



# Publication 131

February 2016

## Withholding Income Tax Payment and Filing Requirements

The information in this publication is current as of the date of the publication. Please visit our web site at [tax.illinois.gov](http://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.

### For information or forms

- Visit our website at [tax.illinois.gov](http://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

### About this publication

This publication guides an employer or payor 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 and return 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
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
How can I file or pay electronically? .....	3
What is the "look-back" period? .....	3
What if I am filing my first IL-941 return? .....	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? .....	3
Where do I get help? .....	3
What if my due date falls on a weekend or state recognized holiday? .....	3
Descriptions of the four payment and return schedules .....	4

### 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 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**

# 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 that you have agreed to voluntarily withhold taxes, 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 either quarterly or annually. **Unlike the federal government, you do not file an annual reconciliation return.** See the Form IL-941 Instructions, "End of the Year Instructions," for more information.

### Important:

1. If you are an annual return filer, do not file quarterly Form IL-941 returns.

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

2. Do not file an annual return unless
  - you were previously filing annual returns and have not received notification that your filing status has changed or
  - you have received notification from the Illinois Department of Revenue that you qualify to file annually and you have chosen to update your filing status on MyTax Illinois.
3. For annual filers — If you exceed \$12,000 in withholding during a quarter, you must begin to file your Form IL-941 **quarterly** for this quarter, the remainder of the year, and the subsequent year. Make sure to include all withholding from the beginning of the year up to the end of the quarter on your return.

FILING / PAYMENT SCHEDULES	
If you are a(n):	You will be assigned to make either:
Annual Filer	<ul style="list-style-type: none"> <li>• an annual payment, or</li> <li>• monthly payments</li> </ul>
Quarterly Filer	<ul style="list-style-type: none"> <li>• monthly payments, or</li> <li>• semi-weekly payments</li> </ul>

## When am I required to pay?

There are three different payment schedules — **annually**, **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:

- **Annual** payments are due with your Form IL-941 return by the end of

January following the year the amounts were withheld. Few taxpayers are given the option of an annual payment schedule.

- **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 annual and monthly payors** - 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. We may ask you to provide payroll information electronically.

## 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 or file and pay annually to report Illinois withholding tax amounts to the Department).

## When to File Form IL-941

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
Annual Filer		
Your Form IL-941 is due by the last day of the month that follows the end of the year. January-December is due on January 31.		

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

If you cannot file or pay electronically, order your personalized, pre-printed forms by calling and leaving a detailed message with your name, Federal Employer Identification Number (FEIN), reporting period, and phone number on the 24-hour Forms Order Line at 1 800 356-6302.

**Note** *Make separate payments if your liability is for two separate quarters or years.* 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 Thursday, March 31, 2016, and the other half of your employees on Friday, April 1, 2016, both payments are due on Wednesday, April 6, 2016. However, the payday of March 31, 2016, is in the 1st quarter and the payday of April 1, 2016, is in the 2nd 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.

## 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 (no credits)

Your January 1- January 15 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.

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

PUB-131 (R-02/16)

### Example 2 (with credits)

Your January 1- January 15 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.

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

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.

## 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](http://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-2-C, you are also required to electronically submit these forms to Illinois.

## 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 2016, the look-back period is July 1, 2014, through June 30, 2015.

## 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](http://tax.illinois.gov).

## 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.

## 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](http://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 four 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	
<b>Must pay electronically</b>	<b>File</b> your return electronically or use Form IL-941 by
<b>Wednesday</b> for amounts withheld on the preceding Wednesday, Thursday, or Friday, and	<b>the last day</b> of April, July, October, and January.
<b>Friday</b> for amounts withheld on the preceding Saturday, Sunday, Monday, or Tuesday.	

### Monthly Payment / Quarterly Return

Taxpayers who have been registered less than 18 months, or have a compliance problem (underpayment, missing return, etc.), **and** 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.

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

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

### Monthly Payment / Annual Return\*

Taxpayers who have been registered for the full “look-back” period, are in good standing, and reported more than \$1,000 but no more than \$12,000 in withholding

- have the option to choose the monthly payment and annual return schedule (If you qualify for this option you will receive notification from us.), or
- if already filing annually and paying monthly, may continue to file annually and pay monthly.

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.

You must **file** your return by January 31. On the return, total all information for the year and be sure to sign it. We encourage you to use electronic methods.

Monthly Payment and Annual Return Schedule	
<b>Pay</b> electronically or use Form IL-501 by	<b>File</b> your return electronically or use Form IL-941 by
<b>15th of each month</b> for amounts withheld in the preceding month.	<b>January 31</b> of the following year for amounts withheld the entire year.

### Annual Payment / Annual Return\*

Taxpayers who, during the “look-back” period, reported \$1,000 or less in withholding and are in good standing with the Department,

- have the option to choose the annual payment and return schedule (If you qualify for this option you will receive notification from us.), or
- if already filing and paying annually, may continue filing and paying annually.

You must **pay** all amounts withheld during the calendar year by the due date of your return.

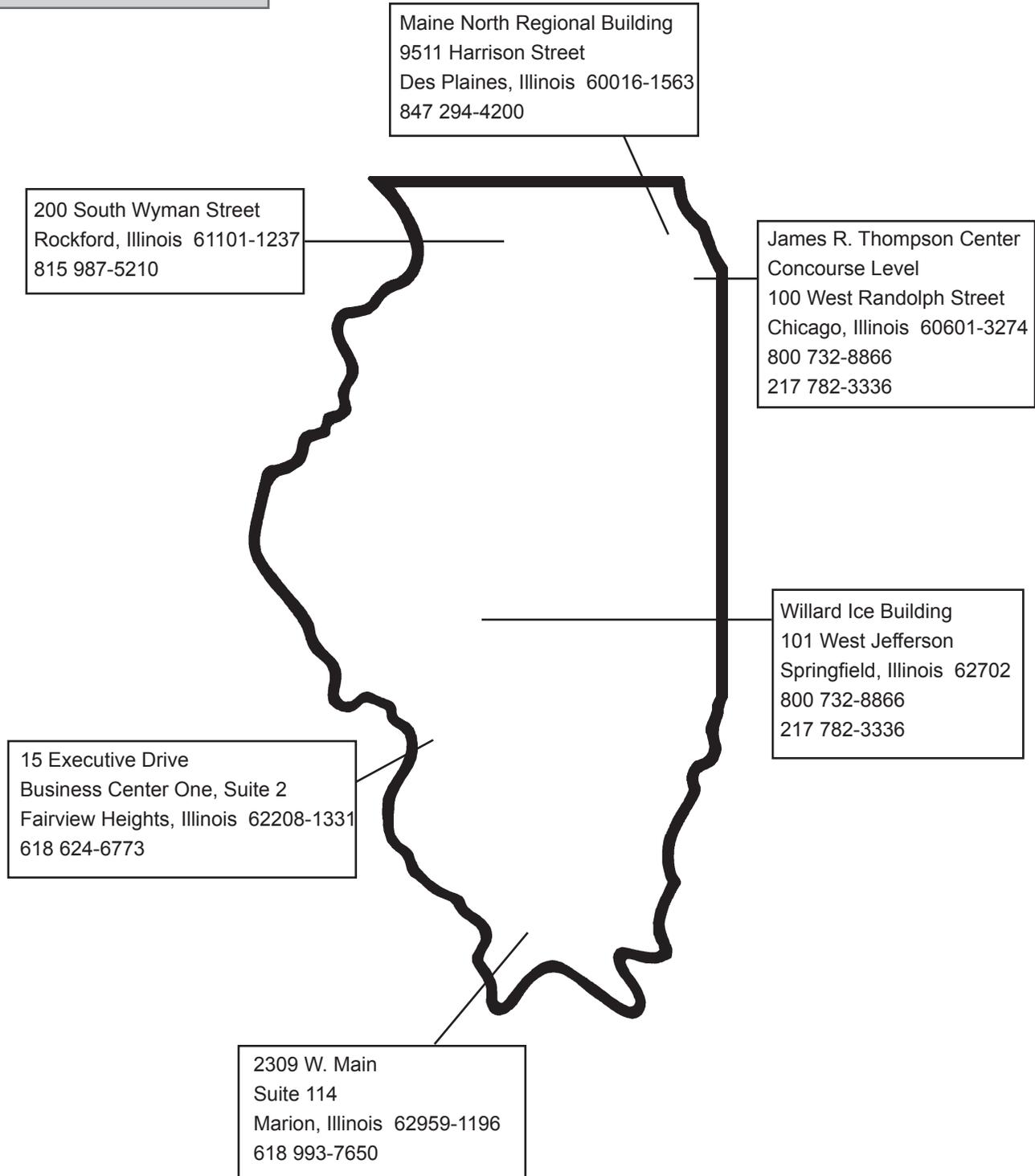
You must **file** your return by January 31. We encourage you to use electronic methods. Do not forget to sign your return.

Annual Payment and Annual Return Schedule	
File and pay <b>electronically</b> or use Form IL-941 by	
<b>January 31</b> of the following year for amounts withheld the entire year.	

#### \* Warning! Penalty information for Annual Return Filers (Monthly or Annual Payors):

- **If you file a quarterly Form IL-941**, you may become subject to penalty and collection action **unless** you 1) report the total amount withheld and pay all amounts withheld from January 1 through the end of the quarter and 2) begin making monthly payments and filing quarterly returns for the remainder of the year. If you have no withholding for the period, you must still file the quarterly return. Once you have filed a quarterly return, do **not** file an annual return covering any reporting period for which you have filed a quarterly return.
- **If you exceed \$12,000 in withholding during any quarter**, you must file Form IL-941 and electronically pay all withholding income tax from January 1 to the end of that quarter, using that quarter’s due date, and continue filing quarterly returns and making semi-weekly payments throughout the following quarter, the remainder of the year, and the subsequent year.

## Office locations



### For information or forms

Visit our website at [tax.illinois.gov](http://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.