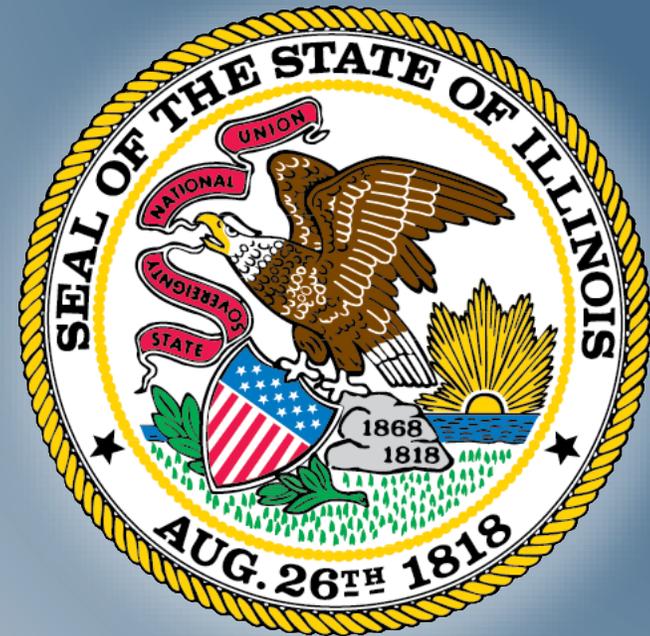


# TAX UPDATES FOR 2019



**ILLINOIS**

**REVENUE**



# TAX PROCESSING

# SALES AND EXCISE TAX

# Trade-in Cap for First Division Motor Vehicles

## Public Act 101-0031

- Public Act 101-0031 places a trade-in cap, for tax purposes, of \$10,000 on first division motor vehicles.
- While there is no limit on the amount of credit a dealer can give for a trade-in to reduce the price of a motor vehicle, the trade-in cannot exceed \$10,000 when calculating tax.

# Parking Excise Tax

## Public Act 101-0031

- Public Act 101-0031 created the Parking Excise Tax Act
- Effective January 1, 2020, tax is imposed on the privilege of using a parking space in a parking area or garage
- The tax is imposed at the rate of: 6 percent for the purchase of a parking space paid for on an hourly, daily, or weekly basis, and 9 percent for the purchase of a parking space paid for on a monthly or annual basis
- Tax will be remitted electronically with Form PE-100

# Aviation Fuel Tax

## Public Act 101-0010

- Public Act 101-0010 imposes new requirements related to sales tax imposed on receipts from aviation fuel
- Effective December 1, 2019, local sales tax may only be imposed on sales of aviation fuel if receipts from the tax will be spent on airport-related purposes
- Units of local government must certify with the Illinois Department of Transportation that they have an airport-related purpose
- No retailers discount is allowed on locally imposed taxes

# Statistics

- 4.8 million sales and excise tax returns were filed last year
- 3.8 million of returns were filed electronically
- 3,876 refunds totaling \$11.1 million were issued last year (most refunds were for Motor Vehicle Use Tax)

# Sales Tax Reminders

- Any taxpayer with annual sales of \$20,000 or greater are required to file electronically
- Failure to file electronically results in the loss of the retailer's 1.75 percent discount
- Use Tax of \$600 or less may be reported on Form IL-1040. Use Tax greater than \$600 must be reported on Form ST-44. Form ST-44 must be submitted within 30 days of the date in which the item(s) is purchased.

# **BUSINESS AND WITHHOLDING INCOMETAX**

# Business Income Tax Payment Lines



- Payment section of forms has separate lines for overpayment from previous year's return and payments made prior to date return is filed. (Lines were combined last year. Reverting to previous calculation for payments.)

<b>61</b>	<b>Payments. See instructions.</b>		
<b>a</b>	Credits from previous overpayments.	<b>61a</b>	<input type="text" value=""/> .00
<b>b</b>	Total payments made before the date this return is filed.	<b>61b</b>	<input type="text" value=""/> .00
<b>c</b>	Pass-through withholding reported to you on Schedule(s) K-1-P or K-1-T. <b>Attach</b> Schedule(s) K-1-P or K-1-T.	<b>61c</b>	<input type="text" value=""/> .00
<b>d</b>	Illinois gambling withholding. <b>Attach</b> Form(s) W-2G.	<b>61d</b>	<input type="text" value=""/> .00

# Business Income Tax Statistics

- Year to Date- 634,935 2018 Illinois Business Income Tax returns filed (electronic & paper)
- 505,630 were filed electronically (79.63% market share). Of these returns,
  - 227,731 IL-1120-ST
  - 121,888 IL-1065
  - 94,845 IL-1041
  - 61,166 IL-1120
- Year to date- 46,665 Business Income Tax refunds have been issued totaling approximately \$423.4 million.

# Public Act 101-0001



- Creates the Minimum Wage Credit effective for tax years beginning on or after January 1, 2020.
- For tax quarters 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 against the payments due for each qualified employee in an amount equal to the maximum credit allowable.
- See Schedule WC-I for additional information regarding the Minimum Wage Credit calculation

Illinois Department of Revenue  
**2020 Schedule WC** Withholding Income Tax Credits  
Attach to your Form IL-941 or IL-941-X

Enter your name as shown on your return. \_\_\_\_\_ Enter your federal employer identification number (FEIN). \_\_\_\_\_

**Read this information before completing this form:**  
Refer to Schedule WC-I, Withholding Income Tax Credits Information and Worksheets, and Schedule WC, Instructions, for information on how to complete this schedule.

**Figure your withholding income tax credit - All credits being claimed or established must be listed even if they are not being used in the current quarter.**  
Enter your credits in the lines below.

	◆ A Years Left to Carry	◆ B Credit Code	◆ C IL Tax Year Credit Earned	◆ D Identifying Number	◆ E Credit Earned	◆ F Credit Carried	G Total Credit
1	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____	_____

5 Add Column G, Lines 1 through 4. This is your **total available credits**. ◆ 5 \_\_\_\_\_

6 Enter the total tax amount from Form IL-941, Step 4, Line 2, or Form IL-941-X, Step 4, Line 4. ◆ 6 \_\_\_\_\_

7 Compare Lines 5 and 6, and enter the lesser amount here. This is the amount available as credit for this reporting period.  
Enter this amount on Form IL-941, Step 5, Line 3, or on Form IL-941-X, Step 5, Line 5. ◆ 7 \_\_\_\_\_

# Public Act 101-0031

- Requires that Illinois income tax must be withheld from all payments made to residents and nonresidents after December 31, 2019, for winnings from wagering at a licensed Illinois horse racing pari-mutuel wagering facility or an Illinois casino, riverboat or organization gaming facility, provided that the entity making the payment is required to withhold federal income tax under Section 3402(q) of the Internal Revenue Code from those winnings.



# Schedule WC – New Credits Schedule



- All withholding income tax credits are now reported on the Schedule WC, Withholding Income Tax Credits.
- The new Schedule WC-I, Withholding Income Tax Credits Information and Worksheets, provides detailed information about the withholding income tax credits, how to calculate them and where to report them.

Illinois Department of Revenue  
**2020 Schedule WC** Withholding Income Tax Credits  
Attach to your Form IL-941 or IL-941-X

Enter your name as shown on your return. \_\_\_\_\_ Enter your federal employer identification number (FEIN). \_\_\_\_\_

**Read this information before completing this form:**  
Refer to Schedule WC-I, Withholding Income Tax Credits Information and Worksheets, and Schedule WC, Instructions, for information on how to complete this schedule.

**Figure your withholding income tax credit - All credits being claimed or established must be listed even if they are not being used in the current quarter.**  
Enter your credits in the lines below.

	◆ A Years Left to Carry	◆ B Credit Code	◆ C IL Tax Year Credit Earned	◆ D Identifying Number	◆ E Credit Earned	◆ F Credit Carried	G Total Credit	
1	_____	_____	_____	_____	_____	_____	_____	
2	_____	_____	_____	_____	_____	_____	_____	
3	_____	_____	_____	_____	_____	_____	_____	
4	_____	_____	_____	_____	_____	_____	_____	
5	Add Column G, Lines 1 through 4. This is your total available credits.							◆ 5 _____
6	Enter the total tax amount from Form IL-941, Step 4, Line 2, or Form IL-941-X, Step 4, Line 4.							◆ 6 _____
7	Compare Lines 5 and 6, and enter the lesser amount here. This is the amount available as credit for this reporting period. Enter this amount on Form IL-941, Step 5, Line 3, or on Form IL-941-X, Step 5, Line 5.							◆ 7 _____

*Draft Subject to Change*

# Withholding Income Tax Statistics



- For second quarter 2019- IDOR has received 336,230 IL-941 returns. Of these, 1,317 (**0.39%**) suspended for manual review in Account Processing. For second quarter 2018, **0.84%** of IL-941s suspended for manual review. For second quarter 2017, **3.67%** of IL-941s suspended for manual review.
- This reduction in suspense highlights the effectiveness of changes to improve the IL-941 over the past few years, including elimination of the annual filing frequency, modification of the return to capture payroll data, and the electronic filing mandate.
- Year to date- 15,329 Withholding Income Tax refunds have been issued totaling approximately \$17.6 million.

# Electronic Filing Requirement for Withholding



## Income Tax REMINDER

The Department requires all employers and payers to file the following forms electronically:

- Starting with the 2017 tax year, federal Forms W-2, Wage and Tax Statement; W-2c, corrected Wage and Tax Statement; and W-2G, Certain Gambling Winnings
- Starting with the 2018 tax year, Form IL-941, Illinois Withholding Income Tax Return.
- Starting with the 2021 tax year, Form IL-941-X, Amended Illinois Withholding Income Tax Return.

# How do I file electronically?

- MyTax Illinois - You can file Forms IL-941, IL-941-X, W-2, W-2c, and W-2G.

**Visit our website at [tax.illinois.gov](https://tax.illinois.gov) for more information.**

- Federal/State Employment Tax (FSET) program - Form IL-941 may be filed electronically through participating third-party software vendors.
- Electronic W-2 Transmittal Program - Forms W-2, employers may also transmit through third-party services.

# **Individual Income Tax: Legislation, Statistics, Reminders and Updates**

# Individual Income Tax Legislation

## Public Acts

- Public Act 101-355
- Public Act 101-31
- Public Act 100-981
- Public Act 101-207
- Public Act 101-178

## New and Updated Forms

- Line References and Forms updated based on Federal changes

# Public Act 101-355



- Increased the Estimated Payment threshold from \$500.00 to \$1,000.00 for individuals for tax years ending on or after 12/31/2019.
- This is for individual income tax only; there was no increase for business income tax.

Page 2 of 2

**Illinois Department of Revenue**  
**IL-1040-ES 2019**  
**Estimated Income Tax Payment for Individuals**  
(R-12/17)

**Official Use**

Enter your Social Security numbers in the order they appear on your federal return.

Your Social Security number \_\_\_\_\_ Spouse's Social Security number \_\_\_\_\_

Your first name and initial \_\_\_\_\_ Spouse's first name and initial \_\_\_\_\_ Your last name \_\_\_\_\_

Street address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Your daytime phone number ( ) \_\_\_\_\_

IL-1040-ES (R-06/19)

**Calendar-Year Taxpayers**  
Your estimated tax payments are due on  
● April 15, 2019 ● September 16, 2019  
● June 17, 2019 ● January 15, 2020

→ \$ \_\_\_\_\_  
Amount of payment (Whole dollars only)

Make check payable and mail this voucher to:  
**ILLINOIS DEPARTMENT OF REVENUE**  
**SPRINGFIELD IL 62736-0001**

# Public Act 101-31

- Requires the addition of a line to report income from the surcharge on the sale of assets by gaming licensee. See each return types specific instructions for more information.
- Requires wagering and gambling winnings from Illinois sources for taxable years ending on or after December 31, 2019, to be allocated to Illinois and to be included in determining apportionment.

# Public Act 100-981

- Established two new bonds that can be used as subtractions on the Schedule M.
- New Harmony Bridge Authority Bonds
- New Harmony Bridge Bi-State Commission Bonds

# Public Act 101-207

- Extends the Research and Development Credit to tax years ending prior to January 1, 2027
- See Schedule 1299 Specific Instructions and Schedule 1299-I for more information about these credits.

# Public Act 101-178

- Extends the Film Production Services Tax Credit. The credit is not eligible for tax years beginning on or after January 1, 2027. For more information on the Film Production Services Tax Credit, please see Schedule 1299-I.

# IL-1040 Statistics

- 6.2 million IL-1040 returns filed (electronic & paper)
- Over 5.4 million were filed electronically (over 85% market share)
  - Over 3.5 million were electronically filed by a tax professional
  - 13.1% zero balance
  - 65.1% refund
  - 21.8% balance due
- Year to date, 3.9 million Individual Income Tax refunds have been issued totaling approximately \$1.73 billion.

# Enhanced Verification Processes

- The Department has enhanced certain verification processes during the 2019 processing season. These verification processes assist in identity verification, safeguard against intentional misreporting and educate taxpayers who honestly or inadvertently report erroneous amounts. They also allow returns to be systemically processed in a more efficient manner and minimize the interventions experienced by those that are filed accurately.

# Enhanced Verification Processes

The following verification processes have been implemented or enhanced:

- Identity
- 529 Plan Contributions
- Withholding
- Schedule 1299-C Income Tax Credits
- Dependents
- Property Tax Credit

# Publication 108 – Illinois Property Tax Credit



- Publication 108 will help you figure the property tax credit of the Illinois Individual income Tax Return.
  - What may or may not be included when figuring a property tax credit
  - When eligible to take a property tax credit
  - What may be included when figuring a property tax credit when buying, building, or selling a home

A thumbnail image of the "Publication 108 Illinois Property Tax Credit" document. The document header includes the Illinois Department of Revenue logo and the name of the Director, Constance Beard. The title "Publication 108" is prominently displayed in a large, bold font, with the subtitle "Illinois Property Tax Credit" below it. The date "February 2018" is in the top right corner. The main body of the document is divided into two columns. The left column contains introductory text about the publication's currency and readability. The right column is titled "About this publication" and lists the objectives of the publication, which are to identify what can and cannot be included in the property tax credit calculation, when it can be taken, and what can be included when buying, building, or selling a house.

Illinois Department of Revenue  
Constance Beard, Director



## Publication 108

February 2018

### Illinois Property Tax Credit

The information in this publication is current as of the date of the publication. Please visit our website at [tax.illinois.gov](http://tax.illinois.gov) to verify you have the most current revision.

This publication is written in the plain English style so the tax information is easier to understand. As a result, we do not directly quote Illinois statutes and the Illinois Administrative Code. The contents of this publication are informational only and do not take the place of statutes, rules, and court decisions. For many topics covered in this publication, we have provided a reference to the applicable section or part of the Illinois Administrative Code for further clarification or more detail. All of the sections and parts referenced can be found in Title 86 of the Illinois Administrative Code.

#### About this publication

Publication 108, Illinois Property Tax Credit, will help you figure your property tax credit on your Illinois Individual Income Tax Return.

The objectives of Publication 108 are to identify

- what you may and may not include when you figure a property tax credit.
- when you are eligible to take a property tax credit.
- what you may include when you figure a property tax credit if you are buying, building, or selling a house.

# Changes to the IL-1040



## Step 1: Personal Information

**A** Enter personal information and Social Security numbers. You must provide the entire Social Security number for you and your spouse. Do not provide a partial Social Security number.

_____ Your first name and initial	_____ Your last name	_____ Year of birth	_____ Your Social Security number
_____ Spouse's first name and initial	_____ Spouse's last name	_____ Spouse's year of birth	_____ Spouse's Social Security number
_____ Mailing address (See Instructions if foreign address)		_____ Apartment number	_____ County (Illinois only)
_____ City		_____ State	_____ ZIP or Postal Code
_____ Foreign Nation, if not United States (do not abbreviate)			

**B** Filing status:  Single  Married filing jointly  Married filing separately  Widowed  Head of household

**C** Check if someone can claim you, or your spouse if filing jointly, as a dependent. See instructions.  You  Spouse

**D** Check the box if this applies to you during 2019:  Nonresident - Attach Sch. NR  Part-year resident - Attach Sch. NR

## Step 1:

- Year of Birth
- County (Illinois Only)
- Single and Head of Household are now separate filing statuses

# Changes to the IL-1040



## Step 2: Income

	(Whole dollars only)
1 Federal adjusted gross income from your federal Form 1040 or 1040-SR, Line 8b.	1 _____ .00
2 Federally tax-exempt interest and dividend income from your federal Form 1040 or 1040-SR, Line 2a.	2 _____ .00
3 Other additions. Attach Schedule M.	3 _____ .00
4 Total income. Add Lines 1 through 3.	4 _____ .00

## Step 3: Base Income

5 Social Security benefits and certain retirement plan income received if included in Line 1. Attach Page 1 of federal return.	5 _____ .00
6 Illinois Income Tax overpayment included in federal Form 1040 or 1040-SR, Schedule 1, Ln. 1.	6 _____ .00
7 Other subtractions. Attach Schedule M. Check if Line 7 includes any amount from Schedule 1299-C. <input type="checkbox"/>	7 _____ .00
8 Add Lines 5, 6, and 7. This is the total of your subtractions.	8 _____ .00
9 Illinois base income. Subtract Line 8 from Line 4.	9 _____ .00

### Step 2&3:

- Federal line references were updated based on the IRS drafts

# Changes to the IL-1040



## Step 7: Other Taxes

20	Household employment tax. See instructions.	20	_____	.00
21	Use tax on internet, mail order, or other out-of-state purchases from UT Worksheet or UT Table in the instructions. <b>Do not</b> leave blank.	21	_____	.00
22	Compassionate Use of Medical Cannabis Program Act <b>and sale of assets by gaming licensee surcharges.</b>	22	_____	.00
23	<b>Total Tax.</b> Add Lines 19, 20, 21, and 22.	23	_____	.00

IL-1040 Front (R-12/19)  
Printed by authority of the State of Illinois - web only 1

This form is authorized as outlined under the Illinois Income Tax Act. Disclosure of this information is required. Failure to provide information could result in a penalty.

## Step 7:

- Other Taxes, Line 22 now includes **both** Compassionate Use of Medical Cannabis Program Act and sale of assets by gaming licensee surcharges



# Changes to the IL-1040



**Step 13:** If this is a joint return, both you and your spouse must sign below.

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

<b>Sign Here</b>					( )
	Your signature	Date (mm/dd/yyyy)	Spouse's signature	Date (mm/dd/yyyy)	Daytime phone number
<b>Paid Preparer Use Only</b>	Print/Type paid preparer's name		Paid preparer's signature		Date (mm/dd/yyyy)
					<input type="checkbox"/> Check if self-employed
	Firm's name ▶			Firm's FEIN ▶	
	Firm's address ▶			Firm's phone ▶	( )
<b>Third Party Designee</b>			( )		<input type="checkbox"/> Check if the Department may discuss this return with the third party designee shown in this step.
	Designee's name (please print)		Designee's phone number		

**Refer to the 2019 IL-1040 Instructions for the address to mail your return.**

Step 13:

- Mailing addresses have been removed and are now found in the IL-1040 instructions

# IL-1040 Anti-Fraud Update

- 2014 had an overall savings of \$4.5 million.
- 2015 had an overall savings of \$6,002,628.23.
- 2016 had verified money savings of \$19,164,454
- 2017 had verified money savings of \$31,294,897
- 2018 had verified money savings of \$68,461,457.
- 2019 to date has had a significant increase over 2018.  
These figures will be released later in the fourth quarter.

# MyTax Illinois



- 3<sup>rd</sup> Party Access
  - 3<sup>rd</sup> Party Access is an access type that allows the CPA/Accountant/Representative to access their clients information through MyTax.
    - Each taxpayer needs to set up their own MyTax account and grant 3<sup>rd</sup> Party Access
    - The CPA/Accountant/Representative would have their own account in which the request access to their clients information.
      - Letters, Balances, ETC. are available to view
  - In the future, IDOR is planning enhancements that will improve the taxpayer's options in submitting information to the Illinois Department of Revenue.

# Coming Soon!!!

# Respond to Individual Income Tax Correspondence Using MyTax Illinois

- If you received one of the following letters, you will be able to submit your support through **MyTax Illinois**, our online account management program.
  - Support submitted through MyTax Illinois is secure and may help avoid delays associated with information submitted by mail.
  - To respond through MyTax Illinois, simply login to your existing account or create a new account at [mytax.illinois.gov](https://mytax.illinois.gov).
  - Types of Responses accepted:
    - Return Correction Notice (IDOR-1-RCN)
    - Taxpayer Notification Response (LTR-402)
    - Taxpayer Notification Response (LTR-402-X)
    - Notice of Claim Denial (LTR-405)
    - Notice of Deficiency (LTR-393-IPD)
    - Erroneous Refund Letter (LTR-359-IPD)
    - Support for Abatement Request (LTR-202)

# Electronic Filing Mandate for Forms 1099-K



- Starting with the 2019 tax year, Forms 1099-K due March 31, 2020, must be electronically filed with Illinois if you are required by the Internal Revenue Service to electronically file Form 1099-K
- Starting with the 2020 tax year, Forms 1099-K due March 31, 2021 and after, must be electronically submitted to Illinois when four or more separate transactions exceed \$1000.00 or if you are required by the Internal Revenue Service to electronically file Form 1099-K

## IDOR Contact Information

- Website [www.tax.illinois.gov](http://www.tax.illinois.gov)
- Taxpayer Assistance 1-800-732-8866
- E-File for Tax Professionals 1-866-440-8680
- Business Hot Line 217-524-4772
- Central Registration 217-785-3707