

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

Upcoming Changes for Individual Income Tax Returns and Payments

Forms and Schedules

Original and Amended Forms –

- Effective July 1, 2017, the individual income tax rate increased from 3.75% (.0375) to 4.95% (.0495). The blended tax rate for 2017 calendar-year filers will be 4.3549% (.043549).
- 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 in Step 4 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.
- The standard exemption will decrease to \$2,000 for filers with taxable years beginning on or after June 1, 2017, the fifth anniversary of the effective date of Public Act 97-0652. For more information, see Proposed Rule Section 100.2055 Standard Exemption (IITA Section 204).
- 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.

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 ICR –

- The maximum amount of the K-12 Education Expense Credit has been increased to \$750 per family, for tax years ending on or after December 31, 2017.
- Both the K-12 Education Expense Credit and the Illinois Property Tax Credit are not allowed 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.
- Checkboxes added to indicate the school type (public, non-public, or home school) on the K-12 Education Expense Credit Worksheet.

Schedule IL-EIC –

- New schedule created for taxpayers to claim the Illinois Earned Income Credit.
- For tax years beginning on or after January 1, 2017, and before January 1, 2018, the earned income credit has increased to 14% (.14) of the federal earned income tax credit.
- For tax years beginning on or after January 1, 2018, the earned income credit increases to 18% (.18) of the federal earned income tax credit.

Schedule G –

- New voluntary charitable donations added for the Thriving Youth Fund and the Criminal Justice Information Projects Fund.

Schedule 1299-C –

- **River Edge Redevelopment Zone Investment Credit** - expired for tax years beginning on or after July 12, 2016 and has been removed from the schedule
- **River Edge Redevelopment Zone Remediation Credit** - expired for tax years beginning on or after July 12, 2016 and has been removed from the schedule
- **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
- **Instructional Materials and Supplies Credit** – for taxable years beginning on and after January 1, 2017, eligible educators may claim a credit up to \$250 for qualified expenses during the tax year, which may be carried forward for five years

Schedule CR –

- Tax rate updated
- Line 29 reserved pending Internal Revenue Service (IRS) announcement regarding tuition/fees deduction

Schedule NR –

- Tax rate updated
- Line 33 reserved pending Internal Revenue Service (IRS) announcement regarding tuition/fees deduction

IL-2210 –

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

Due Dates

- **2017 IL-1040 Original Due Date** – April 17, 2018
- **2018 IL-1040-ES Due Dates** –
 - ✓ April 17, 2018
 - ✓ June 15, 2018
 - ✓ September 17, 2018
 - ✓ January 15, 2019

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 for more information.
- **Standard Exemption** – The standard exemption will decrease to \$2,000 for each individual income tax filer.

This information is subject to change. Please check our website at tax.illinois.gov for updates.