Form IL-941 Information and Instructions

Important 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, 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 IL-941, Step 2, Line B, for your final reporting period.

When is my IL-941 return due?

See the box to the right. Your IL-941 return will be due either quarterly or annually. **Unlike the federal government, Illinois does not require an annual reconciliation return.** See the "End of the Year Instructions," after the Step by Step Instructions section, for more information.

Important:

1. If you are an annual return filer, do not file quarterly IL-941 returns.
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 IL-941 **quarterly** for the following quarter, the remainder of the year, and the subsequent year.

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.

When are my IL-501 payments due?

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.

Note: If you exceed $12,000 in withholding during a quarter, you must begin to pay your Illinois withholding income tax semi-weekly **and** electronically.

The due dates are as follows:

- ***Annual*** payments are due with your 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*** payments are due by the 15th day of the month following the month in which the tax was withheld.
- ***Semi-weekly*** 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.

FILING / PAYMENT SCHEDULES

If you are a(n):	You will be assigned to make either:
Annual Filer	• an annual payment, or • monthly payments
Quarterly Filer	• monthly payments, or • semi-weekly payments

This form is authorized as outlined under the tax or fee Act imposing the tax or fee for which this form is filed. Disclosure of this information is required. Failure to provide information may result in this form not being processed and may result in a penalty.

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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.

For more information, see Publication 131, Withholding Income Tax Payment and Filing Requirements.

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 actually 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 (with credits)
Your January 1- January 15 payroll totaled $15,000.00; you actually 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. See the boxes to the right.

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

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 on Line 2 of your IL-941 return. For example, you withheld Illinois income tax totaling $600.00 from your employees' pay for your January payroll. You withheld Illinois income tax totaling $525.00 from your employees' pay for the February payroll. You withheld Illinois income tax totaling $600.00 from your employees' pay for the March payroll. On your 1st quarter IL-941, you would report $1,725.00 on Line 2.

January withholding =	**$600.00**
February withholding =	**$525.00**
March withholding =	**$600.00**
1st quarter Form IL-941, Line 2 =	**$1,725.00**

What is an IDOR-approved credit?

An IDOR-approved credit is an amount you paid in excess of your withholding tax that has been **verified to you in writing (**on a Taxpayer Notification, Account Notice, Return Correction Notice, Handwritten Letter, Error Notice Response, or Notice of Claim Status), **by the Department, as an "IDOR-approved credit."** This amount can be used to satisfy future Illinois withholding income tax liabilities.

If you are uncertain if an IDOR-approved credit exists, submit a Form IL-2000, Request for Verification of IDOR-approved Credit for Illinois Withholding Income Tax, to the address listed on the form.

If you have filed an amended return (IL-941-X) or submitted an IL-2000, you must wait for it to be processed. If a credit results, we will send written notification to you stating the amount of the IDOR-approved credit available.

Important: You must have written notification from us that states you have an "IDOR-approved credit of" and specifies the amount, before you are able to use it on your IL-941, Step 5, Line 4.

How do I use my Department of Commerce and Economic Opportunity (DCEO) credits?

DCEO credits should be claimed on Line 5 of your IL-941 return. We receive notification from DCEO and apply credits when they become available. **Do not** claim these credits on your IL-941 return **until** they are available for use per your tax credit certificate or your certificate of verification that you received from DCEO.

There are two different types of DCEO credits for Illinois withholding income tax:

- **Illinois Small Business Job Creation Tax credit (ILSBJC) -** This credit is applied to the first liability due after the tax credit certificate is issued, and before any IL-501 payments you have made. The federal employer identification number (FEIN) you use on your Form IL-941 must match the FEIN on the tax credit certificate you receive from DCEO.
- **Economic Development for a Growing Economy withholding tax credit (EDGE) -** The EDGE credit is applied to the first liability of the tax year *following* the Certificate of Verification year and is also considered before any IL-501 payments. This credit is not common.

Please account for your credits when you plan your payments so that your account remains in balance. Even if you use a DCEO credit, you still need to report the total amount you withheld from your employees on Step 4, Line 2 of Form IL-941. Your DCEO credits are applied to your tax liability before your payments. If you made payments that, added with your DCEO credit, resulted in you overpaying your tax, make sure to claim them on your Form IL-941, Step 5, Line 3, and enter the remaining amount on Step 6, Line 8. You must request written notification from IDOR for this amount to be verified as an IDOR-approved credit. The amount cannot be used for future withholding tax liabilities until you receive this notification. See "What is an IDOR-approved credit?" for more information.

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How can I file or pay electronically?

To file — You may use
- ***MyTax Illinois*** on our website at tax.illinois.gov 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-2-C, you are also required to electronically submit these forms to Illinois.

Do I figure my own penalties or interest?

We will bill you for penalties and interest, if applicable. For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes.

How do I correct a misapplied payment I made to IDOR?

A payment can be moved from one period to another period, only if it has not been used to satisfy a liability. If you made the payment through MyTax Illinois, you can change the payment up to the time it is posted. After that, you must send a written request to us to have the payment moved. In your written request, please include your account number; the amount and date of the payment; to what period you are requesting it be applied; and the reason for your request to move the payment. Also include a complete list of payment amounts and dates for the period to which you are moving it. Send the request to the address listed in the ***"Where do I get help?"*** section.

What form do I use to report my employees' or payees' income and withholding at the end of the year?

You must report income and withholding on the correct withholding form type listed in the chart. Refer to the IRS website for more information.

Type of Income	Withholding Form Type
Payroll	W-2
Compensation	W-2 or 1099 series
Gambling winnings	W-2G
Illinois Lottery Winnings	W-2G
Amount paid to purchase rights to Illinois Lottery Winnings	1099-MISC
Voluntary Withholding Agreement — Unemployment, Retirement, Interest or Dividend Income	1099 series
Other	1099 series

How do I correct an error if I over-withheld or under-withheld from a payee?

The method for correcting an error on withholding is determined by the time of year that the error is made. If you over-withheld or under-withheld prior to the end of the calendar year, you may simply correct it in future payroll cycles within the same calendar year by adjusting the amount you withhold by the amount of the over-withholding or under-withholding. Amounts reported on Form IL-941 always must be the exact amounts withheld from payees. If you do not make the correction before the end of the calendar year, you must report the amount actually withheld on the W-2 or 1099 forms for the payee to claim on his/her income tax return. Your employee or other individual from whom you withheld will either receive a refund of the over-withheld amount or have to pay the under-withheld amount on their Individual Income Tax Return.

Examples
- If you withheld too much from an employee during the 1st quarter, you may withhold less during the 2nd quarter to make up for the overage. On your Form IL-941, report the exact amount you withheld during the quarter.
- If you withheld too little from your employee during the January 15th payroll, you may withhold more during the February 15th payroll. On your Form IL-941, report the exact amount you withheld during the quarter.

How do I correct withholding that I have over-reported or under-reported?

You must always report the exact amount of tax that you actually withheld during the reporting period on your Form IL-941. If the amount you reported was more or less than the amount you actually withheld, then you must file an amended return (IL-941-X).

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Form IL-941 Step-by-Step Instructions

Follow the instructions on the form. Remember to complete each line using the total for the full reporting period. Do not file more than one Form IL-941 per reporting period.

Step 1: Provide your information

Enter your information and check any box that is applicable.

Note: Your sequence number should be "000" unless you have been assigned a different sequence number when you registered.

Reporting Period — Complete this section.

If you are

- a **quarterly filer,** check the correct quarter you are reporting (even if you have no withholding to report). File one return for each quarter. Do **not** file an annual return. **Note:** If you are filing your quarterly return because you are an annual filer and you met the $12,000 threshold, report everything from the beginning of the year to the end of the quarter on the IL-941 return, and check the box for the quarter for which you are filing.
- an **annual filer,** check the annual box. Do **not** file quarterly returns.

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

Step 2: Tell us about your W-2 and other withholding forms

Complete this Step only if this is your 4th quarter return, annual return, or you have permanently stopped withholding and this is your final return.

Item A — Enter the **total number of W-2 forms** reporting Illinois withholding you were required to issue for the entire year.

Item B — Check this box if applicable.

Step 3: Tell us about the amount subject to withholding

Line 1 — Enter the total of all amounts subject to Illinois withholding income tax (either required or by voluntary agreement) including payroll, compensation, gambling winnings (such as Illinois Lottery winnings), amounts paid to purchase the rights to Illinois Lottery winnings, or any other non-wage income. **Do not leave blank** - if you had no amount subject to Illinois withholding, enter zero.

Step 4: Tell us about the amount withheld

Line 2 — Enter the total of all amounts of Illinois Income Tax actually withheld (either required or by voluntary agreement) this reporting period, even if you are able to use a DCEO or other credit to pay your withholding liability. **Do not estimate this amount.** This includes employee withholding and any withholding that was made on other Illinois income. **Do not leave blank**- if you did not withhold during this period, enter zero.

Step 5: Tell us about your payments and credits

Note: The Department applies credits and payments in a specific order. The DCEO credit (Line 5) is applied first, next the payments (line 3), and the IDOR-approved credit (Line 4) is applied last.

Line 3 — Enter the total amount of withholding payments you have made during this period. This includes all IL-501 payments (electronic and paper coupons). **Do not leave blank.**

Line 4 — Enter the amount of IDOR-approved credit you are using towards your tax liability. Make sure to use only up to the amount of tax minus the sum of the DCEO credits used and payments made on the account. **Do not include any amounts on this line unless you have received written confirmation from IDOR that those credits have been approved.** For more information, see the section, "What is an IDOR-approved credit?"

Line 5 — Enter only the amount of credit you are using through the Department of Commerce and Economic Opportunity (DCEO) to satisfy your liability. This amount should not exceed your tax amount on Line 2. **This credit is applied to your tax liability before your payments and other credits.** You can claim the Small Business Job Creation Tax Credit or the EDGE Credit only if you received a tax credit certificate or a certificate of verification from DCEO. Do **not** attach the DCEO certificate. This credit can only be used to reduce your withholding income tax liability. A DCEO credit cannot result in a refund. However, if you have remaining credit, you can use it for future Illinois withholding income tax liabilities. See the worksheet.

Line 6 — Follow the instructions on the form. This is your total credits and payments.

DCEO Credit Worksheet

A Total amount of DCEO credit available from certificate or left over from a previous return:	_____
B Enter Step 4, Line 2 from this IL-941.	_____
C Subtract Line B from Line A. If this is a negative number, enter zero. This is the amount of DCEO credit you have remaining to use on future Illinois withholding income tax liability. ***Keep this amount for future returns.***	_____

Form IL-941 Information and Instructions

Step 6: Figure your balance

Line 7 — Follow the instructions on the form. This is your balance due.

Line 8 — If the total of your payments and credits on Line 6 is greater than your withholding amount on Line 2, review your amounts. You should only show an amount on Line 8 if an error was made on the amount you paid or credit claimed on Line 6 or the tax you reported on Line 2. **The amount on Line 8 is not available for use on any future IL-941 return until you receive written notification from IDOR that the credit is approved.** You must file a Form IL-941-X, Amended Illinois Withholding Income Tax Return, to request a refund. Submit Form IL-2000 to request verification of an amount as an IDOR-approved credit for use on your Illinois withholding liability.

Step 7: Sign here

You, or a person authorized by you through a Power of Attorney form, must sign and date the first signature line of your return. If you do not sign your return, it will **not** be considered filed and you may be subject to a **nonfiler penalty**. The paid preparer line must be completed by a person whom you paid to complete the return and who is not your employee. Enter the paid preparer's IRS Preparer Tax Identification Number (PTIN) in the space provided. If you want to allow a person, other than yourself, to discuss this return with us, check the box and print the designee's name and phone number. This authorization will allow your designee to answer any questions that arise during the processing of your return, call us with questions about your return, and receive or respond to notices we send. The authorization will automatically end no later than one year from the due date of this return. You may revoke the authorization at any time by calling or writing us.

Form IL-941 has a scanline for automated processing that contains your FEIN, the reporting period, and a check digit. Do not photocopy the form and use for any other FEIN or reporting period.

End of the Year Instructions

At the end of the year, you, as the withholding agent, are required to report to your payee, the total amount you withheld from each payee on the appropriate form (i.e. W-2, W-2G, or 1099).

To verify your records, compare

1. the total Illinois withholding you reported to your payees on Forms W-2, W-2G, W-2c, and 1099, **1.** _____
2. A) for quarterly filers, the total Illinois Withholding amount you reported on your quarterly Forms IL-941, Line 2, for the year, or

   B) the total Illinois Withholding amount you reported on your annual Form IL-941, Line 2, **2.** _____
3. your payments made to IDOR plus credits claimed for the year (Form IL-941, Line 6). **3.** _____

****The amounts on Lines 1, 2, and 3 should match. If they do not, then you need to review your account. See the "possible errors" box.*

Possible errors

If the total for line	*then you may have...*
#2 is greater than #1,	underreported to your payees or overreported to IDOR.
#2 is greater than #3,	underpaid or overreported to IDOR.
#1 is greater than #2,	overreported to your payees or undereported to IDOR.
#1 is greater than #3,	underpaid to IDOR or overreported to IDOR.
#3 is greater than #2,	overpaid to IDOR or underreported to IDOR.
#3 is greater than #1,	overpaid to IDOR or underreported to your payees.

To correct an error, see sections "How do I correct an error if I over-withheld or under-withheld from a payee?" and "How do I correct withholding that I have over-reported or under-reported?"

Note: If you made an error in the amount you reported to your employee or payee on the W-2, W-2G, or 1099 forms, you must provide them with the correct amount on a W-2c or a corrected W-2G or 1099 as required by the Internal Revenue Service. You must also file a Form IL-941-X, Amended Illinois Withholding Income Tax Return, to report the corrected amounts. The amount you withheld should always agree with the amount you report to us.