

IT 95-6  
Tax Type: INCOME TAX  
Issue: Income Earned in Illinois/Individual Residency

STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
ADMINISTRATIVE HEARINGS DIVISION  
CHICAGO, ILLINOIS

---

THE DEPARTMENT OF REVENUE	)	
OF THE STATE OF ILLINOIS	)	
	)	Docket No.: XXXXX
v.	)	SSN: XXXXX
	)	
XXXXX,	)	Harve D. Tucker,
Taxpayers	)	Administrative Law Judge
	)	

---

RECOMMENDATION FOR DISPOSITION

APPEARANCES: XXXXX, pro se

I. SYNOPSIS: This is a case involving XXXXX. On February 8, 1994, the Department of Revenue issued a Notice of Deficiency for income tax for the tax year ending December 31, 1991, in the amount of \$485.00, inclusive of tax, penalties and interest to the date of issuance. (Department of Revenue Exhibit 2) The basis of the tax is the addition of federally tax-exempt interest. By their protest, the Taxpayers assert that the interest is tax-exempt for Illinois income tax purposes. (Department of Revenue Exhibit 3)

On consideration of the matters, it is recommended that the issue be resolved in favor of the Department of Revenue.

II. FINDINGS OF FACT:

1. The Taxpayers received interest from the following bond sources:  
XXXXX

III. CONCLUSIONS OF LAW: 35 ILCS 5/201(a) imposes a tax measured by net income on every individual on the privilege of earning or receiving income in or as a resident of Illinois.

35 ILCS 5/202 defines net income as that portion of base income allocable to Illinois under the provisions of Article 3.

35 ILCS 5/203(a) defines base income as the taxpayer's federal adjusted gross income, adding thereto interest excluded from gross income in the computation of adjusted gross income. The regulations further provide at 86 Admin. Code ch. I, Sec.100.2470(f):

Interest from state and local obligations is not exempt from Illinois income tax except where authorizing legislation adopted after August 1, 1969, specifically provides for an exemption.

In addition, Illinois Department of Revenue Publication 101-Income Exempt from Tax (Revised November, 1993), enumerates, at (f), the exempt income.

The bonds which generated the interest subject of this hearing are not listed in either the regulations or Publication 101. Accordingly, none of the subject interest income is tax-exempt for Illinois income tax purposes. All such income must be added to federal adjusted gross income and no subtraction is allowed.

It is recommended that the Notice of Deficiency be sustained.

Harve D. Tucker  
Administrative Law Judge

Date: