



## Minimum Wage Credit Frequently Asked Questions

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### 1. What is the Minimum Wage Credit?

[P.A. 101-001](#) creates the Minimum Wage Credit that may be used against Illinois withholding income tax payments. For tax quarters beginning January 1, 2020, and ending December 31, 2027, each employer with 50 or fewer full-time equivalent employees during the reporting period may claim a credit due for each qualified employee, in an amount equal to the maximum credit available.

### 2. What is a qualified employee?

A “qualified employee” is an employee currently earning the required minimum wage for the current reporting period whose average wage paid during the preceding four reporting periods was equal to or lesser than the currently required minimum wage.

### 3. Am I eligible for the Minimum Wage Credit?

To be eligible for the credit an employer must have 50 or fewer full-time equivalent employees and the average wage paid by the employer per employee for all employees making less than \$55,000 must be greater than the average wage paid by the employer per employee for all employees making less than \$55,000 during the same reporting period in 2019.

For the purposes of determining the number of full-time equivalent employees, a full-time employee works 520 hours in a reporting period (13 weeks in a reporting period x 40 hours per week).

An employee (such as a salaried employee) whose working hours are not tracked by the employer is treated as working 40 hours per week for the number of weeks (rounded to the nearest whole number, for partial weeks) during the reporting period for which he or she was employed.

For additional information on how to determine the number of full-time equivalent employees and whether or not you meet the average wage requirements, see the Schedule WC-I, Withholding Income Tax Credits Information and Worksheets, available on our website at [tax.illinois.gov](http://tax.illinois.gov).

### 4. How do I claim the Minimum Wage Credit?

If you are eligible for the Minimum Wage Credit, complete and attach the new Schedule WC, Withholding Income Tax Credits, to your Form IL-941, Illinois Withholding Income Tax Return.

To calculate the Minimum Wage Credit, see the Schedule WC Instructions and Schedule WC-I.

### 5. What is the maximum credit I can claim?

The following percentages are allowed for the reporting periods as described below:

- 25 percent for reporting periods beginning on or after January 1, 2020, and ending on or before December 31, 2020.
- 21 percent for reporting periods beginning on or after January 1, 2021, and ending on or before December 31, 2021.
- 17 percent for reporting periods beginning on or after January 1, 2022, and ending on or before December 31, 2022.
- 13 percent for reporting periods beginning on or after January 1, 2023, and ending on or before December 31, 2023.
- 9 percent for reporting periods beginning on or after January 1, 2024, and ending on or before December 31, 2024.
- 5 percent for reporting periods beginning on or after January 1, 2025, and ending on or before December 31, 2025.

- The maximum amount may continue to be claimed for reporting periods beginning on or after January 1, 2026, and
  - ending on or before December 31, 2026, for employers with more than 5 employees; or
  - ending on or before December 31, 2027, for employers with no more than 5 employees.

If the Minimum Wage Credit exceeds the withholding amount, you may **only** claim the withholding amount as credit and you will **not** be able to carry the remaining balance forward to future periods.

## 6. What is the minimum wage for 2020?

Under [P.A. 101-001](#), the minimum wage is set to increase to \$9.25 on January 1, 2020, with another increase to \$10.00, scheduled for July 1, 2020. The minimum wage will increase by \$1 per hour each calendar year until it reaches \$15.00 on January 1, 2025. For a complete schedule of the hourly minimum wage rates by year, visit <https://www2.illinois.gov/idol/Laws-Rules/FLS/Pages/minimum-wage-rates-by-year.aspx>.