

Disclaimer

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Illinois Individual Income Tax

Bret Whitfield-Tate
Individual Processing Division Manager





Illinois Department of Revenue
2023 Form IL-1040
 Individual Income Tax Return



or for fiscal year ending ___/___/___

Step 1: Personal Information Enter personal information and Social Security numbers (SSN). You must provide the entire SSN(s) - no partial SSN.

A Your first name and middle initial Your last name Year of birth Your social security number
 Spouse's first name and middle initial Spouse's last name Spouse's year of birth Spouse's social security number

Mailing address (See inst. if foreign address) Apartment number City State Zip or postal code
 Foreign nation if not US (do not abbreviate) County (Illinois only) Email address

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 2023: Nonresident - Attach Sch. NR Part-year resident - Attach Sch. NR

Step 2: Income (Whole dollars only)

1 Federal adjusted gross income from your federal Form 1040 or 1040-SR, Line 11. 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. 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 4: Exemptions - See instructions for income limitations

10 a Enter the exemption amount for yourself and your spouse. See instructions. a .00
 b Check if 65 or older: You + Spouse # of checkboxes X \$1,000 = b .00
 c Check if legally blind: You + Spouse # of checkboxes X \$1,000 = c .00
 d If you are claiming dependents, enter the amount from Schedule IL-E/EIC, Step 2, Line 1. Attach Schedule IL-E/EIC. d .00
 Exemption allowance. Add Lines 10a through 10d. 10 .00

Step 5: Net Income and Tax

11 **Residents: Net income.** Subtract Line 10 from Line 9. 11 .00
Nonresidents and part-year residents: Enter the Illinois net income from Schedule NR. Attach Schedule NR 11 .00
 12 **Residents:** Multiply Line 11 by 4.95% (.0495). Cannot be less than zero. 12 .00
Nonresidents and part-year residents: Enter the tax from Schedule NR. 12 .00
 13 Recapture of investment tax credits. Attach Schedule 4255. 13 .00
 14 **Income tax.** Add Lines 12 and 13. Cannot be less than zero. 14 .00

Step 6: Tax After Nonrefundable Credits

15 Income tax paid to another state while an Illinois resident. Attach Schedule CR. 15 .00
 16 Property tax, K-12 education expense, and volunteer emergency worker credit amount from Schedule ICR. Attach Schedule ICR. 16 .00
 17 Credit amount from Schedule 1299-C. Attach Schedule 1299-C. 17 .00
 18 Add Lines 15, 16, and 17. This is the total of your credits. Cannot exceed the tax amount on Line 14. 18 .00
 19 **Tax after nonrefundable credits.** Subtract Line 18 from Line 14. 19 .00

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. Do not leave blank. 21 .00
 22 Compassionate Use of Medical Cannabis Program Act and sale of assets by gaming licensee surcharges. 22 .00
 23 **Total Tax.** Add Lines 19, 20, 21, and 22. 23 .00

Staple W-2 and 1099 forms here
 Staple your check and IL-1040-V

IL-1040 Form (9-12-23) Printed by authority of the state of Illinois. Electronic only, one copy. 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.

Processing Season Accomplishments

During calendar year 2024, the Individual Income Tax Processing Division

- Processed more than 6.2 million income tax returns for tax year 2023
- Prevented more than \$140 million in potentially fraudulent refunds from being issued

IL-1040 Reminders (1 of 3)

- If you are married, you must include your spouse's SSN and name.
- If you received federally taxed Social Security benefits or qualified retirement income, you may be able to subtract it on Line 5. See the Line 5 Instructions for details.
- Attach a completed Schedule IL-WIT and all withholding forms (W-2s, 1099s, etc.) to support the amount you claim as Illinois Income Tax withheld on Line 25.
- Enter the correct amount of estimated payments you made, including any overpayment applied from a prior year return. You may verify the amount using the estimated payment inquiry on our website.
- Make sure to have any support documentation available if requested.

IL-1040 Reminders (2 of 3)

- If you are claiming a property tax credit, you must enter the county in which your property is located and the property index number on Schedule ICR, Illinois Credits.
- If you enter an amount that you want refunded to you on Line 38, you must check one box on Line 39 to indicate how you would like us to issue your refund. You may select direct deposit or paper check.
- Review the entries you made on each line for accuracy and verify your calculations.
- Sign your return.

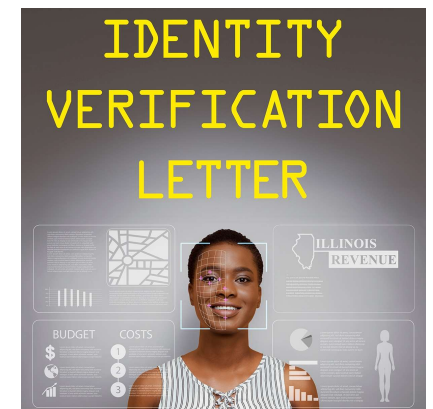
IL-1040 Reminders (3 of 3)

- Check all credits available to make sure you are not missing out.
 - The Illinois EITC has been expanded to include taxpayers who
 - file with an ITIN,
 - have a dependent(s) with an ITIN,
 - and are ages 18-24 or over 65 with no qualifying child.
 - Illinois Child Tax Credit
 - new credit for tax year 2024
 - must have a dependent under age 12 as of the last day of 2024
 - credit is equal to 20% of IL EITC
 - credit increases to 40% of IL EITC with the 2025 return

Enhanced Verification Processes

The Department has enhanced certain verification processes during the calendar year 2025 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.

- If you receive an identity verification notice from the Department, pay special attention to your letter. You may have the ability to verify your identity within minutes through MyTax Illinois rather than submitting paper documents which must be manually reviewed.



Respond to Notices Electronically

Individual income taxpayers may respond electronically to a notice received from IDOR regarding their IL-1040 for tax years 2019 and after via MyTax Illinois, the Department's online taxpayer account management portal.

- Submitting a response electronically through MyTax Illinois not only provides taxpayers with an immediate verification that their response has been received but also eliminates or reduces delays associated with the traditional process of mailing a paper response to the Department.



Illinois Business Income Tax

Robert Farthing
Business Processing Division Manager



Illinois Business Return Filing

Return due dates shown are **following the close of the tax year:**

	Original Due Date	Extended Due Date
IL-1120-ST (S-Corporation)	15 th day of the 3 rd month	15 th day of the 10 th month
IL-1120 (Corporation)*	15 th day of the 4 th month	15 th day of the 11 th month
IL-1065 (Partnership)	15 th day of the 4 th month	15 th day of the 10 th month
IL-1041 (Trust/Estate)	15 th day of the 4 th month	15 th day of the 10 th month
IL-990-T (Not-for-Profit Corp)	15 th day of the 5 th month	15 th day of the 12 th month
IL-990-T (Not-for-Profit Trust)	15 th day of the 4 th month	15 th day of the 10 th month

* See Form IL-1120 instructions for exceptions related to Co-Operatives and the June fiscal year filer

Illinois Business Payments

- Full payment for each return type is due by the Original Return Due Date.
- Estimated Payments are required for a tax liability of \$400 or more. Quarterly ES payments are due on the 15th days of the 4th, 6th, 9th, and 12th months.
 - IL-1120 filers
 - IL-1120-ST filers making the PTE tax election (\$500 or more)
 - IL-1065 filers making the PTE tax election (\$500 or more)

New For Tax Year 2024

- Schedule NLD and Schedule UB/NLD
 - Tax Year Ending on or after 12/31/2024 and before 12/31/2027—Net Loss Deduction Limitation for IL-1120 is increased to \$500,000
- Form IL-4562
 - Now includes additional calculations for property placed in service after 12/31/2024 and before 12/31/2026
- Several Schedules have been reformatted to accommodate new income tax credits:
 - Reimagining Energy and Vehicles (REV) Credit
 - Quantum Computing Campuses Tax Credit

Illinois Gives

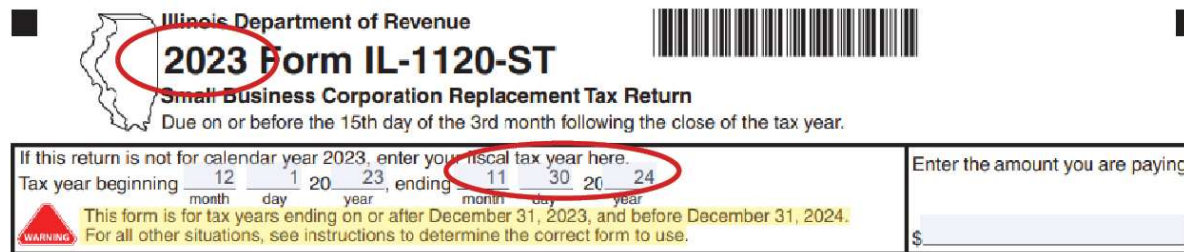
- Public Act 103-0592 created the Illinois Gives Tax Credit Act
- Qualifying contributions made during calendar year 2025 may earn an income tax credit which may be claimed beginning 12/31/2025
- For more information, visit tax.illinois.gov and enter “Illinois Gives” in the search bar.
 - Informational Bulletin FY 2025-14

The "Illinois Gives" logo, with "Illinois" in a large, bold, black sans-serif font, and "Gives" in a similar font below it, where the letter "i" is replaced by a red heart.

Avoid Common Mistakes

* Filing Periods

- Fiscal filing periods must use the prior year form:



Illinois Department of Revenue
2023 Form IL-1120-ST
Small Business Corporation Replacement Tax Return
Due on or before the 15th day of the 3rd month following the close of the tax year.

If this return is not for calendar year 2023, enter your fiscal tax year here.
Tax year beginning 12 1 2023, ending 11 30 2024

WARNING This form is for tax years ending on or after December 31, 2023, and before December 31, 2024.
For all other situations, see instructions to determine the correct form to use.

Enter the amount you are paying.
\$ _____

- Forms not prescribed by the Department are considered invalid.
- Using the incorrect form will cause processing delays!

Avoid Common Mistakes

* Additions/Subtractions

- Be sure to report additions passed through on a K-1-P/K-1-T.
- Be sure to report K-1-P/K-1-T modifications on the correct corresponding line of the return.
- Schedule M, Line 39, Other Subtractions—the only allowable subtractions are listed in Publication 101.
- Schedule J, Foreign Dividends Subtraction—a copy of Federal Schedule C (or equivalent) is required for support.

Avoid Common Mistakes

* Apportionment

- When reporting income/loss outside Illinois, all apportionment lines are required.
- Negative Sales are NOT allowed.
 - Applies to Schedule UB and Subgroup Schedule as well.
 - Special apportionment methods must be approved by the Department.
- Subgroup Schedule and Schedule UB must agree with return.

Avoid Common Mistakes

* Schedules K-1-P/K-1-T

- Estimated schedules are not valid. Amounts from these will be disallowed.
- When issuing Schedule K-1-P/K-1-T, amounts reported should correspond to amounts reported to partners/shareholders/beneficiaries who are listed on Schedule B or Schedule D.
- Include the full FEIN of the partner/shareholder in Step 2 to identify the recipient of the K-1-P/K-1-T

Avoid Common Mistakes

* Payment Problems

- The payment line of the return is intended only to report payments made prior to the filing of the return. Do NOT include a payment made with the return in the amount reported.
- Allow up to 15 days for payments made with the return to post to the account.
- **Reminder:** When making a payment, include the FEIN and filing period on the check and the payment voucher.

Avoid Common Mistakes

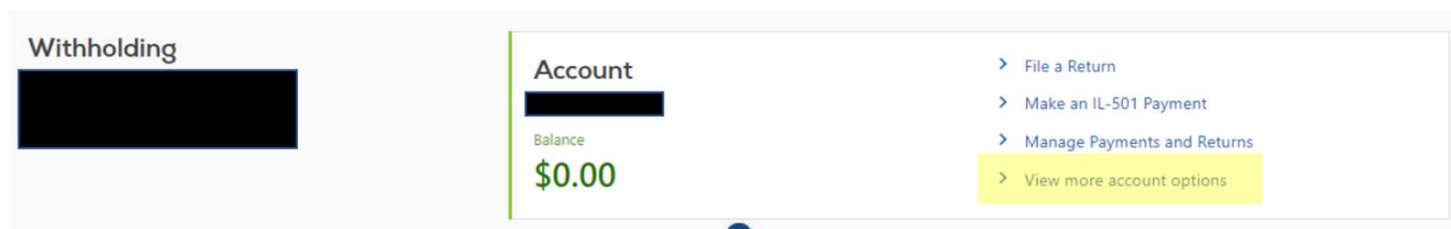
* Amended Returns

- Be sure to use the correct form when filing an Amended return!
 - Amended return forms are identified with an '-X' at the end (i.e. Form IL-1120-X).
 - Federal changes require federal finalization before filing an Illinois amended return.

Electronic Response System

You may respond to a notice through your MyTax Illinois account:

- 1) Logon to your MyTax Illinois Account.
- 2) Click the “View more account options” link:



- 3) Select the “Respond to a Notice” Hyperlink.

Resolving Problems for Business Income Tax Filers

➤ Quick Tips

- Respond to any notice issued by the Department in a timely manner.
- When responding, include a copy of the notice you received from the Department.
- We are here to serve you and help you resolve problems with your account.



Illinois

Withholding Income Tax

Karen Kelleher
Withholding Section Supervisor



Withholding Income Tax, Form IL-941

- Withholding returns are filed quarterly
- Tax year 2025 return due dates are as follows:

Quarter	Months	Due Date
1 st Quarter	Jan/Feb/Mar	April 30, 2025
2 nd Quarter	Apr/May/Jun	July 31, 2025
3 rd Quarter	Jul/Aug/Sep	October 31, 2025
4 th Quarter	Oct/Nov/Dec	February 2, 2026

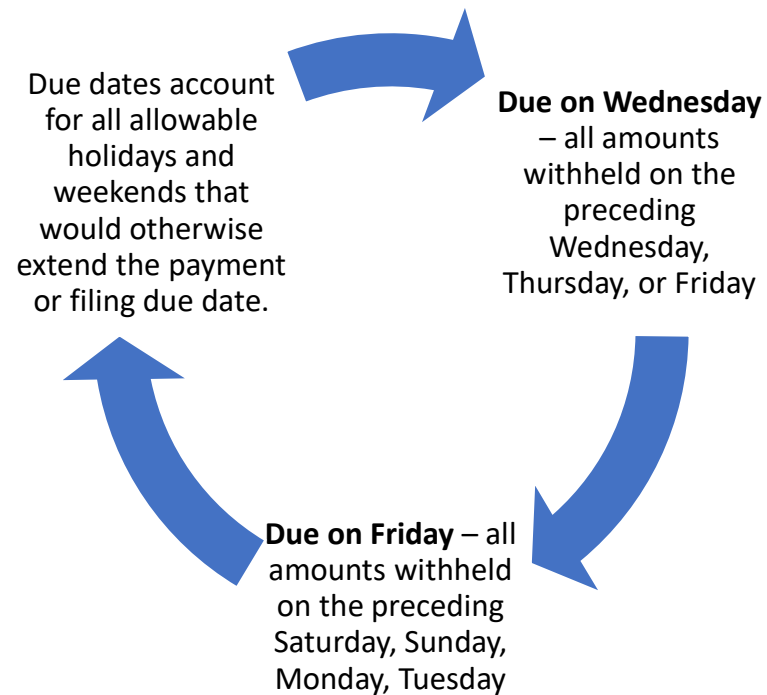
- Due dates account for all allowable holidays and weekends that would otherwise extend the payment or filing due date.

IL-501 Payment Frequencies

Monthly: Due by the 15th of the following month in which it was withheld (no electronic mandate)

Semi-Weekly: Illinois follows the federal rule that allows you at least three banking days to make your payments (subject to electronic mandate)

Illinois Payment Frequencies



Payment Frequency Eligibility

- Who is eligible for monthly?
 - First time & current taxpayers who reported less than \$12k during the annual lookback period.
 - For 2024: July 1, 2024-June 30, 2025

- Who is eligible for semi-weekly?
 - Taxpayers who reported more than \$12k in the annual lookback period OR monthly payers who happened to reach that threshold in a quarter.

Notice of Frequency Change

- If the taxpayer met the \$12k threshold during the lookback period, they will be sent a notice that following October, the change will be effective the following January 1st. Letters will be sent to both your physical mailbox, and your MyTax Illinois account, if you have one.
- If the taxpayer met the \$12k threshold within a quarter, no notice will be issued. It becomes the taxpayer's responsibility to begin making electronic, semi-weekly payments immediately.

What's New For 2025



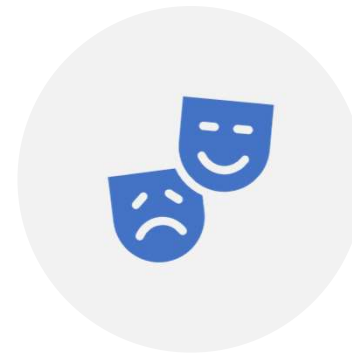
LOCAL JOURNALISM
SUSTAINABILITY TAX
CREDIT



EDGE FOR
START-UPS



REV ILLINOIS
TAX CREDIT



LIVE THEATER
PRODUCTION
CREDIT

Offers financial support to help organizations hire and retain qualified journalists.

A single local news organization can be eligible for **up to \$150,000** in tax credits.

<https://dceo.illinois.gov/>



Local Journalism Sustainability Tax Credit

Edge for Start Ups



EDGE, the Economic Development for a Growing Economy, is a tax credit incentive program designed to encourage startups to invest, create, and retain jobs in Illinois. Businesses must be incorporated 10 years ago or less, never had any Illinois income tax liability, and ready to hire full time W2 employees to be eligible.

<https://dceo.illinois.gov/>

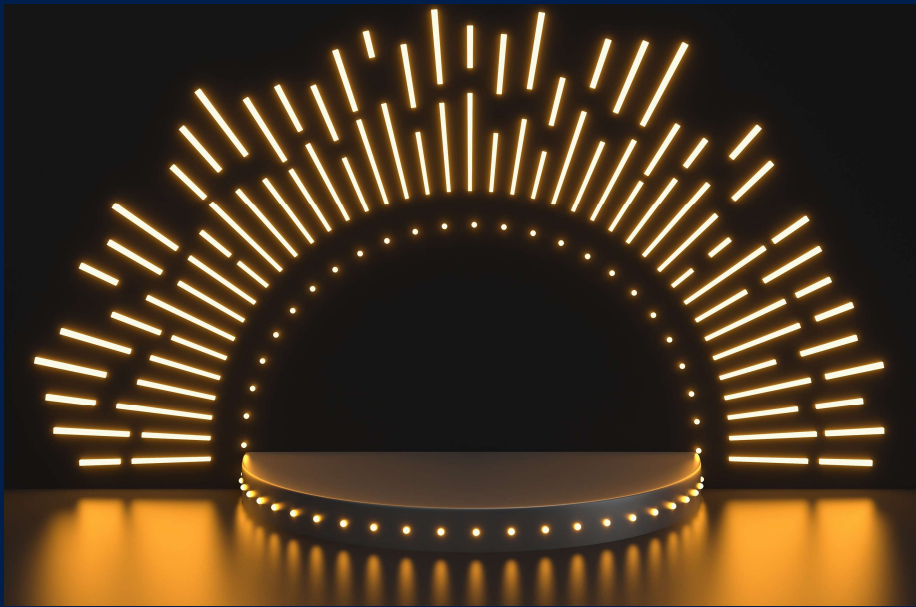
Reimagining Energy and Vehicles (REV) Illinois Program



REV Illinois offers competitive incentives to expand in or relocate to Illinois for companies that manufacture, in whole or in part, electric vehicles or aircraft, associated battery, charging infrastructure and recycling products, as well as renewables including solar, hydrogen, wind, energy storage, and green steel manufacturing. Companies engaged in the research and development of these products may also be eligible for participation.

CEO.REV@Illinois.gov

Live Theater Production Credit



The Program provides for a transferrable credit of 20% of all qualified Illinois expenditures including:

Illinois production spending (vendors)

Illinois resident salaries (non-talent) up to \$100,000 per worker

15% additional credit- on salaries of individuals (making at least \$1,000 in total wages) who live in economically disadvantaged areas whose unemployment rate is at least 150% of the State's annual average.

Credits may be transferred within 1 year of issuance.

LiveTheater@Illinois.gov

Claiming a Credit

Must be filed with return...



Claiming a Credit (continued)

Schedule WC, continued

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 Quarter Ending Credit Earned	D Credit Earned	E Credit Carried	F Total Credit
1	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____
5	Add Column F, Lines 1 through 4. This is your total available credit .					5 _____
6	Enter the total tax amount from Form IL-941, Step 4, Line 2, or Form IL-941-X, Step 4, Line 2.					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 _____

Common Errors That Can Be Avoided by E-Filing

- Correct form will be used
- All attachments will be accounted for
- Fewer to no math errors
- No duplicate returns (do not file a paper one too!)
- Timely filing of W-2's (subject to electronic mandate)

Other Common Errors

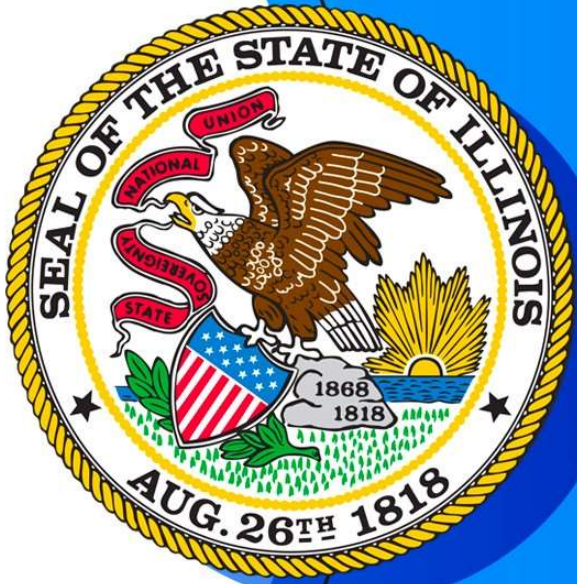
- Incomplete Schedule P
- Invalid Forms
- Misapplied payments
- Assumption that overpayments carry forward
- Filing an annual reconciliation

Resolving Problems for Withholding Income Tax Filers

➤ Quick Tips

- Respond to any notice issued by the Department in a timely manner!
 - MyTax Illinois response (click on hyperlinked letter)
 - U.S. Postal Mail (include copy of notice received)
 - We are here to serve you in any way we can!

tax.Illinois.gov



Illinois Sales Tax

Roz Harmon

Sales Tax Processing Division Manager



**Periodic Returns:
\$1,000 Discount Cap on ST-1 and Related
Returns**

Public Act 103-592: Discount Caps for Returns Due 1/1/2025

- **ST-1 and all ROT, period-based tax types discount cap** (35 ILCS 120/3):
 - Beginning with **returns due on or after January 1, 2025**, the vendor's discount allowed in the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Use Tax Act, and the Service Use Tax Act, including any local tax administered by the Department and reported on the same return, **shall not exceed \$1,000 per month in the aggregate** for returns other than transaction returns filed during the month.
- **E911 Surcharge discount cap** (50 ILCS 753/20(b)):
 - A seller shall be permitted to deduct and retain **3%** of prepaid wireless 9-1-1 surcharges that are collected by the seller from consumers and that are remitted and timely filed with the Department. Beginning with **returns due on or after January 1, 2025**, the **3% deduction allowed for the E911 surcharge, including any local surcharge administered by the Department and reported on the same return, shall not exceed \$1,000 per month.**
- **ITAC Assessment Discount** (220 ILCS 5/13-703):
 - Beginning on January 1, 2018, the seller is allowed to deduct and retain **3%** of the assessments that are collected by the seller from consumers and that are remitted timely and timely filed with the Department, but only if the return is filed electronically as provided in Section 3 of the Retailers' Occupation Tax Act.

Periodic Returns Discount Cap – December 2024

- **Discounts capped at \$1,000 per month, for each ROT tax type (account)** that files on a periodic basis (non-transaction returns)
- If a quarterly or annual filer reports enough receipts, they may claim up to \$1,000 per month in which there are reportable sales (\$3,000 for a quarterly filer and \$12,000 for an annual filer.)
 - A quarterly filer would need to report **\$171,429 in tax liability** in order to claim \$3,000 discount.
 - An annual filer would need to report **\$685,714 in tax liability** in order to claim \$12,000 discount.
 - E911 and ITAC discounts are calculated and/or capped separately and added to the ROT discount. **Taxpayers may receive \$2,000+ on a return, depending on the amount of E911 & ITAC tax liabilities.**

Periodic Returns: ST-1 / E911 and Related ROT Returns \$1,000 Discount Caps

IDOR has made the below changes to our proprietary MyTax Illinois software:

- Discount line (Line 10) at \$1,000 systemically capped
- Discount amount automatically calculates based on reported liability on Line 9
- “Tip” language for the MyTax Illinois discount line: “Beginning with returns due on or after January 1, 2025, the maximum discount you may claim per month is \$1,000.”
- 3% E911 “deduction” now systemically capped at \$1,000

IDOR has made the below changes to for filers using 3rd party software vendors to file via the Electronic Data Interface:

- Discount line (Line 10) at \$1,000 systemically capped
- Sites do not need to be preregistered on with IDOR prior to filing the return; however the full location code (including the 3-digit R##) MUST be included in the data transmission
- When the R## is included in the data transmission, the new sites will be registered systemically at IDOR on the taxpayer’s account going forward.

Use Tax to ROT Conversion January 1, 2025

Changes to ROT Effective January 1, 2025

Prior to 1/1/2025, retailers with physical presence in Illinois were subject to Use Tax on their sales to Illinois customers if:

- the sale is fulfilled from inventory located outside of IL; AND
- the selling activities for that sale occur at a location outside of IL.

Use Tax Filers became ROT filers effective 1/1/2025:

“A retailer with physical nexus to Illinois is engaged in the occupation of selling at retail in Illinois for sales to Illinois purchasers from locations outside of Illinois and is therefore subject to destination-based ROT.”

Direct Wine shippers have a **mandatory Use Tax** collection obligation due to their LCC license, but do not necessarily meet the ‘place of business’ definition in the new legislation. Direct Wine shippers have been carved out from account changes.

Only retailers with **physical presence in Illinois (registered site) who fulfill orders from outside the State** will need to file on ST-1 lines 4 and 5 (destination-based ROT) **AND** lines 6 and 7 (state-wide 6.25% use tax rate.)

Approximately 19,500 use tax filers were converted and require the retailer to register changing location sites in order to file January 2025 returns.

**Changes to Leasing Statutes:
Leases Are Now Sales
Effective January 1, 2025**

Leases Are Now Sales, Effective 1/1/2025

(1 of 3)

"**Lease**" means a transfer of the possession or control of, the right to possess or control, or a license to use, but not title to, tangible personal property for a fixed or indeterminate term for consideration, regardless of the name by which the transaction is called. "Lease" does not include a lease entered into merely as a security agreement that does not involve a transfer of possession or control from the lessor to the lessee.

- On and after January 1, 2025, the term "sale", when used in the Retailers' Occupation Tax Act (ROTA), includes a lease.

(35 ILCS 120/1)

The tax under this Act, except as otherwise provided in the ROTA, is imposed on persons engaged in the business of **leasing** at retail tangible personal property, *other than motor vehicles, watercraft, aircraft, and semitrailers, as defined in Section 1-187 of the Illinois Vehicle Code*, that are required to be registered with an agency of this State, leased at retail from a retailer, for leases in effect, entered into, or renewed on or after January 1, 2025.

(35 ILCS 120/1.05)

Leases Are Now Sales, Effective 1/1/2025

(2 of 3)

- Instead of tax-free or ROT due on full purchase price up front, lease and rental payments are now taxable upon receipt of the consideration by the seller
- Impacts **all** leases or rentals contracted in Illinois:
 - Hourly/daily rentals as well as long-term rentals
 - Large industrial or farm equipment leases and rentals
 - Office equipment leases and rentals
 - Trailers (other than semi-trailer) leases and rentals
 - Excludes leases or rentals for titled/registered property – still reported on ST-556 or ART-1
 - Excludes items for domestic use with an initial period of <4 months, that allow the lessor to become the owner – these are reported on the ST-201

Leases Are Now Sales, Effective 1/1/2025

(3 of 3)

- **Large equipment leasing companies** will need to register with IDOR for ST-1 accounts in order to report ROT based on either:
 - “sale for resale” to leasing companies for tangible personal property that will be leased or rented.
 - ROT based on either:
 - their permanent business location (if picked up by the lessee)
 - changing locations (if periodic payments **and** delivered to lessee)
- **Companies that offer trailers other than semi-trailers for lease or rent** will need to register with IDOR for ST-1, LSE-1, and ST-556/ST-556-LSE accounts in order to report ROT based on either:
 - their permanent business location (if picked up by the lessee)
 - changing locations (if periodic payments **and** delivered to lessee.)
- **Items of tangible personal property that are subject to a local lease transaction tax** (such as the City of Chicago’s Personal Property Lease Transaction Tax) are **exempt** from State and local ROT on lease receipts under P.A. 103-592.

Daily Filing: ST-556 and ST-556-LSE

Public Act 103-592: Discount Caps for ST-556/ST-556-LSE Returns Due 1/1/2025

ST-556/ST-556-LSE discount cap:

In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, **such discount shall be taken with each such tax remittance** instead of when such retailer files his periodic return, but, **beginning with returns due on or after January 1, 2025**, the discount allowed under this Section and the Retailers' Occupation Tax Act, including any local tax administered by the Department and reported on the same transaction return, shall not exceed **\$1,000 per month** for all transaction returns filed during the month. (35 ILCS 105/9)

ST-556 Discount Cap Effective in December 2024

Discount capped at \$1,000 per month, per account for ROT accounts that file on a transaction-by-transaction (daily) basis

- Vehicle deals with a **date of delivery 12/12/2024 or after** are due on or after 1/1/2025
- If amended returns (ST-556-X) are filed throughout the month, discounts on previously filed returns need to be adjusted.
 - **The important received date is that of the original return, not the amended return.**
 - Amended returns do not need to be filed only to claim the discount
 - ST-556 & ST-556-LSE transactions filed in same account are aggregated towards the \$1,000 monthly cap

Bulk of daily returns are filed through **3rd party software vendors** who register with IDOR's Electronic Commerce Division.

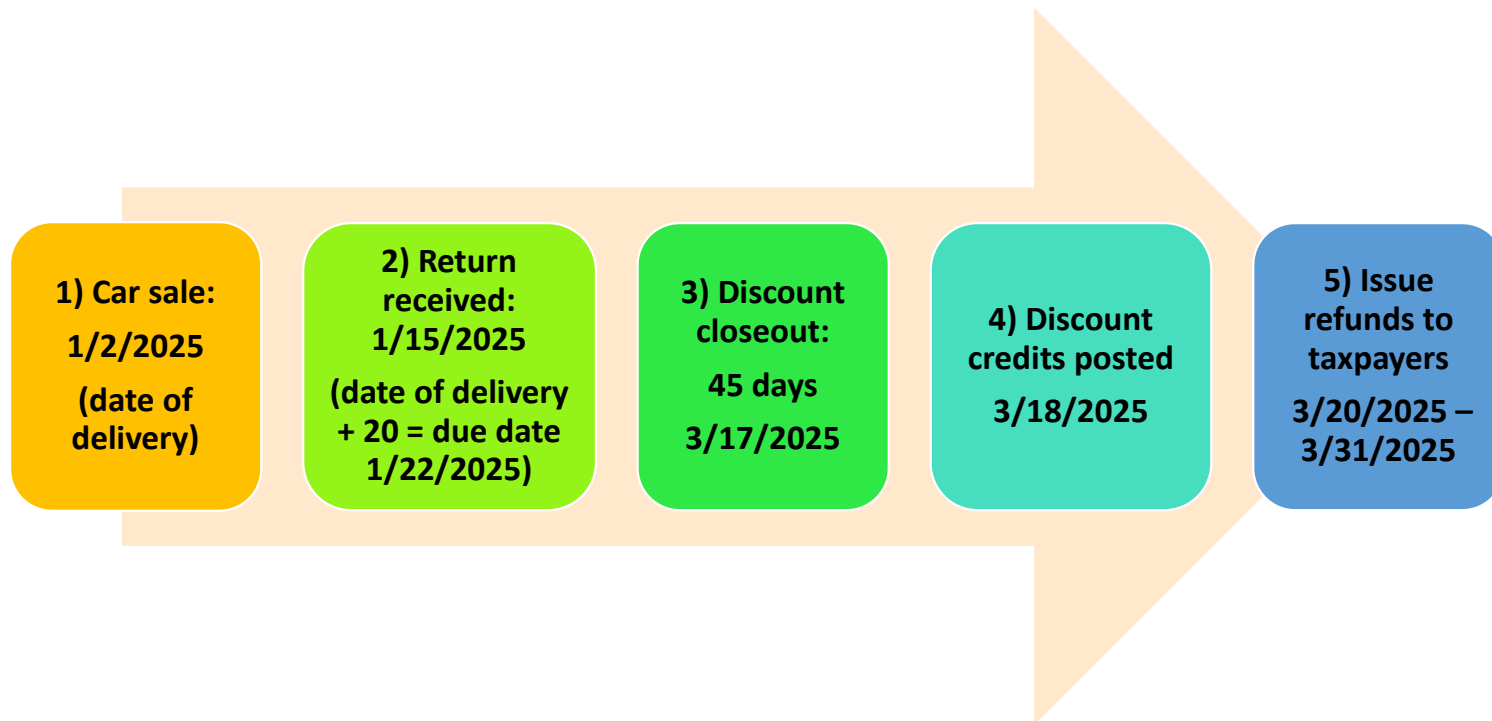
ST-556 \$1,000 Discount Cap: What to Expect

1. Perjury statement on ST-556 and ST-556-LSE has been updated to allow a taxpayer to claim available discount.
2. Discount lines have been systemically deactivated on ST-556/ST-556-LSE on MyTax Illinois and by 3rd party software vendors.
3. Dealers will pay full tax amount due on ST-556/ST-556-LSE return.
4. Monthly reconciliation process runs and posts discount credit to the month-end period on the account
 - a. Discount transactions are kept separate from credit rolls.
 - b. Month-end period is created systemically if no sales for the month-end date.
 - c. If there is debt on the month-end period due to underpayments, the discount credit **will offset**.
5. Taxpayer issued up to \$1,000 refund via automatic refund job. Once process starts, taxpayers will receive refunds **monthly**
6. Amended returns: during reconciliation, compare to original and any discount difference is debited against original return period.

ST-556/ST-556-LSE

\$1,000 Discount Cap:

January 2025 Discount refund timeline





Alcohol, Tobacco, and Fuel

Kathleen Blessing
Alcohol, Tobacco, and Fuel Division
Manager

The Alcohol, Tobacco, and Fuel Division

- Responsible for several of the larger excise taxes for the Illinois Department of Revenue
- Brought in over \$3.9 billion during FY-2024
- More than 90% of returns are filed and paid electronically using MyTax Illinois or through direct file using our webservices-base gateway, MyDevPortal.



The Alcohol, Tobacco, and Fuel Division

(continued)

- Three processing sections:
 - **Alcohol and Tobacco Processing** which process alcohol, tobacco, and cannabis cultivators tax returns and issue assessments.
 - **Motor Fuel Tax & Refunds** which processes motor fuel tax returns and refunds for off-road use of motor fuel.
 - **Motor Fuel Use Tax** which upholds the International Fuel Tax Agreement (IFTA) for Illinois. They issue licenses and decals and process quarterly returns for interstate carriers based in Illinois.

Alcohol and Tobacco Processing

(NEW) Tobacco Uniformity Project

- Common agreed definitions
- Uniform forms
- Easier for industry to comply with filing requirement
- Offers best method for reducing inefficiencies in tax administration and combating tax evasion
- Foster better communication between the states.
- Uniform forms can be used for states to share information with other states



Alcohol and Tobacco Processing (continued)

- Tobacco Uniformity Project – Rolled out in December 2024
- Required to report Tobacco products received and disbursed.
- Beginning with January 2025 tax period and going forward, taxpayers use the Tobacco Uniformity format.
 - Use MyTax Illinois for entering the data or submitting data under 50 MB as a CSV formatted file.
 - Direct File using schema formatted in XML transmitted through MyDevPortal.

Motor Fuel Tax Rate

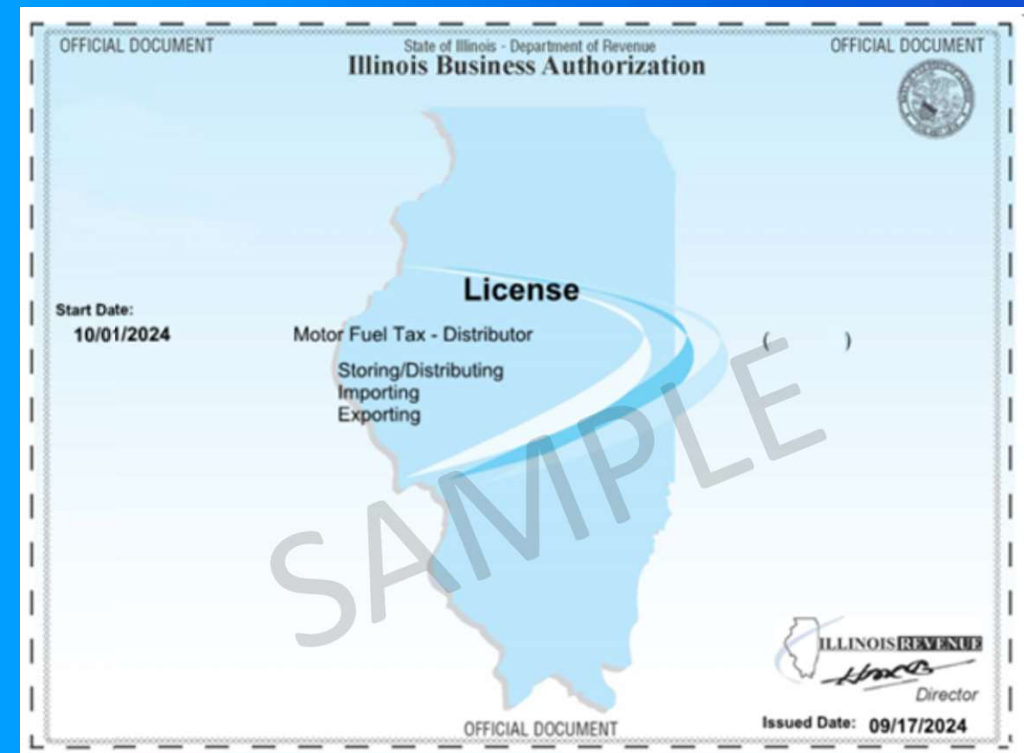
The current Motor Fuel Tax Rate effective July 1, 2024, through June 30, 2025:

Gasoline	\$0.47 per gallon
Diesel	\$0.545 per gallon
CNG	\$0.47 per GGE
LPG	\$0.545 per gallon
LNG	\$0.545 per gallon

The Law provides that the rate of tax will be increased annually on July 1 of each year by an amount equal to the percentage increase, if any, in the Consumer Price Index for All Urban Consumers for all items published by the United States Department of Labor for the 12 months ending in March of each year, rounded to the nearest one-tenth of one cent.

Motor Fuel Tax and Refunds

- Taxed at the Distributor/Supplier/Receiver level
- Licensed distributors/suppliers allow sales of product tax-free between other licensed distributors/suppliers



Motor Fuel Tax-Free Sales

Only licensed distributors and suppliers can make tax-free sales of motor fuel:

1. Sale is made to a licensed distributor (or supplier if special fuel sale).
2. Sale is made with delivery to a purchaser outside of Illinois. Must hire the carrier if do not own trucks.
3. Sale to Federal Government or its instrumentalities

Motor Fuel Tax-Free Sales (continued)

Only licensed distributors and suppliers can make tax-free sales of motor fuel:

4. Sale made to a municipality owning and operating a local transportation system for public service in this State when an official certificate of exemption is obtained in lieu of the tax.
5. Sale of dyed diesel fuel is made to the end user of the fuel.



Illinois Department of Revenue
RMFT-5 Motor Fuel

Distributor/Supplier Tax Return

REV 01
E S ____/____/____
NS DP CA

Do not write above this line.

Step 1: Identify yourself

Name _____ Reporting period _____ / _____ / _____
Month Year

Address _____
Number and street

City _____ State _____ ZIP _____

Distributor license number **D** _____ - _____
OR
 Supplier license number **S** _____ - _____

Telephone number (____) _____ - _____

Note: All calculations of tax are based on gallon measurements (i.e., a liquid gallon, a gasoline gallon equivalent, or a diesel gallon equivalent). For more information, see instructions for **each** column.

Step 2: Figure your total gallonage for the month

	Column 1 <small>Gasoline Tax Rate</small>	Column 2 <small>Diesel Fuel Tax Rate</small>	Column 3 <small>Dyed diesel fuel</small>
1 Enter your actual (stick) inventory at the beginning of the month. This amount must agree with closing inventory of preceding month's return.	1 _____		
2 Enter the number of gallons			
a produced, acquired, received, or transported into Illinois tax-free (Schedule A, SA, or DA)	2a _____		
b produced, acquired, received, or transported into Illinois tax-paid (Schedule E or SE)	2b _____		
c of combustible gases/1-K kerosene/alcohol sold for highway use (Schedule GA-1)	2c _____		//////////
3 Add Lines 1 through 2c. Remember to do calculations within each column.	3 _____		
4 Enter your actual (stick) inventory at the end of the month.	4 _____		
5 Subtract Line 4 from Line 3. This is your net gallonage for the month. You must account for your nontaxable and taxable gallonage within Step 3 and Step 4.	5 _____		

Step 3: Figure your nontaxable gallonage

6 Enter the number of gallons sold to the federal government, etc. (Schedule B, SB, or DB)	6 _____		
7 Enter the number of gallons exported from Illinois (Schedule C, SC, or DC)	7 _____		
8 Enter the number of gallons			
a sold and distributed tax-free to a licensed distributor or supplier (Schedule D, SD, or DD)	8a _____		
b sold and distributed tax-free to other than a licensed distributor or supplier (Schedule DD-1)	8b //////////	//////////	
c of dyed diesel fuel you used for nonhighway purposes	8c //////////	//////////	//////////
9 Enter the number of gallons lost due to fire, leakage, spillage, etc. (Schedule F)	9 _____		
10 Enter the number of gallons of your loss due to temperature variation or evaporation or your gain due to temperature variation. Complete Line 10a or 10b per column.			
a Loss. The amount of losses you claim are limited. See instructions.	10a _____		
b Gain.	or 10b (____) (____) (____)		
11 Add Lines 6 through 10b. This is your total nontaxable gallonage.	11 _____		
12 Subtract Line 11 from Line 5. The amount in Column 3 should be zero.	12 _____		

Step 4: Figure your gross taxable gallonage

13 Enter the number of gallons sold and distributed for all other purposes.	13 _____		//////////
14 Enter the number of gallons you used for operating motor vehicles on public highways or for operating recreational-type watercraft on waters of Illinois.	14 _____		//////////
15 Enter the number of gallons you used for nontaxable (nonhighway) purposes.	15 _____		//////////
16 Add Lines 13, 14, and 15. This is your gross taxable gallonage. This amount must agree with Line 12.	16 _____		//////////

Step 5: Figure your net taxable gallonage

17 Enter the number of gallons on which tax was paid at the time of purchase. (Schedule E or SE)	17 _____		//////////
18 Subtract Line 17 from Line 16. This is your net taxable gallonage.	18 _____		//////////

Distributor /Supplier Return

Form RMFT-5 Page 2

Follow our instructions for **each** column.

Column 1
Gasoline Tax Rate

Column 2
Diesel Fuel Tax Rate

Column 3
Dyed diesel fuel

Step 6: Figure your tax

19 Figure your gross tax due. If the amount on Line 18 is greater than zero, enter the amount from Line 18 on the line provided below and multiply by the tax rate. Otherwise, enter "0" on Lines 19 - 21 within the column.

a _____ X gasoline tax rate. Enter the result on Line 19, Column 1.
Column 1, Line 18

b _____ X diesel fuel tax rate. Enter the result on Line 19, Column 2. **19** \$ _____ \$ _____
Column 2, Line 18

20 If you are filing this return on time and paying your tax due in full, figure your 1.75% collection discount. If Line 19 is greater than zero, subtract Line 17 from Line 13. If the difference is zero or less, enter "0" on Line 20 within the appropriate column. Otherwise, enter the difference on the line provided below and complete the formula.

a _____ X gasoline tax rate X 0.0175. Enter the result on Line 20, Column 1.
Col 1, Line 13 - Line 17

b _____ X diesel fuel tax rate X 0.0175. Enter the result on Line 20, Column 2. **20** \$ _____ \$ _____
Col 2, Line 13 - Line 17

21 Subtract Line 20 from Line 19. This is your net tax due by fuel type. **21** \$ _____ \$ _____

22 Add Column 1, Line 21 and Column 2, Line 21. This is your **tax due**. **22** \$ _____

Step 7: Figure the amount you owe

23 Enter the amount of credit you wish to apply. (See instructions.) **23** \$ _____

24 Subtract Line 23 from Line 22 and enter the result on Line 24. This is the **amount you owe**.
 Make your check payable to "Illinois Department of Revenue." **24** \$ _____

Step 8: Sign and date your return

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.

Signature of person, other than taxpayer, who prepared this return _____ Date _____ Taxpayer's name _____

Preparer's phone number _____ Signature and title of taxpayer _____ Date _____



What is IFTA?

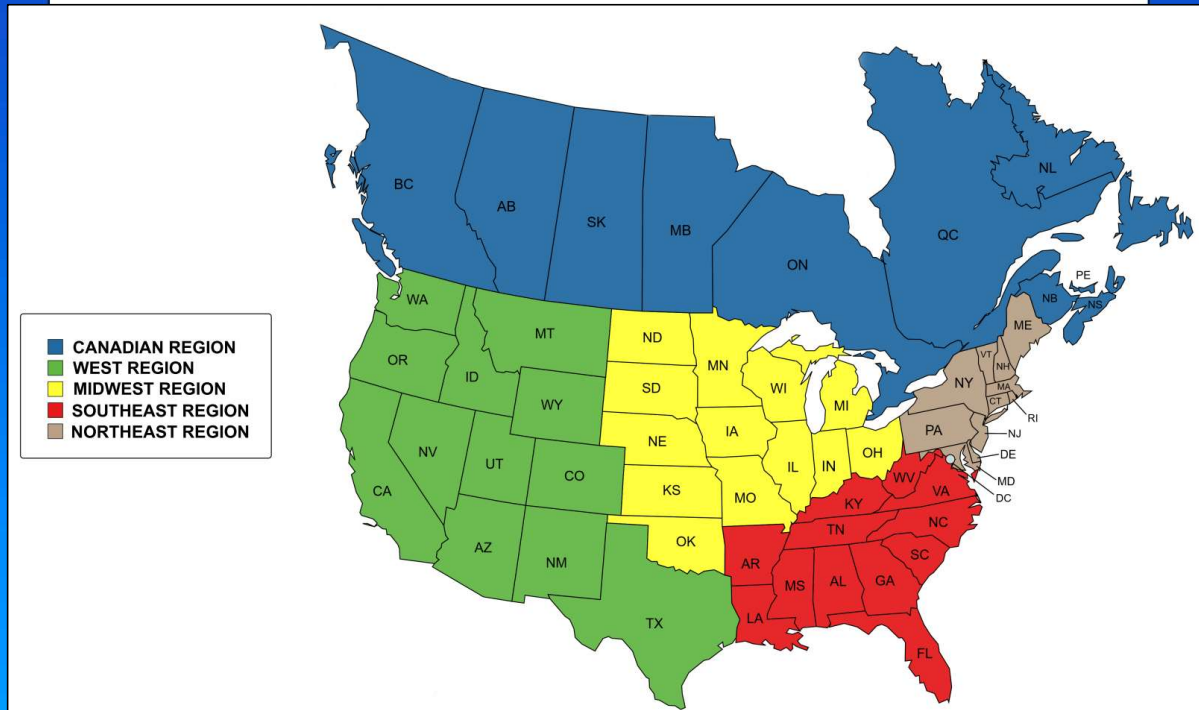
- The International Fuel Tax Agreement-base jurisdiction concept
- A tax collection agreement by and among the 48 contiguous States and 10 Canadian Provinces bordering the US
- Uniform administration of motor fuels use taxation laws with respect to qualified motor vehicles operated in more than one member jurisdiction
- Retention of Sovereign Authority to determine tax rates, exemptions and exercise other substantive tax authority
- Uniform Definition of Qualified Motor Vehicle (QMV)

Qualified Motor Vehicle

- Motor vehicle used, designed or maintained for the transportation of persons or property, and
- Gross vehicle or registered gross vehicle weight of over 26,000 lbs. or 11,797 kgs.; or
- Having three or more axles regardless of weight; or
- Used in combination when the weight of the combination exceeds 26,000 lbs. or 11,797 kgs.

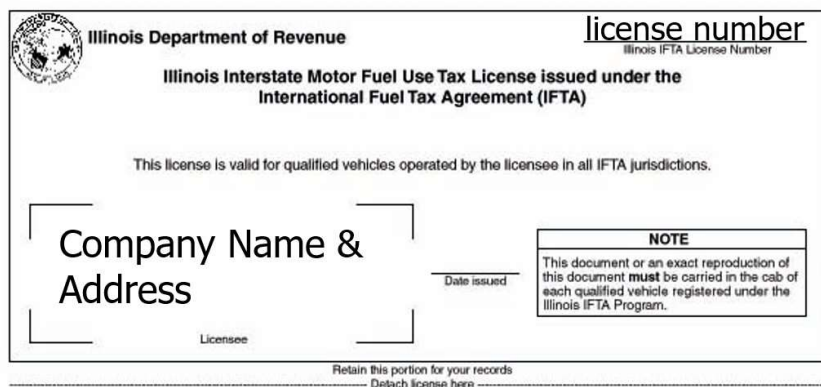
- Any person based in a member jurisdiction operating a qualified motor vehicle in two or more member jurisdictions
- Base Jurisdiction
 - Where qualified motor vehicles are registered (IRP)
 - Where operational control and operational records are maintained, or can be made available
 - Where some travel is accrued

Licensing



Licensing (continued)

- Carrier submits license application to base jurisdiction
- Base jurisdiction reviews and processes application
- Once approved, base jurisdiction issues
 - 1 IFTA license and
 - 2 decals for each QMV operated



Illinois Department of Revenue

license number
Illinois IFTA License Number

Illinois Interstate Motor Fuel Use Tax License issued under the
International Fuel Tax Agreement (IFTA)

This license is valid for qualified vehicles operated by the licensee in all IFTA jurisdictions.

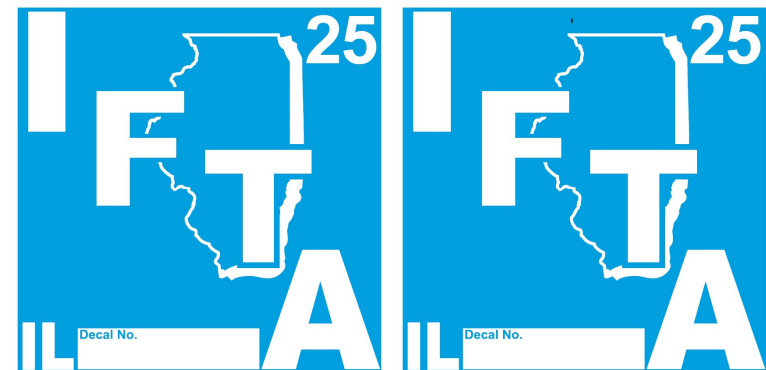
Company Name &
Address

Date issued

Licensee

NOTE
This document or an exact reproduction of
this document **must** be carried in the cab of
each qualified vehicle registered under the
Illinois IFTA Program.

Retain this portion for your records
Detach license here



Recordkeeping requirements

IFTA Licensees must maintain records for four years

- Distance traveled in every jurisdiction
- Fuel purchases in every jurisdiction
- Bulk fuel storage
- Trip sheets
- Decal tracking
- Vehicle records
- Fleet totals



Reporting

- Licensee files quarterly tax return with base jurisdiction
- Reporting quarter due dates

Reporting Quarter	Due Date
January - March	April 30
April - June	July 31
July - September	October 31
October - December	January 31

- Base jurisdiction reviews and processes return

Do they need IFTA?



Do they need IFTA? (continued)



2024 Illinois IFTA Facts

- On December 31st, there were 18,500 IFTA carriers licensed in IL.
- For the 2024 decal year, IL issued 263,895 IFTA decals.
- IL licensed IFTA carriers reported just under 13 billion miles traveled in all 58 jurisdictions.
- Just under 7 billion miles were traveled in IL by licensed IFTA carriers from all 58 jurisdictions.
- Just over 1 billion gallons of Diesel fuel were purchased in IL by all IFTA carriers.





Modernized eFile (MeF)

Jeremy Alexander
Electronic Commerce Division
Manager

Modernized e-File (MeF) (1 of 2)

- MeF is a web-based system developed by the Internal Revenue Service (IRS) and shareholders (tax pros and software vendors) to allow electronic filing of tax returns.
- IDOR utilizes this method for our Business Income Tax (BIT) and Individual Income Tax (IIT) returns.
- If you use software to personally complete your returns, it is being transmitted via MeF.



Modernized e-File (MeF) (2 of 2)

- MeF is our only electronic source of BIT returns. In calendar year 2024, we received 642,147 BIT returns and 25,503 stand-alone payments via MeF.
- MeF is our primary electronic source of IIT returns. In calendar year 2024, over 98% of all electronic IIT returns were received via MeF.

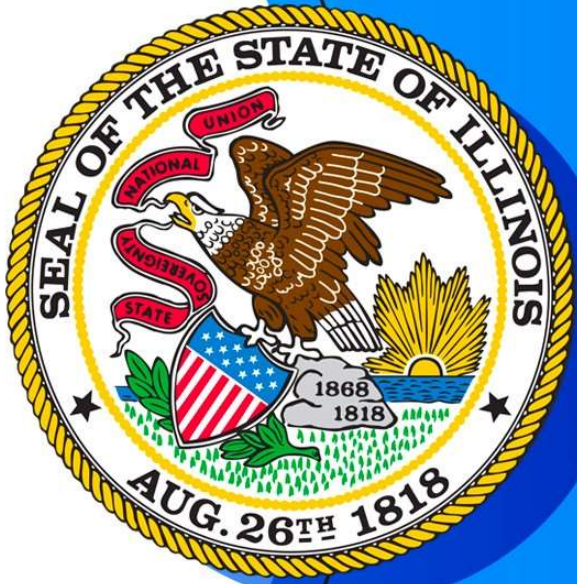


MeF Processing for BIT Returns

- Opened January 15, 2025 (with the IRS)
- Available for IL-1120, IL-1120-ST, IL-1065 and IL-1041 returns, their supporting schedules, and stand-alone payments
- **20 approved vendors**
- **109,991 returns and 5,305 stand-alone payments accepted so far this season**
- **Overall rejection rate so far this season – 1.39%**

MeF Processing for IIT Returns

- Opened January 27, 2025 (with the IRS)
- Available for IL-1040 and IL-1040-X returns and their supporting schedules
- **35 approved vendors total – 23 approved for IL-1040-X**
- **1,976,511 returns accepted so far this season**
- **Overall rejection rate so far this season – 7.34%**



Secure Choice

Whitney Elders

Secure Choice Project Manager

Secure Choice (1 of 2)

- Retirement Savings Program
- Promotes convenient, low-cost portable savings for private-sector employees
- Illinois Treasurer's Office oversees the Illinois Secure Choice Savings Program, but Ascensus has been selected to administer the retirement savings program.
- www.ILSecureChoice.com



Secure Choice (2 of 2)

- Pilot began in May 2018
- Program amended in 2021
- Secure Choice applies to:
 - Employers with 5 or more employees
 - Employers who have been in business for 2+ years
 - Employers who do not offer a qualified retirement savings plan



IDOR's Role in Secure Choice

- Responsible for enforcement
- Penalties became operative in calendar year 2023
- First time penalty for non-compliance = \$250/employee
- Subsequent penalty for non-compliance = \$500/employee

Secure Choice and Tax Professionals

- If the employer is already offering a qualified retirement savings plan, contact Secure Choice to let them know.
 - Secure Choice will mark the business as exempt from the program.
- Employers without a qualified retirement savings program will need to register their business with EIN/TIN and Illinois Secure Choice access code (found on correspondence).
- Employers simply need to inform employees that this is an option.
- Employees can opt out of program.
- IDOR Contact - Whitney Elders (Whitney.Elders@Illinois.gov)



Contact Information

Telephone: 1.800.732.8866

Telephone: 1.217.782.3336

Business Hot Line: 1.217.524.4772

MyTax Illinois Help: rev.mytaxhelp@illinois.gov

Website:

- tax.illinois.gov
- mytax.illinois.gov