



informational

Bulletin

Constance Beard, Director

Standard Exemption Amount Changes

To: Individuals, employers, payroll service providers, software developers, and payers of gambling and lottery winnings who withhold Illinois Income Taxes

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

This bulletin summarizes the standard exemption amount change for individuals per Public Act 100-0865 which amended 35 ILCS 5/204.

For information or forms

Visit our website at:
tax.illinois.gov

Publications and Forms:

- IL-W-4 (R-07/17)
- IL-700-T (R-08/18)

Call us at:
**1 800 732-8866 or
217 782-3336**

Call our TDD:
(telecommunications device
for the deaf) at:
1 800 544-5304

What are the changes to the standard exemption amount?

- The standard exemption calculation including the cost-of-living adjustment has been extended to taxable years ending on or before December 31, 2023.
- The calculation for the personal exemption is now the basic exemption amount of \$2,050 plus the cost-of-living adjustment. This has resulted in the personal exemption amount for tax year 2018 to be increased from \$2,000 to \$2,225.

How do the changes to the standard exemption amount affect employees' and payees' withholding?

The changes will most likely be unremarkable, possibly resulting in

- 2018 prior withholding amounts to be **slightly** more than what is required, and
- a **small** decrease in the amount of Illinois income tax required to be withheld for the rest of the year.

Employees and payees who are concerned with their withholding amounts for 2018 may complete a new Form IL-W-4, Employee's and other Payee's Illinois Withholding Allowance Certificate, to update their exemption amounts and their Illinois withholding.

How do the changes to the standard exemption amount affect employers and payers withholding responsibilities?

The changes resulting from the increase in the standard exemption will be minor. Employers and Payers should adjust their withholding amounts based upon the new personal exemption amount. Publication IL-700-T, Illinois Withholding Tables, has been updated to show the new exemption amounts and the formula below shows how the withholding amount should be determined.

$$.0495 \times \left(\text{Wages} - \left(\frac{(\text{IL-W-4, Line 1 allowances} \times \$2,225) + (\text{IL-W-4, Line 2 allowances} \times \$1,000)}{\text{number of pay periods in a year}} \right) \right)$$