Illinois Department of Revenue

# Individual Income Tax Software Developer and Transmitter Guide

# Tax Year 2014

# Illinois Changes - IL-1040 Electronic Filing Program

**IL-1040 Changes**

- A checkbox for Veterans' Affairs has been added and the Civil Union checkbox has been removed under Personal Information .
- The personal exemption amount for taxpayers and their dependents has increased to $2125.
- A new line to report Compassionate Use of Medical Cannabis Pilot Program Act Surcharge has been added.
- The Third Party Designee checkbox has been expanded to allow discussion of current return and any previous return that affects the liability reported on the return.
- First time filers will not be allowed direct deposit or debit card refunds and will be issued a paper check.

**Schedule ICR, Illinois Credits**

K-12 education expense credit is now allowed for kindergarten at a school that does not have 1st grade.

**Schedule CU, Civil Union Income Report**

Schedule CU has been eliminated. Taxpayers in a civil union that is not treated as a marriage for federal income tax purposes will no longer be allowed to file an IL-1040 as married (jointly or separately).

**Schedule M, Other Additions and Subtractions for Individuals**

- Instructions have been updated to clarify where to claim the distributive share of subtractions from a K-1-P or K-1-T.
- The Export Development Act of 1983 bonds has been replaced by Tri-County River Valley Development Authority bonds.

**Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture**

Various Step 7 lines have been enabled for electronic filing.

**Schedule NR, Nonresident and Part-year resident Computation of Illinois Tax**

Two lines in the Adjustments to Income section have been marked "Reserved." The Internal Revenue Service has not decided what will be on the lines. When they do, we will issue an announcement regarding the use of the lines.

**Schedule CR, Credit for Tax Paid to Other States**

Two lines in the Adjustments to Income section have been marked "Reserved." The Internal Revenue Service has not decided what will be on the lines. When they do, we will issue an announcement regarding the use of the lines.

**Schedule IL-2210, Other Additions and Subtractions for Individuals**

- The credit carry forward lines have been removed from Step 2. Any credit carry forward from a prior year will no longer be claimed in Step 2 and will instead be included as a payment in Step 4.
- Lines for the Medical Cannabis Surcharge have been added to Steps 5 and 6.

# Introduction

The Illinois Electronic Filing Program began in 1991 with 813 IL-1040s electronically filed. This past season, Illinois broke the 4.9 million mark for electronically filed IL-1040s. Illinois will only be accepting electronically filed IL-1040 returns in the modernized e-File (MeF) format.

## Who can e-File an IL-1040, Illinois Individual Income Tax Return?

The following taxpayers may e-file their Illinois Individual Income Tax Return, IL-1040:
Full-year Illinois residents
Part-year Illinois residents
Nonresidents
Deceased taxpayers or spouse (decedent returns are not eligible for Illinois "online" e-Filing)
Taxpayers with a foreign address
Taxpayers may e-file a refund return, credit carry forward return, credit carry forward/refund split return, balance due return, or zero balance return

## Contact Information

### Electronic Filing Assistance

| | |
|---|---|
| Illinois e-File Help Desk, | Donald Gibbs |
| Software Developers, | Phone – 217 785-1514 |
| Technical Assistance, | FAX – 217 782-7992 |
| Transmission questions, | Email –donald.gibbs@illinois.gov |
| Testing, | |
| Acknowledgment questions | |

### Taxpayer Assistance

| | |
|---|---|
| Refund and general questions: | 217 782-3336 |
| | 1 800 732-8866 |
| Hearing Impaired: | 1 800 544-5304 |

# Transmission of Returns

## IL-1040 Modernized e-File (MeF)

The IRS spent over 3 years on the design and development of a new e-File system which is often referred to as Modernized e-File (MeF). MeF is a web-based system that allows electronic filing of several different returns through the Internet. MeF uses the widely accepted XML format. MeF provides the benefits of more explicit error conditions with new error codes that pinpoint error location; faster, near real-time acknowledgements; and integrated payment options where a return can be e-Filed and a balance due can be paid with electronic funds withdrawal at the same time.

Illinois only supports IL-1040 Electronic Filing in the MeF format. IL-1040 returns may be transmitted to the IRS as linked (fed/state) or unlinked (state-only or standalone) returns.

## Acknowledgement Records

Acknowledgments for electronic IL-1040 returns are created after the returns are retrieved by the department from the IRS. The department creates an acknowledgment for each electronic IL-1040 return filed. Each acknowledgment indicates whether a return is accepted or rejected. If a return is rejected, error code explanations will be provided to identify the reason. All acknowledgments must be retrieved from the IRS acknowledgement system by the transmitter. An explanation of the error should be passed back to the return originator.

## Reject Resolution Procedures

There are two opportunities for rejection of the electronic IL-1040. The state packet (whether linked or unlinked) may be rejected by the IRS at the time of transmission. In addition, once the state packet is accepted by the IRS, it may be rejected by the department after being retrieved from the IRS. Acceptance of the state packet by the IRS does not mean that the electronic IL-1040 return will be accepted by the Illinois Department of Revenue.

If the state submission is rejected by the IRS, the department has no knowledge that the electronic state packet exists or was rejected. After IRS rejection, the electronic state packet (linked or unlinked) can be retransmitted to the IRS, assuming any errors can be corrected. Once the state packed is accepted by the IRS, the IRS will make the state record available to the department for retrieval. If, after being retrieved, the electronic IL-1040 state record is then rejected by the department, the electronic IL-1040 return can be retransmitted to the IRS, assuming any errors can be corrected.

## Refund Options

Illinois offers several options in which a taxpayer can receive a refund on an electronically filed IL-1040.

- **Direct Deposit** – to reduce the number of returned direct deposit requests, the department is requiring software packages to have the taxpayer's Routing Transit Number and Deposit Account Number entered twice and verified for accuracy before transmission of the return.
- **Debit Card** – taxpayers can elect the option to have their refund loaded onto an Illinois Individual Income Tax refund debit card.
- **Paper Check –** taxpayers can elect the option to have their refund printed and mailed via paper check. (First time filers for Illinois will only be able to receive their refund via paper check.)

## Payment Options

Illinois offers several ways in which to pay a balance due on an electronically filed IL-1040.

- **Electronic Funds Withdrawal -** The IL-Form Payment is used for electronic funds withdrawal. The IL-1040 payment and up to **four** future IL-1040-ES payments may be included in the submission when e-Filing the IL-1040. The IL-1040-ES payments are scheduled in advance and will be debited on the dates specified in the Form Payment record.
- **Credit Card** (Visa, MasterCard, Discover, or American Express) through the following credit card service providers:
    - **Official Payments Corporation** at 1 800 2PAYTAX (1 800 272-9829). You will need a Jurisdiction Code, which is **2300**.
    - **Value Payment Systems** at 1 888 9-PAY-ILS (1 888 972-9457).
    - **Link2Gov/FIS** at 1 877 57-TAXES (1 877 578-2937).
- **MyTax Illinois -** is an easy way for taxpayers to pay the amount owed through electronic funds withdrawal using the online application available on the department's website. The taxpayer will need to have a MyTax Illinois account to make a payment.
- **Check or Money Order.** If the taxpayer chooses to mail a check or money order, the payment should be mailed to: Illinois Department of Revenue
  Springfield IL 62726-0001

**IMPORTANT NOTE:**
**The State of Illinois does not support international ACH transactions. Electronic refunds and payments may only be deposited or withdrawn from accounts located within the United States. Returns with the IAT Indicator will be rejected.**

## File Format

Software developers should refer to IRS Publication 4164, Modernized e-File (MeF) Guide for Software Developers and Transmitters, and the IL-1040 Schemas and Business Rules that are available on our website.

The following forms are currently being accepted through Illinois e-file:
IL-1040, Illinois Individual Income Tax Return
Schedule NR, Nonresident and Part-Year Resident Computation of Illinois
Schedule M, Other Additions and Subtractions
Schedule CR, Credit for Tax Paid to Other States
Schedule ICR, Illinois Credits
Schedule G, Illinois Voluntary Charitable Donations
Schedule K-1-P, Partner's or Shareholders' Share of Income, Deductions, Credits, and Recapture
Schedule K-1-T, Beneficiary's Share of Income and Deductions
Schedule 1299-C, Income Tax Subtractions & Credits
Form IL-2210, Computation of Penalties for Individuals
Form IL-4562, Special Depreciation
Form W-2, Wage and Tax Statement
Form W-2G, Certain Gambling Winnings
Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
Form 1099-G IL, Illinois Unemployment Withholding Statement
Form 1099-INT, Interest Income
Form 1099-DIV, Dividends and Distributions
Form 1099-MISC, Miscellaneous Income
Form 1099-OID, Original Issue Discount
Form IL-Payment, Electronic Payment Record
U.S. 1040 (or 1040A)
U.S. Schedule B (or Schedule 1)
U.S. Statements for U.S. 1040 and Schedule B

## U.S. forms included in Illinois Electronic Transmission

When the subtraction on IL-1040, Line 5, Federally Taxed Retirement and Social Security, is greater than zero, the U.S.1040 or U.S. 1040A, and any Statement Records that relate to those two records must be transmitted for support. Likewise, when the subtraction on Schedule M, Line 20, U.S. Treasury bonds, bills, notes, savings bonds, and U.S. agency interest, is over $1,500, U.S. Schedule B or U.S. Schedule 1, and any Statement Records that relate to those records must be transmitted for support.

Required Federal forms and attachments such as the U.S.1040, U.S. 1040A, U.S. Schedule B, and U.S. Schedule 1 that reference a statement must include any statement record referenced on their respective federal forms.

When IL-1040, Line 5, is used and Schedule M, Line 20, is **not** greater than $1,500, no U.S. Schedule B is to be included in the transmission. Likewise, when Schedule M, Line 20, is greater than $1,500 **and Line 5 is not used**, no U.S. 1040 pages are to be included in the transmission.

## Allowable Characters in Electronic Returns

### Alpha

**A - Z** - Upper case alpha characters only. Literals as shown in the schemas.

**Money Fields** – Refer to the format as dictated in the Illinois schemas.

**Percentage fields** – Refer to the format as dictated in the Illinois schemas.

**ZIP Codes –** must be either 5-digit or 9-digit.

**Dates** – Refer to the format as dictated in the Illinois schemas.

### Alphanumeric A - Z, 0 - 9, and special characters

### Special Characters

Only the following **special characters** are allowed:
Blank (b), Comma (,), Hyphen (-), Percent (%), Plus sign (+), and Slash (/).

### Some cases for special characters:

**Primary Last Name and Primary First Name**; A-Z, Hyphen and Blank.
**Secondary Last Name and Secondary First Name**; A-Z, Hyphen and Blank.
**Care of Name**; A - Z, 0 - 9, Hyphen, Slash, Percent, and Blank.
**Street**; A - Z, 0 - 9, Hyphen, Slash, or Blank.
**City**; A - Z, Blank.
**State**; A - Z only, no special characters allowed.

# Testing

All software developers who develop software to format or transmit IL-1040 electronic returns must pass testing with the department. Illinois test cases are defined in the IL-1347, Illinois Department of Revenue Electronic Filing Test Package. Testing will be done by transmitting “dummy” U.S. returns to the IRS in test mode with the Illinois test cases included. The U.S. returns that will carry the Illinois returns must be created by the developer. They may be made up of the minimum U.S. 1040 return data necessary to support the state return and pass the IRS edits. When you are ready to begin testing with Illinois, you must contact us at 217 524-4767 or 217 785-1514. When all test returns have been acknowledged as accepted by Illinois, ask for the test returns to be manually examined by the department. At this point approval will be given or changes will be discussed and testing will be resumed.

# Illinois "PC to PC" Online Filing Development

## What Type of Returns Are Eligible for "PC to PC" Online Filing

The Illinois Department of Revenue allows individual taxpayers to file the following types of "online" returns:

- Full-year resident
- Part-year resident
- Nonresident returns.

The return(s) may reflect a refund, credit carry forward, credit carry forward/refund split, balance due, or zero balance.

## What Type of Returns Are Not Eligible for "PC to PC" Online Filing

The Illinois Department of Revenue **does not allow** individual taxpayers to file the following types of "online" returns:

- Amended Illinois individual income tax returns,
- Prior year returns,
- Returns for fiscal year filers,
- Decedent returns

## Illinois "Signature Alternatives"

Illinois Department of Revenue requires a "signature alternative" as the taxpayer's authentication for "online" returns. We will accept one of the signature alternatives listed below for each "**historical filer**" on the return. The taxpayer's signature alternative must be on file with the Illinois Department of Revenue so we can compare and verify the information. If the taxpayer is not eligible for an Illinois Personal Identification Number, "IL-PIN", they are then required to use information from their valid Illinois Driver's License or Illinois state ID as their signature alternative.

## IL-1040 Historical Filers – IL-PIN

Unlike the federal self-select pin program, Illinois assigns the 8-digit IL-PIN to our eligible "historical filer" population. Taxpayers may use our IL-PIN inquiry system located on our website or call our Taxpayer Assistance Division to see if an IL-PIN has been assigned to them.

Taxpayers who are trying to obtain their IL-PIN from our website or by calling our Taxpayer Assistance Division must supply their name, Social Security number and at least one of the following pieces of information, prior year adjusted gross income, Illinois Drivers License number (DLN) or Illinois Identification number.

## IL-1040 Historical Filers – Signature Alternatives

Taxpayers who have filed an Illinois return within the **last two years** should have an IL-PIN assigned by the department. Taxpayers must have at least one of the "signature alternatives" on file with the department to complete the filing of their "online" return.

- **IL-PIN**
- **Prior Year AGI (IL-1040 Line 1)**
- **Illinois Drivers License or Illinois State ID Number**

Historical filers may obtain their IL-PIN online at:
https://www.revenue.state.il.us/app/pini/servlet/PINInquiry or by calling 1-800-732-8866.

## Non-Historical (First Time) Filers - No IL-PIN

Illinois offers PC Online Filing to "first time filers" of IL-1040 returns or those who for some reason do not have a state issued IL-PIN. They will need a valid Illinois Drivers License or Illinois State ID card that was issued by the Illinois Secretary of State. As their signature alternative, they **will be required to enter all** of the following fields exactly as shown on their Illinois Drivers License or Illinois State ID card. If any of this information does not match the Illinois Secretary of State file the return will be rejected.

- **Taxpayer Drivers License or State ID Number**
- **Taxpayer Drivers License or State ID First Name**
- **Taxpayer Drivers License or State ID Middle Name or Initial, as shown on Illinois Drivers License or State ID**
- **Taxpayer Drivers License or State ID Last Name**
- **Taxpayer Drivers License or State ID Suffix, if present on Illinois Drivers License or State ID**
- **Taxpayer Drivers License or State ID Weight**

## Website Link Agreement

The Illinois Department of Revenue will place a link from our website to the provider's website when the online provider completes our Website Link Agreement. For more information and to obtain the Website Link Agreement, please contact the Electronic Commerce Division at 217-524-4767.

## Consent to Disclosure

Software developers who develop “PC to PC” online software must include and provide the appropriate disclosure to the taxpayer in their software pertaining to tax return signature, direct deposit of refund or electronic funds withdrawal/payment options for balance due returns.

## Illinois Consent to Disclosure

Before transmitting your return to the “firm name” Electronic Filing Center and then to the Illinois Department of Revenue (IDOR), you must first read and authenticate the Illinois “Tax Return Signature/Consent to Disclosure” presented here and on the next few screens. This is a legal statement authorizing “firm name” and the IDOR to process your return electronically.

### Your Tax Return Signature:

“Under penalties of perjury, I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct, and complete.”

“I consent to my on-line service provider (OLSP) and/or my transmitter sending my return to the IDOR. I also consent to the IDOR sending my OLSP and /or transmitter an acknowledgment of receipt of transmission and an indication of whether or not my return is accepted, and if rejected the reason(s) for the rejection.

I am signing this Tax Return Signature/Consent to Disclosure by entering the following information”:

### IL-1040 Historical Filers

Both Primary Taxpayer and Secondary Taxpayer, if “married filing joint” status, must enter their individual **“signature alternatives”.**

- **IL-PIN**
- **Prior Year AGI (IL-1040 Line 1)**
- **Illinois Drivers License or State ID Number**

### Non-Historical Filers - No IL-PIN

Both Primary Taxpayer and Secondary Taxpayer, if “married filing joint” status, must enter all of their individual **“signature alternatives”.**

- **Taxpayer Drivers License or State ID Number**
- **Taxpayer Drivers License or State ID First Name**
- **Taxpayer Drivers License or State ID Middle Name or Initial, as shown on Illinois Driver's License**
- **Taxpayer Drivers License or State ID Last Name**
- **Taxpayer Drivers License or State ID Suffix, if present on Illinois Driver's License**
- **Taxpayer Drivers License or State ID Weight**

## REFUND – Direct Deposit

☐ I consent that my refund may be directly deposited as designated below and declare that the RTN and DAN are correct. If I have filed a joint return, this is an irrevocable appointment of the other spouse as an agent to receive the refund.

| | |
|---|---|
| Routing transit number (RTN) | |
| Depositor account number (DAN) | |
| Reenter your routing transit number (RTN) | |
| Reenter your depositor account number (DAN) | |

**IMPORTANT NOTE:**
**The State of Illinois does not support international ACH transactions. Electronic refunds and payments may only be deposited or withdrawn from accounts located within the United States.**

## BALANCE DUE

### Electronic Funds Withdrawal

☐ I authorize the Illinois Department of Revenue (IDOR) and its designated financial agent to initiate an ACH electronic funds withdrawal as designated in the electronic portion of my 2014 Illinois Individual Income Tax return. I authorize the financial institutions involved in the processing of an electronic overpayment of taxes to receive confidential information necessary to answer inquiries and resolve issues.

**IMPORTANT NOTE:**
**The State of Illinois does not support international ACH transactions. Electronic refunds and payments may only be deposited or withdrawn from accounts located within the United States.**

or

### Credit Card

- If you want to pay the tax you owe using your credit card, you may make payments through the following credit card service providers:
  - **Official Payments Corporation** at 1 800 2PAYTAX (1 800 272-9829). You will need a Jurisdiction Code, which is **2300**.
  - **Value Payment Systems** at 1 888 9-PAY-ILS (1 888 972-9457).
  - **Link2Gov/FIS** at 1 877 57-TAXES (1 877 578-2937).

**Note**: The credit card service provider assesses a convenience fee.

or

### Check or Money Order

Make your check or money order payable to the "Illinois Department of Revenue". Write your Social Security number and your spouse's Social Security number, if filing jointly, in the lower left corner of your payment. Mail your completed IL-1040-V and payment to:

ILLINOIS DEPARTMENT OF REVENUE
SPRINGFIELD IL 62726-0001