

**Illinois Department of Revenue
Regulations**

Title 86 Part 100 Section 100.2510 Subtraction for Contributions to Illinois Qualified Tuition Programs (Section 529 Plans) (IITA Section 203(a)(2)(Y))
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TITLE 86: REVENUE

**PART 100
INCOME TAX**

SUBPART F: BASE INCOME OF INDIVIDUALS

Section 100.2510 Subtraction for Contributions to Illinois Qualified Tuition Programs (Section 529 Plans) (IITA Section 203(a)(2)(Y))

- a) IITA Section 203(a)(2)(Y) allows individuals a subtraction modification in the computation of base income for taxable years beginning on and after January 1, 2002 equal to the amount contributed during the taxable year to an Illinois qualified tuition program, subject to the limitation described in subsection (b) of this Section. For purposes of this Section, "Illinois qualified tuition program" means:
 - 1) A College Savings Pool Account under Section 16.5 of the State Treasurer Act [15 ILCS 505/16.5].
 - 2) For taxable years beginning on and after January 1, 2005, an Illinois Prepaid Tuition Trust Fund under the Illinois Prepaid Tuition Act [110 ILCS 979].
- b) For taxable years beginning on or after January 1, 2005, the total subtraction modification allowed a taxpayer under IITA Section 203(a)(2)(Y) and subsection (a) of this Section shall not exceed \$10,000 (\$20,000 if married filing jointly) per taxable year.
- c) "Contribution" Defined. For purposes of IITA Section 203(a)(2)(Y) and this Section, the term "contribution" means any payment directly allocated to an account for the benefit of a designated beneficiary or used to pay late fees or administrative fees associated with the account. In the case of a College Savings Pool Account, the contribution is the amount paid by the taxpayer to the College Savings Pool. In the case of an Illinois prepaid tuition contract, the contribution is the amount paid by the taxpayer for the contract under Section 45 of the Illinois Prepaid Tuition Act [110 ILCS 979/45].
 - 1) Rollovers
 - A) From an Out-of-State Plan. In the case of a rollover, as defined under IRC Section 529(c)(3)(C)(i), in which an amount is transferred from a qualified tuition program established and maintained by another state to an Illinois qualified tuition program, only the portion of the rollover that constituted investment in the account for federal income tax purposes shall be considered a contribution for purposes of IITA Section 203(a)(2)(Y) and this Section. (See IITA Section 203(a)(2)(Y).)

- B) From an Illinois Plan. In the case of a rollover, as defined under IRC Section 529(c)(3)(C)(i), in which an amount is transferred from one Illinois qualified tuition program to another Illinois qualified tuition program, no portion of the rollover shall be considered a contribution for purposes of IITA Section 203(a)(2)(Y) and this Section. The purpose of the subtraction modification for contributions to an Illinois qualified tuition program is to encourage and better enable Illinois families to finance the costs of higher education by increasing savings for higher education. A taxpayer's savings for higher education is not increased when amounts are rolled over from one Illinois plan to another Illinois plan. In addition, IITA Section 203(g) prohibits deduction of the same item more than once.
- 2) Change in Beneficiaries. A change in the beneficiaries of an existing plan shall not be considered a contribution for purposes of IITA Section 203(a)(2)(Y) and this Section.
- 3) Employer Contributions. For purposes of this subtraction, contributions made by an employer on behalf of an employee under IITA Section 218 shall be treated as made by the employee.
- d) Limitations on Subtraction Modification
 - 1) The subtraction modification under IITA Section 203(a)(2)(Y) is allowed only to individuals. In the case of a contribution to a College Savings Pool Account, the subtraction is allowed only to the account "participant" or "donor" as defined in Section 16.5 of the State Treasurer Act. In the case of a contribution to an Illinois prepaid tuition contract, the subtraction is allowed only to the account "purchaser" as defined in Section 10 of the Illinois Prepaid Tuition Act.
 - 2) The subtraction modification is allowed only for contributions to either the Illinois College Savings Pool or Illinois Prepaid Tuition Trust Fund. There is no subtraction modification for contributions to a qualified tuition program established and maintained by another state.

(Source: Added at 35 Ill. Reg. 15092, effective August 24, 2011)