

**ILLINOIS DEPARTMENT OF REVENUE  
TAX PRACTITIONERS MEETING  
OCTOBER 27, 2017**

**Upcoming Changes for Business Income Tax Returns and Payments**

**Forms and Schedules**

**Original and Amended Forms –**

- Effective July 1, 2017, the income tax rate for corporations (excluding S corporations) increased from 5.25% (.0525) to 7% (.07).
- Taxpayers may elect to compute tax using the blended rate method or the specific accounting method. This election must be made on or before the extended due date of the tax return. Once the election is made, it is irrevocable.
- For tax years beginning on or after January 1, 2017, the personal exemption allowance for IL-1065 and IL-1041 returns may not be claimed if the taxpayer's adjusted gross income for the taxable year exceeds \$500,000 for returns with a federal filing status of married filing jointly, or \$250,000 for all other returns.
- For tax years ending on or after December 31, 2017, the noncombination rule is eliminated. Unitary business groups will no longer exclude members which are ordinarily required to apportion business income under different subsections of Section 304.
- A change to the definition of "United States" will now require unitary businesses to include members operating in any area over which the U.S. has asserted jurisdiction or claimed exclusive rights with respect to the exploration for or exploitation of natural resources (i.e., the outer continental shelf). This does not include members operating in any territory or possession of the United States.
- Checkboxes added to indicate throwback and double throwback adjustments on the IL-1041-X, IL-1065-X, IL-990-T-X, and IL-1120-ST-X.
- Checkbox added to indicate if business activity is protected under Public Law 86-272.
- A separate Subgroup Schedule has been created for use by Financial Organization Subgroups, Regulated Exchanged Subgroups, and Transportation Company Subgroups to assist in Schedule UB calculations.
- Signature step revised to request additional information from a paid preparer.

**Schedule SA –**

- Provides a means for calculating income and tax at separate rates due to the income tax rate change during the tax year.
- Available for use with the IL-1120, IL-1041, and IL-990-T.

**Schedule M –**

- The Domestic Production Activities Deduction (DPAD) allowed under Section 199 of the Internal Revenue Code is a valid addition for tax years ending on or after December 31, 2017.

**Schedule K-1-P –**

- Research and Development Credit returned to Step 7 (partner's/shareholder's share).

#### **Schedule UB –**

- Removed Column C (reason for exclusion) from Step 5.

#### **Schedule 80/20 –**

- Reduced to two pages.
- Removed information regarding insurance companies.
- Added Column D, Step 1, Section A to indicate if business activity is protected under Public Law 86-272.

#### **Schedule 1299-A and Schedule 1299-D –**

- **River Edge Redevelopment Zone Investment Credit** - expired for tax years beginning on or after July 12, 2016 and has been removed from schedules
- **River Edge Redevelopment Zone Remediation Credit** - expired for tax years beginning on or after July 12, 2016 and has been removed from schedules
- **River Edge Historic Preservation Credit** – sunset date extended to tax years ending prior to January 1, 2022
- **Veterans Jobs Credit** - expired for tax years ending after December 31, 2016
- **Angel Credit** – extended and may be claimed for tax years ending on or before December 31, 2021
- **New Markets Credit** - extended and qualified equity investments may be made until the end of fiscal year 2021
- **Live Theater Production Tax Credit** - extended and may be claimed for tax years beginning prior to January 1, 2022
- **Research and Development Credit** - extended and may be claimed for tax years ending before January 1, 2022
- **Economic Development for a Growing Economy (EDGE) Tax Credit** – sunset date extended to June 30, 2022

#### **IL-2220 –**

- Instructions added to explain how to calculate installment amounts due to the tax rate increase.

#### **What's Coming in 2018**

- **Invest in Kids Credit** – 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. The Department 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. See Informational Bulletin FY 2018-07, Invest in Kids Act of 2017, available on our website at [tax.illinois.gov](http://tax.illinois.gov) for more information.
- **State Tax Lien Registry** – Public Act 100-0022 created the new State Tax Lien Registration Act. The Registry will be an online, statewide system for maintaining notices of tax liens filed or released that are enforced by the Department. The Registry will be available online at the Department's website, [tax.illinois.gov](http://tax.illinois.gov), beginning January 1, 2018. For more information, see Informational Bulletin FY 2018-06, available soon on our website at [tax.illinois.gov](http://tax.illinois.gov).

**This information is subject to change. Please check our website at [tax.illinois.gov](http://tax.illinois.gov) for updates.**