.
 - **Form IL-1041** and **Schedule CR** have been redesigned to allow for a replacement tax credit for income tax paid to another state. See **Form IL-1041** and **Schedule CR** Specific Instructions for more information.
 - If you file **Form IL-1065**, you are a member of a unitary business group, and you are included on a **Schedule UB**, check the box and enter the FEIN of the member who prepared the **Schedule UB** on **Form IL-1065**, Step 1, Line I. You must also attach a copy of the **Schedule UB** to your return.
 - The federal **Schedule M-3** checkbox in Step 1 of **Form IL-1120**, **Form IL-1065**, and **Form IL-1120-ST** is only required to be checked if you reported an amount on a specific line of the federal **Schedule M-3**. See the instructions for your return for more information.
 - **Short-year filers only** — The River Edge Redevelopment Zone Investment Credit has expired for tax years **beginning** on or after July 12, 2016. If your tax year **begins** on or after July 12, 2016, you cannot claim this credit on **Schedule 1299-A**, Lines 20a through 20c, or **Schedule 1299-D**, Lines 15a through 15c. You may still claim any distributive share of this credit passed through to you on **Schedule(s) K-1-P**

by reporting it on **Schedule 1299-A**, Line 21, or **Schedule 1299-D**, Line 16. The Enterprise Zone Investment Credit is still allowed.

- **Fiscal-year filers only** — The Research and Development Credit has expired for tax years **ending** after December 31, 2015. If your tax year **ends** after December 31, 2015, enter zero on **Schedule 1299-A**, Lines 29 through 35, or **Schedule 1299-D**, Lines 26 through 33. You may still claim any distributive share of this credit passed through to you on **Schedule(s) K-1-P** by reporting it on **Schedule 1299-A**, Line 36, or **Schedule 1299-D**, Line 34.
- **Short-year filers only** — The River Edge Historic Preservation Credit has expired for tax years **beginning** on or after July 28, 2016. If your tax year **begins** on or after July 28, 2016, you cannot claim this credit on **Schedule 1299-A**, Line 53, or **Schedule 1299-D**, Line 58. You may still claim any distributive share of this credit passed through to you on **Schedule(s) K-1-P** by reporting it on **Schedule 1299-A**, Line 54, or **Schedule 1299-D**, Line 59.
- **Fiscal-year filers only** — The Historic Preservation Credit has expired for tax years **ending** after December 31, 2015. If your tax year **ends** after December 31, 2015, you cannot claim this credit on **Schedule 1299-A**, Line 66, or **Schedule 1299-D**, Line 72. You may still claim any distributive share of this credit passed through to you on **Schedule(s) K-1-P** by reporting it on **Schedule 1299-A**, Line 67, or **Schedule 1299-D**, Line 73.
- MyTax Illinois will no longer accept returns filed with **Schedule 80/20**. Filers with addition or subtraction modifications to report from Schedule 80/20 must use another filing method to submit their returns.

Individual and Business Income Tax

Changes that affect both individual and business income tax for the 2015 tax year

- The Veterans Jobs Credit for “qualified veterans” has expired. You cannot claim a Veterans Jobs Credit for “qualified veterans” for tax years **beginning** on or after January 1, 2015. The credit for “qualified unemployed veterans” is still allowed. See the instructions for **Schedule 1299-A**, **Schedule 1299-C**, or **Schedule 1299-D** for more information.

Withholding Income Tax

Changes that affect Illinois Withholding Income Tax for the 2016 tax year

- The Illinois Income Tax rate for individuals remains at 3.75 percent (.0375). However, the amount you withhold may change due to the change in the exemption amount.
- Effective January 1, 2016, the Illinois Individual Income Tax exemption amount increased from \$2,150 to \$2,175. For more detailed information and for assistance with calculating the amount to withhold, see the updated **Booklet IL-700-T**.
- All electronically submitted **W-2** forms are due by February 16, 2016. *Since the actual due date of February 15, 2016, falls on a state recognized holiday, the due date was adjusted to the next business day.* Electronically filing **W-2** forms helps combat tax return fraud and identity theft. When filing electronically, make sure the data fields in the file are complete with the Illinois-specific information. Penalties apply for late filing. **Important:** This is a separate transaction from your electronic **W-2** submission to the federal government. See the **Electronic W-2 Transmittal Program** page on our website for more information.
- **Form IL-941** and Instructions and **Form IL-941-X** and Instructions have been updated to explain what information is requested on each line and how to use credits.
- **Form IL-2000**, Request for Verification of IDOR-approved Credit for Illinois Withholding Income Tax, has been created to request verification of IDOR-approved credits. **Form IL-2000** is available on our website.

Important information for tax preparers and software vendors regarding 2015 tax forms

- Substitute or reproduced paper forms must be submitted and approved through our Forms Approval Program prior to use. See the **Guidelines for Substitute Tax Forms** on our website.
- All payment vouchers (and some forms) require a scan line at the bottom that is specific to the taxpayer and filing period. Documents with a scan line **should not be duplicated** for other taxpayers or filing periods.

- If you are a tax preparer, make sure your tax preparation software is up-to-date. Using the most recently updated version of your tax preparation software helps to reduce the time it takes us to process your clients' returns, and helps ensure the security of your clients' tax information.
- All electronically submitted **W-2** forms are due by February 16, 2016. *Since the actual due date of February 15, 2016, falls on a state recognized holiday, the due date was adjusted to the next business day.* Electronically filing **W-2** forms helps combat tax return fraud and identity theft. When filing electronically, make sure the data fields in the file are complete with the Illinois-specific information. Penalties apply for late filing. **Important:** This is a separate transaction from your electronic **W-2** submission to the federal government. See the **Electronic W-2 Transmittal Program** page on our website for more information.
- If you are a tax professional, see the **Tax Professionals** page on our website for up-to-date news and resources.

What to watch for in 2016

- The personal exemption allowed for individuals will increase to \$2,175 per person for tax years ending on or after December 31, 2016.
- The due dates for some corporate filers will be changing to correspond with the federal due date changes. See **Form IL-1120** and **Form IL-990-T** instructions for more information.