



Publication 131

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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** 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 is about paying and reporting Illinois Withholding Income Tax. You need to know this information if you are an employer or withholding agent. There are three different payment and return schedules and every registered employer is assigned to one of the three. Household employers should refer to Publication 121, Illinois Income Tax Withholding for Household Employees, instead of this publication.

The objectives of this publication are to explain

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

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

For information or forms

- Visit our web site 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**
- Call our 24-hour Forms Order Line at **1 800 356-6302**

Contents

What are my payment and return filing requirements?	2
What is the "look-back" period?	2
How may I pay or file?	2
Are there any special payment requirements?	2
May I make my payments more frequently?	2
Descriptions of all three payment and return schedules.....	3
Semi-weekly, monthly, and annual payment and return examples	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 or by taking the issue to 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

General Information

What are my payment and return filing requirements?

Your payment and return filing requirements are determined by the schedule we assign to you. Each year, we will tell all registered taxpayers which one of the three schedules they are assigned to: semi-weekly, monthly, or annual. We determine your assignment based on your payments and returns due during the "look-back" period.

Note Newly registered taxpayers do not have any payments or returns on file during their first (and sometimes second) year of operation, and are assigned to the monthly payment and quarterly return schedule.

What is the "look-back" period?

Payment and return due dates are determined by the total tax due during the "look-back" period, which is the one-year period ending on June 30 of the immediately preceding calendar year. For calendar year 2009, the look-back period is July 1, 2007, through June 30, 2008.

How may I pay or file?

If your annual tax liability exceeds \$200,000, you must use an electronic payment method.

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

We encourage taxpayers to use our new electronic program WebFile and Pay. Visit our web site at tax.illinois.gov for more information regarding our electronic options.

1) WebFile and Pay

Our new, free online program designed to be an easy, convenient, and fast way for you to submit your payments, Forms IL-501, at any time. You can schedule the dollar amount, debit date, and tax period for your payments. No software is required and it is available 24 hours

a day, 7 days a week. You can also file your returns, Forms IL-941 or IL-941-A and pay your balance due. Visit our web site for more information.

2) TaxNet

Use TaxNet to file and pay your Illinois withholding tax and/or Illinois Unemployment Insurance and Wage Reports (UI-3/40). Visit our web site to enroll.

3) Federal/State Employment Taxes Program (FSET)

If you are a large employer, you can use FSET to file and pay your Illinois withholding and federal employment taxes through a payroll service provider or your own software. Visit our web site for software specifications.

4) EFT

EFT has two payment options. **ACH credit** instructs your financial institution to transfer funds from your account to ours. **ACH debit** is your instruction to us to take the payment from your account. To make EFT payments, you must complete Form EFT-1, Authorization Agreement for Electronic Funds Transfer.

5) Paper forms

If we assign you to the semi-weekly or monthly payment and quarterly return schedule, you should receive a coupon booklet.

The forms that you are required to complete are Payment Coupons (Forms IL-501) and quarterly returns (Forms IL-941).

Note If you use a payroll service provider or are required to make mandatory electronic payments, you may not receive a coupon booklet.

If we assign you to the annual payment and return schedule for 2009, we will mail you a letter with your personalized Form IL-941-A, Illinois Yearly Income Tax Return, in November of 2009.

Are there any special payment requirements?

If you are assigned to the semi-weekly payment and quarterly return schedule, and your tax withheld is from two different quarters, you must send us two separate payments. Be sure to identify the quarter to which each payment applies. Otherwise, we will apply your payments to one quarter only, which may result in a penalty.

For example: If you pay one half of your employees on Wednesday, September 30, 2009, and the other half of your employees on Thursday, October 1, 2009, both payments are due on Wednesday, October 7, 2009. However, the payday of September 30 is in the 3rd quarter and the payday of October 1, 2009, is in the 4th quarter. Therefore, two separate payments are required.

For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes.

May I make my payments more frequently?

Yes, you may pay more frequently using one of our electronic methods or a Payment Coupon (Form IL-501). **Do not** use your return, Form IL-941 or IL-941-A, to pay more frequently. File your returns by the due dates on your schedule.

Note If you are assigned to the annual payment and return schedule, you may **elect to file** quarterly returns and make monthly payments. To do so, you must file Form IL-941, for any quarter of the year and pay all amounts withheld from January 1 through the end of that quarter. You then must begin making monthly payments and filing quarterly returns for the remainder of the year.

Descriptions of all three payment and return schedules

Semi-weekly

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.

Note Illinois follows the federal rule that allows you at least 3 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	
Pay electronically or use Form IL-501 by	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

Taxpayers who, during the “look-back” period, reported more than \$1,000, but no more than \$12,000 in withholding, are assigned to the monthly payment and quarterly return schedule.

If you exceed \$12,000 in withholding during any quarter, you must file Form IL-941 and pay

- all withholding income tax from January 1 to the end of this quarter, using that quarter’s due date, and
- using the semi-weekly payment and quarterly return schedule in the following quarter, the remainder of the year, and the subsequent year.

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 on the preceding month.	the last day of April, July, October, and January.

Annual

Taxpayers who, during the “look-back” period, reported \$1,000 or less in withholding and are in good standing with the department are assigned to the annual payment and return schedule.

Note You must use Form IL-941-A, Illinois Yearly Withholding Income Tax Return, (not IL-941) to file **and pay** your total withholding tax by January 31 of the following year.

Annual Payment and Return Schedule
You must file and pay by
January 31 of the following year for amounts withheld the entire year.

If we assign you to the annual payment and return schedule for 2009, we will mail you a letter with your personalized Form IL-941-A, Illinois Yearly Income Tax Return, in November of 2009.

If you exceed \$12,000 in withholding during any quarter, you must file Form IL-941 and pay

- all withholding income tax from January 1 to the end of this quarter, using that quarter’s due date, and
- using the semi-weekly payment and quarterly return schedule in the following quarter, the remainder of the year, and the subsequent year.

If you are assigned to the annual payment and return schedule, you may **elect to file** quarterly returns and make monthly payments. To do so, you must file Form IL-941, for any quarter of the year and pay all amounts withheld from January 1 through the end of that quarter. You then must begin making monthly payments and filing quarterly returns for the remainder of the year. Please remember to continue following this schedule or you may be subject to penalties. For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes.

For example: ABC Corporation was assigned to the annual payment and return schedule based on the look-back period. However, in January of 2008, the corporation grew by a substantial amount.

1st quarter: ABC withheld	\$11,500
2nd quarter: ABC withheld	\$11,000
3rd quarter: ABC withheld	<u>\$12,500</u>
	\$35,000

ABC Corporation must pay us \$35,000 by the 3rd quarter’s due date of October 31 and file Form IL-941 reporting the first 3 quarters. The corporation then must begin to use the semi-weekly payment and quarterly return schedule for the 4th quarter and subsequent year.

Semi-weekly payment and quarterly return example

This example reflects tax year 2009 and should be adjusted in subsequent years. We assigned ABC Corporation to the semi-weekly payment and quarterly return schedule. ABC Corporation pays its employees every two weeks on Friday. Shown below are the withholding income tax (WIT) payment and filing due dates for the first quarter.

Quarter 1

	Payday	Your WIT payment is due
January	Friday, January 2	Wednesday, January 7
	Friday, January 16	Thursday, January 22 (Monday, January 19 holiday)
	Friday, January 30	Wednesday, February 4
February	Friday, February 13	Thursday, February 19 (Monday, February 16 holiday)
	Friday, February 27	Wednesday, March 4
March	Friday, March 13	Wednesday, March 18
	Friday, March 27	Wednesday, April 1

Quarter 1 is complete. Use **WebFile and Pay** to make all of your payments (or Forms IL-501) **and** to file your quarterly returns (or Forms IL-941).

Monthly payment and quarterly return example

This example reflects tax year 2009 and should be adjusted in subsequent years. We assigned DEF Corporation to the monthly payment and quarterly return schedule. DEF Corporation pays its employees every two weeks on Friday. Shown below are the withholding income tax (WIT) payment and filing due dates for the first quarter.

Quarter 1

	Payday	Payday	Your WIT payment is due
January	Friday, January 2	Friday, January 16	Tuesday, February 17
	Friday, January 30		(Monday, February 16 holiday)
February	Friday, February 13	Friday, February 27	Monday, March 16
March	Friday, March 13	Friday, March 27	Wednesday, April 15

Quarter 1 is complete. Use **WebFile and Pay** to make all of your payments (or Forms IL-501) **and** to file your quarterly returns (or Forms IL-941).

Annual payment and return example

This example reflects tax year 2009 and should be adjusted in subsequent years. We assigned GHI Corporation to the annual payment and return schedule. GHI Corporation pays its employees every two weeks on Friday. Shown below are the paydays and payment and filing due date for the entire year.

Payday	Payday	Payday	Payday
January	April	July	October
Friday, January 2	Friday, April 10	Friday, July 3	Friday, October 9
Friday, January 16	Friday, April 24	Friday, July 17	Friday, October 23
Friday, January 30	May	Friday, July 31	November
February	Friday, May 8	August	Friday, November 6
Friday, February 13	Friday, May 22	Friday, August 14	Friday, November 20
Friday, February 27	June	Friday, August 28	December
March, Friday, March 13	Friday, June 5	September	Friday, December 4
Friday, March 27	Friday, June 19	Friday, September 11	Friday, December 18
		Friday, September 25	

The entire year is complete. Use **WebFile and Pay** or Form IL-941-A to pay and file your annual return by **Monday, February 1, 2010.**