



# *Informational*

## *Bulletin*

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## What's New for Illinois Taxes

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**This bulletin summarizes changes for individual and business income tax for the 2018 filing season\*, changes for withholding income tax for the 2019 filing season\*\*, and a minor sales tax update.**

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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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### For information or forms

Visit our website at:  
[tax.illinois.gov](http://tax.illinois.gov)

File your return online at:  
[mytax.illinois.gov](http://mytax.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 2018 Filing Season

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- The Illinois Department of Revenue (IDOR) is continuing to advance their efforts in identifying fraud and identity theft. This includes developing new electronic options for identity verification which will improve security and response time. However, we continue to make every effort to issue tax refunds as quickly as possible. Additional information is available on our website.
- All updates for the tax filing season will be posted to our website at [tax.illinois.gov](http://tax.illinois.gov). We encourage taxpayers to check back for the most current 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, manage their tax accounts, and view correspondence from IDOR. 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 Individual Income Tax return (Form IL-1040).
- MyTax Illinois will begin accepting 2018 Individual Income Tax returns on January 28, 2019.
- Filing electronically through MyTax Illinois or the modernized e-file system (MeF) is the best filing option. Electronic filing allows for faster processing of your return and a quicker refund.

\*Tax year ending on or after December 31, 2018, and before December 31, 2019.

\*\*Tax year January 1, 2019, through December 31, 2019.

## Individual Income Tax

### Changes on the 2018 Form IL-1040, Illinois Individual Income Tax return

- The standard exemption amount has been extended and the cost-of-living adjustment has been restored. The personal exemption amount for tax year 2018 is \$2,225.
- Form IL-1040, Individual Income Tax Return includes changes resulting from federal form 1040 changes.

### Changes on the 2018 Illinois Individual Income Tax schedules

- Schedule IL-EIC, Illinois Earned Income Credit, was updated and renamed to provide a place to calculate and provide dependent information used in verifying dependent exemption allowances. The schedule is now called Schedule IL-E/EIC, Illinois Exemption and Earned Income Credit.
- Schedule IL-WIT, Illinois Income Tax Withheld, has been created for taxpayers filing paper Form IL-1040 to provide a list of all Illinois withholding support and calculate total withholding for the tax year.
- Significant changes have been made to the layout of Schedule 1299-C, Income Tax Subtractions and Credits (for individuals).
- Schedule M, Other Additions and Subtractions for Individuals; Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax; and Schedule CR, Credit for Tax Paid to Other States include changes resulting from federal form 1040 changes.
- Taxpayers may donate to one new charitable fund this year. See Schedule G and the Schedule G Instructions for a description of each fund and how to donate.

## Business Income Tax

### Changes on the 2018 Illinois Business Income Tax returns and schedules

- The following payment vouchers have been eliminated:
  - Form IL-1120-ES, Estimated Income and Replacement Tax Payments for Corporations,
  - Form IL-505-B, Automatic Extension Payment,
  - Form IL- 516 I, Pass-through Prepayment Vouchers (for withholding from individuals and estates), and
  - Form IL-516-B, Pass-through Prepayment Voucher (for corporations, partnerships and trusts).

Taxpayers making an extension payment, an estimated payment, or a voluntary prepayment of their tax liabilities will use the payment voucher for their specific

return type for all payments. For more information, see each return's Specific Instructions and [Informational Bulletin FY 2018-29](#).

- Public Act 100-0587, commonly referred to as the FY2019 Budget Implementation Act, retroactively extended the Hospital Credit until tax years ending on or before December 31, 2022.
- Schedules 1299-A, Tax Subtractions and Credits (for partnerships and S corporations), and 1299-D, Income Tax Credits (for corporations and fiduciaries), have been significantly redesigned to provide a better accounting of the credits.

## Individual and Business Income Tax

### Changes that affect both individual and business income tax for the 2018 tax year

- Schedule 1299-I, Income Tax Credits Information and Worksheets, has been created to provide detailed information about the income tax credits, their calculation and reporting.
- Changes to Schedules 1299-A, 1299-C, and 1299-D require that taxpayers to use the respective schedule specific to the Illinois tax return. For example, a taxpayer filing a 2018 IL-1120 with Schedule 1299-D must use the 2018 Schedule 1299-D for IDOR to correctly process the return.
- Public Act 100-0587, extended the Natural Disaster Income Tax Credit to include tax years beginning prior to January 1, 2019. Taxpayers who sustained damages to qualified real property located in an Illinois-declared disaster area as a result of flooding in 2018 **and** were issued a Natural Disaster Income Tax Credit Certificate from their township assessor or chief county assessment officer (CCAO) may claim this credit. For more information, see [Informational Bulletin FY 2019-03](#).
- The Domestic Production Activities Deduction (DPAD) under Internal Revenue Code, Section 199 has been removed from Schedule M, Line 9 and Schedule UB, Line 25.

## Withholding Income Tax

### Changes that affect Illinois Withholding Income Tax for the 2019 tax year

- Form IL-941 is required to be filed electronically. If you are unable to file electronically, you may request a waiver by submitting Form IL-900-EW, Electronic Waiver Request. To request Form IL-900-EW, contact

our Taxpayer Assistance Division at 1 800 732-8866 or 217 782-3336.

- Form IL-941 (and instructions) and Form IL-941-X (and instructions) have been updated to remove the IDOR-approved credit line.
- The Illinois Individual Income Tax personal exemption amount increases to \$2,275 for 2019 due to the renewal of the cost of living adjustment. For more information and assistance calculating the correct amount to withhold, see the updated [Booklet IL-700-T](#) on our website.
- Forms W-2 and W-2G are required to be submitted electronically by January 31, 2019. If you are unable to file electronically, you may request a waiver by submitting Form IL-900-EW, from our Taxpayer Assistance Division at 1 800 732-8866 or 217 782-3336. For more information, see the [Electronic W-2 and 1099 Transmittal Programs](#) page on our website or [Informational Bulletin FY 2018-18](#).
- A new electronic bulk submission option is available for Forms W-2, W-2G, W-2c, and 1099 through MyTax. For more information, see the [Electronic W-2 and 1099 Transmittal Programs](#) page on our website.
- **Reminder:** If you have been assigned to the monthly payment schedule and you withhold more than \$12,000 during a quarter, you must begin paying semi-weekly in the following quarter, the remainder of the year, and the subsequent year.

## Sales Tax

- The 20-percent Sales and Use Tax exemption for biodiesel blends (no less than 1% but no more than 10% biodiesel) sunset on December 31, 2018. Effective January 1, 2019, sales of these biodiesel blends are no longer exempt and are subject to Illinois Sales Tax. Figures will no longer be allowed on Schedule A, Lines 24a and 24b.

## Important information for tax preparers and software vendors regarding 2018 tax forms

- Substitute paper forms must be submitted and approved through our Forms Approval Program. For more information, see the [Substitute Forms Guidelines](#) under the Tax Professionals Section on our website.
- Certain paper returns will be processed using new imaging software. All specifications for producing substitute forms, including the updated 1-D barcode, are available in the password protected "Draft Forms" webpage for [Substitute Forms Developers](#).

- 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. This could delay processing for the taxpayer.
- All electronically submitted Forms W-2 are due by January 31, 2019. Electronically filing Forms W-2 helps combat tax return fraud and identity theft. For more information, see [Publication 110, Forms W-2, W-2c, W-2G, and 1099 Filing and Storage Requirements for Employers and Payers](#), available on our website.
- If you are a tax professional, see the [Tax Professionals](#) page on our website for current news and resources.
- 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 reduce the time it takes us to process your clients' returns and helps ensure the security of your clients' tax information.

## What to watch for in 2019

- **Invest in Kids Act** -- Created by Public Act 100-0465, the Invest in Kids Act allows income tax credits for taxpayers who make authorized contributions to a Scholarship Granting Organization (SGO). The SGOs, in turn, provide scholarships for eligible Illinois students to attend non-public schools in Illinois recognized by the Illinois State Board of Education. IDOR can issue up to \$75 million in tax credits per calendar year. Any credit amount that exceeds tax liability for the year may be carried forward and applied against tax liabilities in the subsequent five years. 2019 information is available on our website.
- **Personal Exemption** -- The personal exemption allowed for individuals on Form IL-1040 will increase to \$2,275 per person for tax years **beginning** on or after January 1, 2019.
- **Fast Track Resolution Pilot Program** for resolving audit issues was implemented in December 2018. The one-year pilot program allows taxpayers and IDOR audit staff to sit down together and resolve outstanding issues arising from the audit. The entire process should take no more than 60 days. For more information, see [Informational Bulletin FY 2019-16](#).
- IDOR will begin systemically offsetting tax overpayments against final liabilities across tax types in early 2019. 20 ILCS Section 2505/2505-275 allows IDOR to credit the amount of the overpayment and interest against any final tax liability arising under any statute administered by IDOR. For more information, see [Informational Bulletin FY 2019-17](#).

## Income Tax Due Dates

Return type	Illinois original filing and payment due date
Individual (IL-1040)	15th day of the 4th month following the close of the tax year (April 15, 2019 for calendar filers)
Calendar year C corporations (IL-1120)	15th day of the 4th month following the close of the tax year (April 15, 2019)
Fiscal year C corporations whose tax year ends on a date <u>other than</u> June 30 (IL-1120)	15th day of the 4th month following the close of the tax year
Fiscal year C corporations whose tax year ends on June 30 (IL-1120)	15th day of the 3rd month following the close of the tax year (September 16, 2019)
Cooperatives (IL-1120)	15th day of the 9th month following the close of the tax year
S corporations (IL-1120-ST)	15th day of the 3rd month following the close of the tax year
Partnerships (IL-1065)	15th day of the 4th month following the close of the tax year
Fiduciaries (IL-1041)	15th day of the 4th month following the close of the tax year
Exempt Organizations (IL-990-T) [except for employee trusts as described in IRC Section 401(a)]	15th day of the 5th month following the close of the tax year [15th day of the 4th month following the close of the tax year]

## Income Tax Extended Due Dates

Tax type	Illinois Automatic Extension Length
<ul style="list-style-type: none"> <li>Individual</li> </ul>	6 Months
<ul style="list-style-type: none"> <li>Calendar year C corporations</li> <li>Fiscal year C corporations whose tax year ends on a date <u>other than</u> June 30</li> <li>Partnerships</li> <li>Fiduciaries</li> <li>Exempt organizations federally classified as 401(a) trusts</li> </ul>	6 Months
<ul style="list-style-type: none"> <li>Fiscal year C corporations whose tax year ends on June 30</li> <li>Cooperatives</li> <li>S corporations</li> <li>Exempt organizations federally classified as corporations or 501(c) trusts</li> </ul>	7 Months
<ul style="list-style-type: none"> <li>Lloyd's plan of operation filers</li> </ul>	The length of the federal filing extension

## Withholding Income Tax Due Dates

### 2019 Withholding Income Tax Due Dates

Specific 2019 payment and return due dates can be found on our website.

Monthly Payment and Quarterly Return Schedule	
<p><b>Must Pay</b> electronically or use Form IL-501 by</p> <p><b>15th of each month</b> for amounts withheld in the preceding month.</p>	<p><b>Must file</b> your Form IL-941 electronically by</p> <p><b>the last day</b> of April, July, October, and January.</p>

Semi-weekly Payment and Quarterly Return Schedule	
<p><b>Must pay</b> electronically by</p> <p><b>Wednesday</b> for amounts withheld on the preceding Wednesday, Thursday, or Friday, and</p> <p><b>Friday</b> for amounts withheld on the preceding Saturday, Sunday, Monday, or Tuesday.</p>	<p><b>Must file</b> your Form IL-941 electronically by</p> <p><b>the last day</b> of April, July, October, and January.</p>

## Income Tax Rates

### Tax Type

### 2019 Tax Rate

#### Individual Income Tax

4.95 percent of net income

#### Business Income Tax

Corporations – 7 percent of net income  
Trusts and estates – 4.95 percent of net income

#### Personal Property Replacement Tax

Corporations (other than S corporations) – 2.5 percent of net income  
Partnerships, trusts, and S corporations – 1.5 percent of net income

#### Withholding Income Tax

4.95 percent of net income is required to be withheld from:

- employee compensation based on the number of allowances claimed by the employee,
- Illinois lottery winnings each time a single payment is over \$1,000 for both Illinois residents and nonresidents, and
- other gambling winnings paid to an Illinois resident if the winnings are subject to federal income tax withholding requirements.