

**ILLINOIS DEPARTMENT OF REVENUE
PRACTITIONERS' LIAISON MEETING
MARCH 11, 2016**

INCOME TAX LEGISLATIVE UPDATE

Public Act 99-0180 HB 2755 Effective July 1, 2015

Amends IITA Section 806, which exempts residents of certain long-term care facilities from the obligation to make estimated tax payments, to allow the exemption for residents of medically complex for the developmentally disabled facilities .

Public Act 99-0213 HB 3086 Effective July 31, 2015

Amended the definition of "captive REIT" in IITA Section 1501(a)(1.5) to provide that a REIT whose interests are predominantly held by a life insurance company in a "segregated asset account" is not a captive REIT. The new provision applies retroactively.

Public Act 99-0370 HB 3887 Effective January 1, 2016

Amended the Business Assistance and Regulatory Reform Act to require agencies to periodically review the effect of their regulations on small businesses every five years and report to the Governor and the General Assembly, with the first report due January 1, 2017.

Public Act 99-0423 SB 1906 Effective August 20, 2015

Added check-offs for the Special Olympics Illinois and Special Children's Charities Funds, the USS Illinois Commissioning Fund, and the Autism Care Fund to the individual income tax return form.

INCOME TAX RULEMAKING UPDATE

ADOPTED REGULATIONS

86 Ill. Adm. Code Section 100.2197 39 Ill. Reg. 1768 (January 23, 2015)

Amended the regulation on the credit allowed to residents for taxes paid to other states to reflect the amendments made in 2009 by Public Act 96-0468, which limited the credit to the amount of Illinois tax attributable to income that would be sourced to other states if they all used Illinois allocation and apportionment rules.

86 Ill. Adm. Code Section 100.2470 39 Ill. Reg. 5057 (April 3, 2015)

Amended the regulation listing items of income subject to federal income tax, but exempt from Illinois income tax, to reflect recent legislation exempting interest on bonds issued by the Tri-County River Valley Development Authority, if the Authority elects to exempt the interest, and to add a reference to the Illinois Funeral or Burial Funds Act, which exempts earnings on funeral trusts from taxation.

86 Ill. Adm. Code Section 100.7300 39 Ill. Reg. 6884 (May 15, 2015)

Amended the regulation to require W-2s that must be filed electronically with the Department to be filed no later than February 15, beginning with W-2s for calendar year 2015. Previously, the deadline was March 31. The regulation continues to provide that taxpayers who are not required to file W-2s electronically should not file them with the Department, but should hold them for review by the Department. This rulemaking replaced an emergency rulemaking that took effect December 23, 2014.

86 Ill. Adm. Code Section 100.3450 39 Ill. Reg. 15594 (December 4, 2015)

New section providing guidance for application of the apportionment formula for transportation companies under IITA Section 304(d).

86 Ill. Adm. Code Section 100.3380 40 Ill. Reg. 1848 (January 22, 2016)

Amended the alternative apportionment regulation to provide guidance for sales factor treatment of hedging transactions.

COMING SOON

86 Ill. Adm. Code Section 100.8010 and 100.9400

The rulemaking amending these sections to implement the provisions of Public Act 98-925 was sent to first notice this week. The legislation amended IITA Section 909 to require the Department to adopt regulations allowing a taxpayer to elect to apply overpayments of Illinois income tax reported on any return or amended return against the taxpayer's Illinois income tax obligation for a subsequent taxable year. Under existing regulations, this election could only be made on a timely-filed original return.

86 Ill. Adm. Code Section 100.5100, 100.5130, and 100.7035

This rulemaking amends these sections to reflect the repeal of the general provisions allowing the filing of composite returns. It will be sent to first notice shortly.

86 Ill. Adm. Code Section 100.9320 and 100.9410

This rulemaking updates the regulations dealing with statutes of limitations for notices of deficiency and refund claims to reflect legislation and other developments. It will be sent to first notice shortly.