



Publication 131

January 2017

Withholding Income Tax Payment and Filing Requirements

The information in this publication is current as of the date of the publication. Please visit our website at **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.

About this publication

This publication guides an employer or payer in paying and reporting Illinois Withholding Income Tax. You need to know this information if you are an employer or withholding agent.

The objectives of this publication are to explain

- when and how to make your payments and file your returns, and
- the different payment schedules.

Related publications: Publication 121, Illinois Income Tax Withholding for Household Employees, and Publication 130, Who is Required to Withhold Illinois Income Tax. See Booklet IL-700-T, Illinois Withholding Income Tax Tables, to calculate withholding.

Contents

Who must file Form IL-941?	2
When am I required to file Form IL-941?	2
What if I am filing my first IL-941 return?	2
When am I required to pay?	2
How do I pay and file?	2
How do I calculate how much my IL-501 payments should be?	3
Where do I report the amount of Illinois Income Tax I withheld from my employee's or other's pay?	3
How can I file or pay electronically?	3
What is the "look-back" period?	3
What if my business name or address has changed?	3
What if I no longer have employees or my business has closed?	3
What if I registered for Withholding Income Tax in error?	4
What if my due date falls on a weekend or state recognized holiday?	4
Where do I get help?	4
Descriptions of the payment and return schedules	4

For information or forms

- Visit our website at **tax.illinois.gov**
- Call **1 800 732-8866** or **217 782-3336**
- Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois

Independent Tax Tribunal, or by filing a complaint in circuit court.

- If you have overpaid your taxes, you have the right, within specified time periods, to a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other department procedures, you may write us at the following address:

**Problems Resolution Office
Illinois Department of Revenue
PO Box 19014
Springfield, IL 62794-9014**

Get forms and other information at tax.illinois.gov

General Information

Who must file Form IL-941?

You must file Form IL-941 if you paid amounts subject to Illinois withholding income tax (either required or by voluntary agreement), such as:

- Wages and other employee compensation including bonus, overtime, and commission pay, usually reported to the recipient on a Form W-2.
- Non-wage income such as pensions, annuities, unemployment income, and sick pay for which you have agreed to voluntarily withhold Illinois Income Tax, usually reported to a recipient on a Form 1099.
- Gambling and lottery winnings (paid by the entity issuing the winnings such as the Illinois Lottery or a casino), usually reported to a recipient on a Form W-2G.
- Amounts paid to purchase rights to Illinois lottery winnings reported on a Form 1099-MISC.

Note: Form IL-941 is the **only** form used to report Illinois Income Tax withholding with the exception of household employee withholding, which can be reported on Form IL-1040, Individual Income Tax return. If you have household employees, see Publication 121, Illinois Income Tax Withholding for Household Employees.

For more information, see **Publication 130**, Who is Required to Withhold Illinois Income Tax.

You **must file** Form IL-941 **even if no tax was withheld** during the reporting period (e.g., employees who are seasonal workers). If you discontinue having Illinois employees, complete Step 2, Line B, for your final reporting period.

When am I required to file Form IL-941?

Your Form IL-941 return will be due quarterly. **The Form IL-941 is due by the last day of the month that follows the end of the quarter - refer to the "Quarterly Filer" table.** See the Form IL-941 Instructions for more information. **Unlike the federal government, you do not file an annual reconciliation return.**

Important:

- If the return due date falls on a weekend or holiday, Form IL-941 is due on the next business day.
- Quarterly Filers will be assigned to make either monthly payments, or semi-weekly payments.

What if I am filing my first IL-941 return?

If you are filing your first return, check the appropriate box on Form IL-941, Step 1, or sign up for our online filing program, **MyTax Illinois**, on our website at tax.illinois.gov.

When am I required to pay?

There are two different payment schedules — **monthly** and **semi-weekly**. Your payment due dates are determined by

1. the payment schedule **we** assign to you based on your liability, and
2. the day you pay your payees from whom tax is withheld.

The due dates are as follows:

- **Monthly** IL-501 payments are due by the 15th day of the month following the month in which the tax was withheld.
- **Semi-weekly** IL-501 payments are due by **Wednesday** for amounts withheld on the preceding Wednesday, Thursday, or Friday, and by **Friday** for amounts withheld on the preceding Saturday, Sunday, Monday, or Tuesday.

For monthly payers - If your withholding during a quarter exceeds \$12,000, you must start making semi-weekly payments in the following quarter.

Electronic mandates for Illinois withholding income tax: You must make withholding tax payments electronically if you are assigned to the semi-weekly payment schedule. These payments are generally due three to seven days after each payroll or other payment subject to withholding.

Note: You will owe a **late-payment penalty** if you do not pay the tax you owe by each payment due date.

Withholding income tax is not considered withheld until the date you pay your employees.

How do I pay and file?

The forms used to pay and file withholding income tax are:

- **the IL-501, Payment Coupon and Instructions** (used to make withholding payments to the Department), and
- **the IL-941, Illinois Withholding Income Tax Return** (used to file quarterly to report Illinois withholding tax amounts to the Department).

Form IL-941 has been updated to include entry of your payroll dates and amounts. See Form IL-941 Instructions for more information

We encourage all taxpayers to file and pay electronically using **MyTax Illinois**. Visit our website at tax.illinois.gov for more information regarding our electronic program. **Taxpayers assigned to the semi-weekly schedule must make all payments electronically.**

Note **Make separate payments if your liability is for two separate quarters.**

Be sure to identify the reporting period to which each payment applies. Otherwise, a penalty could result for the payment being applied to the incorrect period.

For example: If you are assigned to the semi-weekly payment and quarterly return schedule, and your tax withheld is from two different quarters, then send us two separate payments to reflect the tax being reported on two different returns (IL-941). If you pay one half of your employees on Saturday, September 30, 2017, and the other half of your employees on Monday, October 2, 2017, both payments are due on Friday, October 6, 2017. However, the payday of September 30, 2017, is in the 3rd quarter and the payday of October 2, 2017, is in the 4th quarter. Therefore, two separate payments are required.

Note: Withholding income tax is a "trust" tax and may be subject to penalty and interest if not reported correctly or paid timely. For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes.

Quarterly Filer

Your Form IL-941 is due by the last day of the month that follows the end of the quarter.

The quarter includes...	Quarter ends	IL-941 is due
1. January, February, March	March 31	April 30
2. April, May, June	June 30	July 31
3. July, August, September	September 30	October 31
4. October, November, December	December 31	January 31

How do I calculate how much my IL-501 payments should be?

The IL-501 payments you make should be the **exact amount you withheld from your payee minus any credits** you may have available. For example:

Example 1: Monthly payment schedule (no credits)

Your January 1 - January 31 payroll totaled \$15,000.00; you withheld Illinois Income Tax totaling \$600.00 from your employees' pay; and you have no available credits on your account. Your IL-501 payment should be \$600.00.

Payroll total =	\$15,000.00
IL withholding total =	\$600.00
Credits =	\$ 0.00
IL-501 payment =	\$600.00

Example 2: Monthly payment schedule (with credits)

Your January 1 - January 31 payroll totaled \$15,000.00; you withheld Illinois Income Tax totaling \$600.00 from your employees' pay; and you received a DCEO credit of \$250.00 that was available for use. Your IL-501 payment should be \$350.00.

Payroll total =	\$15,000.00
IL withholding total =	\$600.00
DCEO credits =	- \$250.00
IL-501 payment =	\$350.00

Please plan your payments accordingly so that your account remains in balance.

Example 3: Semi-weekly payment schedule (no credits)

Your January 1 - January 7 payroll totaled \$18,000.00; you withheld Illinois Income Tax totaling \$2,000.00 from your employees' pay; and you have no available credits on your account. Your IL-501 payment should be \$2,000.00.

Payroll total =	\$18,000.00
IL withholding total =	\$2,000.00
Credits =	\$ 0.00
IL-501 payment =	\$2,000.00

Example 4: Semi-weekly payment schedule (with credits)

Your January 1 - January 7 payroll totaled \$20,000.00; you withheld Illinois Income Tax totaling \$4,000.00 from your employees' pay; and you received a DCEO credit of \$500.00 that was available for use. Your IL-501 payment should be \$3,500.00.

Payroll total =	\$20,000.00
IL withholding total =	\$4,000.00
DCEO credits =	- \$500.00
IL-501 payment =	\$3,500.00

Please plan your payments accordingly so that your account remains in balance.

Note: See Publication IL-700-T for the exact amount to withhold from your employee's/payee's income.

Where do I report the amount of Illinois Income Tax I withheld from my employees' or others' pay?

You must report the amount of Illinois Income Tax you withheld, based upon the date you issued payroll, on Step 4 of your IL-941 return. **Note:** If you withheld no Illinois Income Tax from your employees or payees during a given month, make sure to enter "0" in the total line for that month.

For example:

- You withheld no Illinois Income Tax from your payroll on January 15 and January 30. On the first month of the quarter, enter the total of "\$0" for your January payroll on Line 2a and Line 2b.
- You withheld Illinois Income Tax from your payroll on February 15 of \$225 and February 28 of \$300. On the second month of the quarter, enter \$225 on the 15th and \$300 on the 28th. Then enter the total of \$525.00 on Line 2c.
- You withheld Illinois Income Tax from your payroll on March 15 and March 30 of \$300 each. On the third month of the quarter, enter \$300 on the 15th and \$300 on the 30th. Then, enter the total of \$600.00 on Line 2d.
- Add Lines 2b, 2c, and 2d.
- On your Form IL-941 submitted by April 30th for the first quarter, you would report \$1,125.00 on Line 2.

For more information, see the Form IL-941 Instructions.

How can I file or pay electronically?

To file — You may use

- MyTax Illinois** or
- an IDOR-approved **Tax-Prep software program** (software you develop or purchase off-the-shelf) to file electronically.

To pay — You may use

- MyTax Illinois**,
- an IDOR-approved **Tax-Prep software program**, or
- ACH Credit payment option**.

MyTax Illinois is our online account filing and management program that is available to you, free of charge, to file, pay, and monitor your Illinois tax accounts. For detailed information, go to our website at tax.illinois.gov.

Electronic mandates for Illinois withholding income tax:

- You must make withholding tax payments electronically if you are assigned to the semi-weekly payment schedule.
- If you are federally mandated to electronically file Forms W-2 and W-2c, you are also required to electronically submit these forms to Illinois. See Publication 110, Forms W-2, W-2G, and 1099 Filing and Storage Requirements for Employers and Payers.

What is the "look-back" period?

Payment and return due dates are determined by the total amount, as reported on returns filed, that was withheld during the "look-back" period, which is the one-year period ending on June 30 of the immediately preceding calendar year. For calendar year 2017, the look-back period is July 1, 2015, through June 30, 2016.

What if my business name or address has changed?

If your business name or address has changed from your last return, check the appropriate box on Form IL-941, Step 1, or logon to your account and update your information on **MyTax Illinois**.

What if I no longer have employees or my business has closed?

If you are a seasonal business and will be opening back up during the next season, continue to file your returns. Even if you do not pay any wages or withhold any tax, you must still file a return.

If your business has **permanently** stopped withholding because 1) it has closed or 2) you no longer pay wages, check the box on Form IL-941, Step 2, Line B, and write the date you stopped paying wages. Do not forget to file a final return. You may also cease your account through **MyTax Illinois**, our online account management program, available on our website at tax.illinois.gov.

What if I registered for Withholding Income Tax in error?

To cancel your registration, call the Central Registration Division of the Illinois Department of Revenue at 217 785-3707.

What if my due date falls on a weekend or state recognized holiday?

Any time a due date falls on a weekend or state recognized holiday, we adjust the due date to the next business day.

Where do I get help?

- Visit our website at **tax.illinois.gov**
- Call us at **1 800 732-8866** or **217 782-3336**
- Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**
- Write to
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19044
SPRINGFIELD IL 62794-9044

Descriptions of the payment and return schedules

Semi-weekly Payment / Quarterly Return

Taxpayers who, during the “look-back” period, reported more than \$12,000 in withholding, are assigned to the semi-weekly payment and quarterly return schedule.

Semi-weekly payments are required to be made **electronically**. Generally, payments are due three to seven days after every payroll.

A return is due each quarter even if there is no tax withheld (for example, seasonal businesses will file a Form IL-941 reporting \$0 tax during the quarter no income is paid). On the return, total all information for the quarter and be sure to sign it. Do not file an annual return.

Note Illinois follows the federal rule that allows you at least three banking days to make your payments after you withhold tax. For example, if you withhold tax on a Friday and Monday is a holiday, your payment is due on Thursday rather than Wednesday.

Semi-weekly Payment and Quarterly Return Schedule	
Must pay electronically	File your return electronically or use Form IL-941 by
Wednesday for amounts withheld on the preceding Wednesday, Thursday, or Friday, and Friday for amounts withheld on the preceding Saturday, Sunday, Monday, or Tuesday.	the last day of April, July, October, and January.

Monthly Payment / Quarterly Return

First-time taxpayers **and** taxpayers who have reported \$12,000 or less in withholding during the “look-back” period, are assigned to the monthly payment and quarterly return schedule.

You must pay all amounts withheld during the month by the 15th day of the following month. We encourage you to use an electronic method to make your payments.

A return is due each quarter even if there is no tax withheld (for example, seasonal businesses will file a Form IL-941 reporting \$0 tax during the quarter no income is paid). On the return, total all information for the quarter and be sure to sign it. Do not file an annual return.

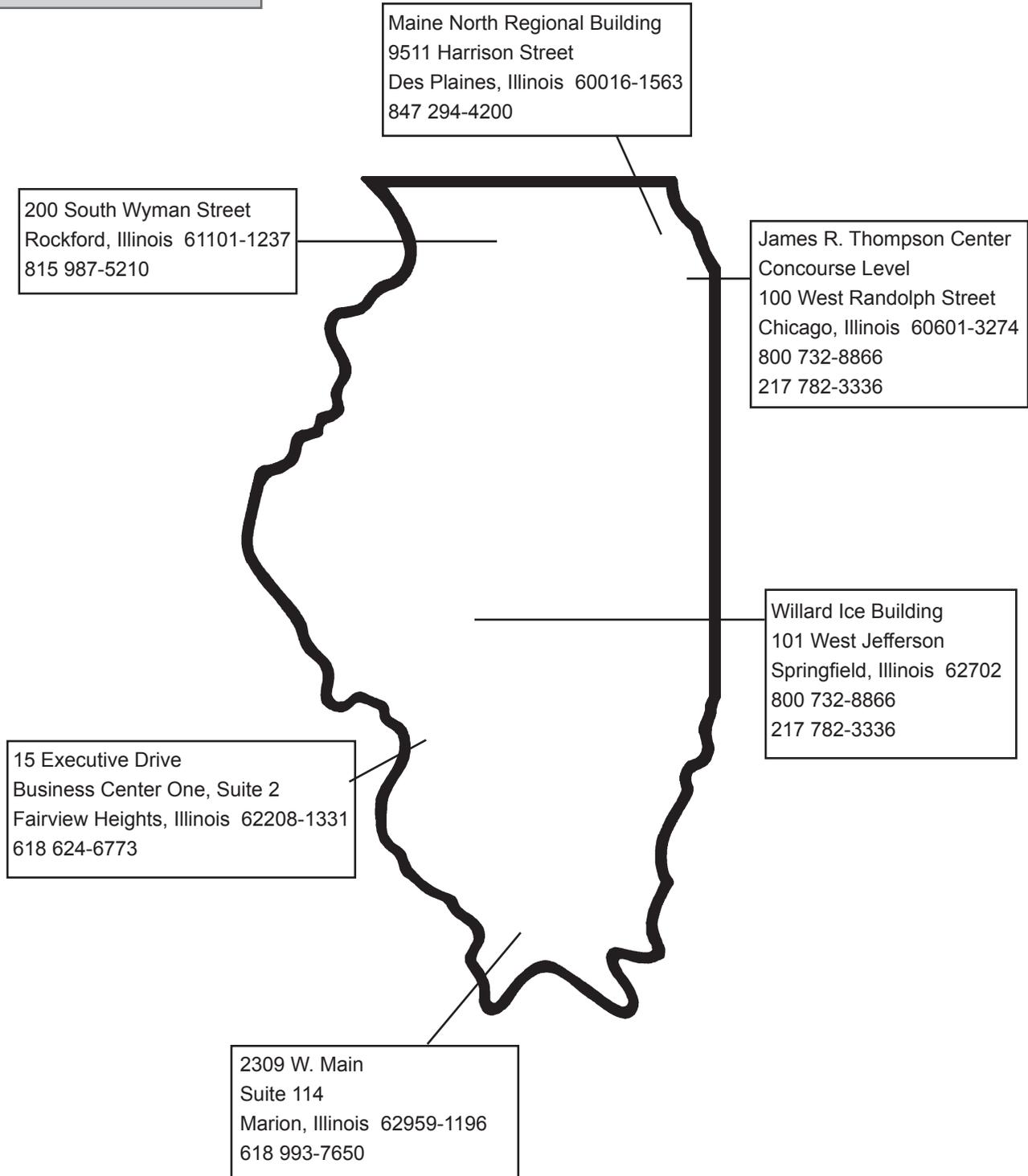
Monthly Payment and Quarterly Return Schedule	
Pay electronically or use Form IL-501 by	File your return electronically or use Form IL-941 by
15th of each month for amounts withheld in the preceding month.	the last day of April, July, October, and January.

*** Warning! Penalty information for Monthly Payers**

If you exceed \$12,000 in withholding during any quarter, your payments are required to be made **electronically** using the **semi-weekly** payment frequency in the following quarter, the remainder of the year, and the subsequent year.

Failure to comply may result in assessment of late-payment penalties. See Publication 103, Penalties and Interest for Illinois Taxes.

Office locations



For information or forms

Visit our website at tax.illinois.gov.

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

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

Write us at Illinois Department of Revenue, P.O. Box 19052, Springfield, IL 62794-9052.