

ILLINOIS REGISTER
DEPARTMENT OF REVENUE
NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Income Tax
- 2) Code Citation: 86 Ill. Adm. Code 100
- 3) Section Number: 100.5150 Proposed Action:
Amendment
- 4) Statutory Authority: 35 ILCS 5/502(f) and 5/1401
- 5) A Complete Description of the Subjects and Issues Involved: This rulemaking amends 86 Ill. Adm. Code Section 100.5150 to allow partnerships and Subchapter S corporations to claim credits against income tax on behalf of their partners or shareholders who elect to join in a composite return. Previously, no credits could be claimed on a composite return, so a partner or shareholder wishing to claim a credit would have to file his or her own return.
- 6) Published studies or reports and sources of underlying data used to compose this rulemaking:
None
- 7) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? Yes

<u>Section Number</u>	<u>Proposed Action</u>	<u>IL Register Citation</u>
100.3374	New Section	32 Ill. Reg. 19894; December 26, 2008
100.7300	Amendment	33 Ill. Reg. 7570; June 12, 2009
100.7300	Amendment	33 Ill. Reg. 9235; July 6, 2009
100.3400	Amendment	33 Ill. Reg. 11201; July 31, 2009
100.3405	New Section	33 Ill. Reg. 11201; July 31, 2009

- 11) Statement of Statewide Policy Objective: This rulemaking does not create a State mandate, nor does it modify any existing State mandates.
- 12) Time, Place and Manner in which interested persons may comment on this rulemaking:
Persons who wish to submit comments on this rulemaking may submit them in writing by no later than 45 days after publication of this Notice to:

Paul Caselton
Deputy General Counsel - Income Tax
Illinois Department of Revenue
Legal Services Office
101 West Jefferson
Springfield, Illinois 62794

13) Initial Regulatory Flexibility Analysis:

- A) Types of small businesses, small municipalities and not-for-profit corporations affected: Small businesses operating as partnerships or Subchapter S corporations will be able to claim credits on behalf of their partners or shareholders joining in composite returns.
- B) Reporting, bookkeeping or other procedures required for compliance: None
- C) Types of professional skills necessary for compliance: None

14) Regulatory Agenda on which this rulemaking was summarized: July 2009

The full text of the Proposed Amendment begins on the next page:

SUBPART O: COMPOSITE RETURNS

Section 100.5150 Composite Return: Tax, Penalties and Interest

The amount of tax due shall be based on the amount of income properly shown on the return, and, for taxable years ending on or after December 31, 2009, may be reduced by any share of any credit earned under Article 2 of the Illinois Income Tax Code during the taxable year that is passed through to the partners or shareholders joining in the composite return. Penalties and interest shall be determined on a composite basis.

(Source: Amended at 33 Ill. Reg. _____, effective _____)