Illinois Department of Revenue

2025 Schedule WC-I

Withholding Income Tax Credits Information

What's New for 2025?

Under Public Act 101-0001, the minimum wage is set to increase to $15 as of January 1, 2025.

There are new credits including the Local Journalism Sustainability Tax Credit, the Live Theater Production Tax Credit, and the Reimagining Energy and Vehicles (REV) in Illinois Credit.

General Information

If you are entitled to any of the following withholding income tax credits, use the instructions in this schedule to determine the amount of credit to list in Column D, Credit Earned, of Schedule WC, Withholding Income Tax Credits:

- Minimum Wage Credit (See Pages 1-7)
- Organ Donation Credit (See Pages 7-9)
- Local Journalism Sustainability Tax Credit (See Page 10)
- Economic Development for a Growing Economy Tax Credit Program (EDGE) (See Page 10)
- REV Illinois Tax Credit (See Page 10)
- Live Theater Production Tax Credit (See Page 10)

Keep a copy of your calculations and Schedule WC in your records. You may be required to submit further information to support your filing.

Specific Instructions

NOTE: This form is to be used to determine the correct amount of credit to list on your Schedule WC. Use Column D, ONLY for credits earned in the current quarter.

Each credit has a four-digit code used to identify it on Schedule WC.

Credit Code	Income Tax Credit Name
0900	Minimum Wage Credit
0960	Local Journalism Sustainability Tax Credit
3000	Organ Donation Credit
5900	Economic Development for a Growing Economy Tax Credit Program (EDGE)
5920	REV Illinois Tax Credit
5980	Live Theater Production Tax Credit

Tax credit that must be used in the current quarter

NOTE: This section is to be completed only for credits earned and used in the current quarter. Enter "0" on Schedule WC, Column A. This credit cannot be carried forward and cannot exceed the withholding reported for the quarter.

Minimum Wage Credit (Credit Code 0900)

35 ILCS 5/704A(i) For tax quarters beginning on or after January 1, 2020, and ending on or before December 31, 2027, each employer with 50 or fewer **full-time equivalent** employees during the reporting period may claim a credit against the payments due for each qualified employee in an amount equal to the maximum credit allowable. **NOTE:** If the Minimum Wage Credit exceeds the withholding amount, you may only claim the withholding amount as the credit. You will not be able to carry the remaining balance forward to future periods.

Definitions used in the calculation include the following:

"Applicable Percentage" *means 5 percent for reporting periods beginning on or after January 1, 2025, and ending on or before December 31, 2025.*

"Base Compensation" *for a reporting period means the total compensation paid in Illinois, during the fourth quarter of 2024, to employees who earned less than the current minimum wage during that fourth quarter, including employees earning a subminimum wage authorized by the Minimum Wage Law [820 ILCS 105].*

"Current Compensation" *for a reporting period means the sum of:*

- *the total compensation paid in Illinois to eligible employees who earned no more than the current minimum wage during the reporting period, plus*
- *for eligible employees who earned more than the current minimum wage at any time during the reporting period, the total hours worked in Illinois times the current minimum wage.*

"Current Employee" *means an employee who was employed by the taxpayer during the current reporting period.*

"Current Minimum Wage" *means the minimum or reduced wage applicable to an employee under the Minimum Wage Law [820 ILCS 105] for the current reporting period, including any applicable subminimum wages authorized by the Minimum Wage Law.*

NOTE: *Beginning on January 1, 2020, the Minimum Wage Law requires that every employer shall pay to each of his or her employees who is under 18 years of age that has worked more than 650 hours for the employer during any calendar year a wage not less than the wage required for employees who are 18 years of age or older. For employees who are under the age of 18 and have not worked more than 650 hours for the employer during the calendar year, the employer shall pay the employee:*

- *$13.00 per hour on or after January 1, 2025*

"Current Reporting Period" *means the reporting period for which the taxpayer is calculating the minimum wage credit using this Schedule.*

"Eligible Employee" *is any employee who earned no more than the current minimum wage for hours worked in Illinois for the employer during the reporting period and any employee who earned more than the current minimum wage for hours worked in Illinois for the employer at any time during the reporting period, but who earned less than the current minimum wage for hours worked in Illinois for the employer during 2024.*

NOTE: A recently hired employee is **not** an eligible employee. The total number of eligible employees for a current reporting period may not exceed the total number of employees who earned less than the current minimum wage for hours worked in Illinois for the employer at any time during the fourth quarter of 2024.

"Full-time Equivalent Employees" *means the ratio of the number of paid hours during the reporting period and the number of working hours in that period.*

NOTE: A full-time equivalent employee shall be assumed to work 40 hours per week for 13 weeks for a total of 520 hours during a reporting period. The number of full-time equivalent employees for a reporting period means the number of employees working 40 hours per week that would be required to work the number of paid hours actually worked by all employees of the employer for that reporting period.

> *For example, Employer A employs 56 employees who work 25,480 paid hours during a reporting period. 25,480 hours divided by 520 hours equals 49. Although employer employs 56 actual employees, only 49 full-time equivalent employees would be required to work the number of paid hours worked by all of the taxpayer's employees during the reporting period.*

"Hourly Employee" *is an employee whose working hours are tracked and recorded by the employer during the reporting period, regardless of whether the employee is paid by the hour, salary, commission or any other measure.*

"Maximum Credit" *for a current reporting period means the excess, if any, of the current compensation for the reporting period over the base compensation, multiplied by the applicable percentage, plus the credit for new eligible employees.*

- *5 percent for reporting periods beginning on or after January 1, 2025, and ending on or before December 31, 2025.*

"New Eligible Employee" *is an employee whose 90th consecutive day of employment for the employer occurred during the reporting period immediately preceding the current reporting period.*

"Recently Hired Employee" *is an employee who has been employed by the employer for less than 90 consecutive days as of the last day before the current reporting period.*

"Salaried Employee" *is an employee whose hours are not tracked and recorded by the employer during the reporting period.* ***NOTE:*** *Salaried employees are deemed to have worked 40 hours per week for each week in which they were employed during a reporting period.*

"Wages" *are compensation, including bonus, overtime, and commission pay, of employees, but does not include fringe benefits.*

"Week Worked in Illinois" *is a week worked by an employee for which the majority of hours worked by the employee were worked in Illinois.*

Continue to Page 3

Step 1: Determine eligibility for the Minimum Wage Credit

To be eligible for the credit for this reporting period **(A)** an employer must have 50 or fewer full-time equivalent employees and **(B)** the average wage paid by the employer per employee for all employees making less than $55,000 must be greater than the average wage paid by the employer per employee for all employees making less than $55,000 during the same reporting period in 2024.

A) Determine the number of full-time equivalent employees

1. Total the number of weeks (rounded to the nearest whole week) worked during the reporting period by all salaried employees;
2. Multiply the number of weeks computed above by 40 hours to determine the number of hours worked by salaried employees during the reporting period;
3. Total the number of hours worked by all hourly employees during the reporting period;
4. Add the number of hours worked by salaried employees to the number of hours worked by hourly employees to determine the total hours worked by all employees;
5. Divide the total hours worked by all employees computed above by the 520 hours a full-time employee would work in a reporting period to determine the number of full-time equivalent employees.

   For example, during a reporting period, the Employer B employs 10 salaried employees who worked a combined total of 100 weeks during the reporting period and 30 hourly employees who worked a combined total of 15,000 hours. The salaried employees are deemed to have worked 4,000 hours during the reporting period. All employees worked a combined total of 19,000 hours during the reporting period. Therefore, during the reporting period, 37 full-time equivalent employees would have been required to work all of the paid hours worked by the Employer B's employees. ((100 weeks x 40 hours) + 15,000 hours)/520 = 36.54, rounded up to 37 full-time equivalent employees.

FTE Formula

Result A:

$$\frac{\text{(\# of weeks worked by “salaried employees” x 40 hours) + (\# of hours worked by “hourly employees”)}}{520} = \text{\# FTE employees}$$

If the result is greater than 50, the employer does <u>not</u> qualify for the credit.

B) Determine whether or not you meet the average wage requirements

1. Total the actual amount of wages paid in Illinois to each employee earning less than $55,000 in the reporting period;
2. To determine the number of hours worked by all employees earning less than $55,000 during the reporting period, add the
   - combined total of the number of weeks (rounded to the nearest whole week) worked during the reporting period by all salaried employees and
   - combined total number of hours worked by all hourly employees earning less than $55,000 during the reporting period.
3. To determine the average wage paid in Illinois during the reporting period to employees earning less than $55,000, divide the total wages paid to all employees earning less than $55,000 during the reporting period by the total number of hours worked by all employees earning less than $55,000 during the reporting period.

   For example, in the fourth reporting period of 2024, Employer C employed ten salaried employees who worked a combined total of 100 weeks and 30 hourly employees who worked a combined total of 15,000 hours during the reporting period.

   All employees earned less than $55,000 during the reporting period. Employer C paid a total of $275,000 in wages to all 40 employees during the reporting period. The average wage paid in Illinois to all employees during the reporting period was $14.47 per hour. $275,000/((100 weeks x 40 hours) + 15,000 hours) = $14.47 per hour.

   During the fourth reporting period of 2025, Employer C employed eight salaried employees who worked a combined total of 100 weeks and 32 hourly employees who worked a combined total of 16,000 hours during

Continue to Page 4

the reporting period. All employees earned less than $55,000 during the reporting period. Employer C paid a total of $300,000 in wages to all 40 employees during the reporting period. The average wage paid in Illinois to all employees during the reporting period was $14.25 per hour. $300,000/((100 weeks x 40 hours) + 16,000 hours) = $15 per hour. $15 is greater than $14.47, therefore Employer C is eligible for the credit for the fourth reporting period of 2025.

If the average wage paid in Illinois to all employees earning less than $55,000 during the current reporting period is less than or equal to the amount computed for the same reporting period during the preceding calendar year, the employer does not qualify for the credit.

Average Wage Formula:

B1) For the current reporting period: **Result B1:**

$$\frac{\text{Total wages paid to all employees who earned less than \$55,000 for the current reporting period}}{(\text{total \# of weeks worked by “salaried employees” x 40}) + (\text{total actual hours worked by “hourly employees”})} = \textbf{average wage}$$

B2) For the same reporting period in 2024: **Result B2:**

$$\frac{\text{Total wages paid to all employees who earned less than \$55,000 for the same reporting period in 2024}}{(\text{total \# of weeks worked by “salaried employees” x 40}) + (\text{total actual hours worked by “hourly employees”})} = \textbf{average wage}$$

Compare these results.

- **If the amount calculated for the current reporting period (Result B1) is less than or equal to the amount calculated for the same quarter in 2024 (Result B2), the employer does not qualify for the credit.**
- **If Result B1 is greater than the Result B2, the employer meets the average wage requirements for the credit.**

C) Determine whether or not you are eligible for the Minimum Wage Credit

Are both of the following statements true?

A) The number of full-time equivalent employees is 50 or fewer (Result A).

B) The amount calculated for the current reporting period (Result B1) is greater than the amount calculated for the same quarter in 2024 (Result B2).

If yes, you are eligible for the credit. Continue to Step 2 below.

Step 2: Determine the amount of Minimum Wage Credit

The maximum credit for a current reporting period is comprised of two components that include:

1. a credit for wages paid in the current reporting period to eligible employees, based on the increase in their wages attributable to an increase in the minimum wage, plus;
2. a credit for newly eligible employees equal to the credit that would have been earned for their increased wages in earlier reporting periods if they had been eligible employees during those reporting periods.

NOTE: For each reporting period, the number of eligible employees may not exceed the number of employees who, during the last reporting period of the preceding calendar year, made less than the current minimum wage required by the Minimum Wage Law for the current reporting period. If the number of employees who would be eligible employees exceeds this limitation, the employer may choose which of the otherwise-eligible employees will be treated as eligible employees.

A) Determine the credit amount accrued for recently hired employees during the reporting period

An employer may not claim a credit for recently hired employees; however, such credits may accrue during the current reporting period and be claimed against payments for future reporting periods after the employee has worked for the employer at least 90 consecutive days. **NOTE:** The wages paid to recently hired employees cannot be used to calculate the credit for the current reporting period.

1. Determine if any of the current employees qualify as recently hired employees who began their employment less than 90 consecutive days immediately preceding the start of the current reporting period.
2. Record the wages paid to these employees for possible use in a future reporting period.
3. The wages paid during the employee’s first 90 consecutive days of employment may only be used to calculate

Continue to Page 5

the minimum wage credit in the reporting period immediately following the reporting period in which the employee reaches his or her 90th consecutive day of employment. **NOTE:** If an employee does not reach the 91st day of employment, any wages earned by the employee are ineligible to be used to calculate the credit in future reporting periods.

For example, Employee A is hired by Employer D on January 6, 2025, and continues to be employed through December 31, 2025. During that time, Employee A earns the minimum wage required for each reporting period in 2025. Employee A's 90th consecutive day of employment is April 5, 2025, which occurs during the second reporting period of 2025. Because Employee A's 90th consecutive day of employment did not occur prior to the start of the second reporting period of 2025, Employer D must use the wages earned during Employee A's first 90 consecutive days of employment to calculate the credit for the third reporting period in 2025.

B) Determine the number of eligible employees

1. Determine the number of employees who earned less than the current minimum or reduced wage at any time during the last reporting period of 2024;
2. Determine the number of current employees who were paid no more than the current minimum wage during the current reporting period;
3. Determine the number of current employees who earned more than the current minimum wage at any time during the reporting period but were employed by the employer and earned less than the current minimum wage at any time during the fourth reporting period of 2024;
4. Total the number of employees determined in **(B)(2)** and **(B)(3)** above.

The number of eligible employees for the reporting period is equal to the lesser of (B)(1) and (B)(4) above.

C) Calculate the credit for eligible employees

The credit amount for eligible employees is equal to the current compensation minus the base compensation, multiplied by the applicable percentage:

(current compensation - base compensation) X 5 percent = Credit for eligible employees

- Current compensation is equal to:
  1. the total compensation paid in Illinois to eligible employees who earned no more than the current minimum wage during the reporting period, plus;
  2. for eligible employees who earned more than the current minimum wage at any time during the reporting period, the total hours worked in Illinois times the current minimum wage.
- Base compensation is the total compensation paid in Illinois to employees earning less than the current minimum wage during the fourth quarter of 2024.

For example, in the fourth reporting period of 2024, Employer E employed 10 employees who earned the $14 minimum wage. All employees were hired more than 90 days prior to the beginning of the reporting period. The employees worked a combined total of 5,200 hours during that reporting period. In the first reporting period of 2025, Employer E employed the same 10 employees who earned the applicable minimum wage of $15 and worked 5,200 hours. Employer E is entitled to a credit of $260. **((5,200 hours x $15) – (5,200 hours x $14)) x 0.05 = $260.**

NOTE: The calculation of the Minimum Wage credit must account for any subminimum wage authorized by the Minimum Wage Law. For example, if an employee under age 18 earned the subminimum wage of $12 per hour during the fourth reporting period of 2024, for reporting periods in 2025, the Minimum Wage Credit related to wages paid to that employee will be based on the difference between the 2024 subminimum wage and the wage paid to the employee in 2025. If the employee still qualifies for the subminimum during a reporting period in 2025, for the first 650 hours worked by the employee, the credit calculation should reflect the difference between $12, the applicable 2024 subminimum wage, and $13, the applicable 2025 subminimum wage. For any wages paid for hours 651 and beyond, or for wages paid after the employee reaches age 18, the credit calculation should reflect the difference between $12, the applicable 2024 subminimum wage, and $15, the applicable 2025 minimum wage required to be paid to the employee.

D) Calculate the credit for new eligible employees

The credit for new eligible employees is equal to the excess, if any, of the credit for eligible employees for prior reporting periods, recomputed by determining the current compensation for each reporting period for which a new eligible employee was a recently hired employee as if that new eligible employee had been an eligible employee for that reporting period.

Continue to Page 6

NOTE: If treating all the new eligible employees as eligible employees for a prior reporting period would cause the number of eligible employees to exceed the maximum number determined for that reporting period, the employer shall determine the current compensation for that reporting period by including only the maximum number. For this purpose, the employer may choose which employees will be treated as eligible employees without regard to which employees were treated as eligible employees in the original computation of the credit for the reporting period.

NOTE: The recomputed credit for a prior reporting period may not exceed the employer's liability for that reporting period.

NOTE: The base compensation is not recomputed for purposes of computing this component of the maximum credit.

For example, in the fourth reporting period of 2024, Employer F employed 10 employees who earned the minimum wage of $14. All employees were hired more than 90 days prior to the beginning of the reporting period. The employees worked a combined total of 5,200 hours during that reporting period. One of the 10 employees resigned effective December 31, 2024. In the first reporting period of 2025, Employer F employed the remaining 9 employees. Employer F hired Employee C on January 6, 2025, who continued to work for Employer F through December 31, 2025. For the first three reporting periods of 2025, all 10 employees earned the applicable minimum wage of $15.

During the first three reporting periods of 2025, the original 9 employees worked a combined total of 5,000 hours in each reporting period and Employee C worked 520 hours during each reporting period. Employee C reached the 90th day of employment on April 5, 2025, during the second reporting period of 2025. At the end of the first reporting period of 2025, Employee C had been employed by Employer F for 85 days.

- *For the first reporting period of 2025, the taxpayer is entitled to a credit of $216. ((5,000 hours x $15) – (5,200 hours x $14)) x 0.05 = $110 The $7,800 in wages paid to Employee C during the first reporting period does not count toward the 1st reporting period credit. 520 hours x $15 = $7,800.*
- *During the second reporting period of 2025, Employee C worked 30 hours between April 1, 2025, and April 5, 2025. Between April 6, 2025, and June 30, 2025, Employee C worked 490 hours. April 6, 2025, was Employee C's 91st day of employment by Employer F.*
  - *Because they were earned during Employee C's first 90 days of employment, the $450 in wages paid to Employee C between April 1, 2025, and April 5, 2025, does not count towards the second reporting period credit. 30 hours x $15 = $450. The remaining $7,350 in wages paid to Employee C does count toward the second reporting period credit. 490 hours x $15 = $7,350. Therefore, for the second reporting period of 2025, the taxpayer is entitled to a credit of $477.50. ((5,490 hours x $15) – (5,200 hours x $14)) x 0.05 = $477.50.*
  - *The $8,250 in wages paid to Employee C for the 550 hours worked during Employee C's first 90 days of employment may be applied to the third reporting period credit calculation. 550 hours x $15 = $8,250. Therefore, for the third reporting period of 2025, Employer F is entitled to a credit maximum of $912.50.*

    (((5,520 hours x $15) + (550 hours x $15)) – (5,200 hours x $14)) x 0.05 = $912.50.

How do I calculate the Minimum Wage Credit for tipped employees?

"Tipped employee" *means an employee who receives gratuities/tips as part of the job; an employee cannot be deemed a tipped employee unless he or she received $20 or more per month in gratuities.*

According to the Minimum Wage Law, tipped employees may be paid a subminimum wage up to 60 percent of the regular minimum wage.

If an employee's wages are recalculated to meet the regular State minimum wage, then the credit calculation is made using the difference between the current minimum wage and the minimum wage at the end of 2024.

If an employee is considered a tipped employee and wages are not recalculated to meet the regular State minimum wage, then the credit calculation is made using the difference between the current tipped employee minimum wage paid by the employer and the tipped employee minimum wage paid by the employer at the end of 2024.

NOTE: Tips are not considered compensation; however, any amount paid by the employer to ensure the employee's wages plus tips reach the required minimum wage are considered compensation.

NOTE: In instances where a tipped employee performs non-tipped work and the employer is not allowed to utilize the applicable tip credit, the minimum wage tax credit calculation for the non-tipped work must be calculated using

Continue to Page 7

the regular minimum wage and not the reduced minimum wage for tipped workers. Tipped employees may be paid up to 60 percent of the regular minimum wage.

For more information on how to calculate the Minimum Wage Credit, you can find additional resources at tax.illinois.gov.

Tax credit that can be carried for three years

Organ Donation Credit (Credit Code 3000)

35 ILCS 5/704A(j) For reporting periods beginning on or after **January 1, 2023**, if a private employer grants all of its employees the option of taking a paid leave of absence of at least 30 days for the purpose of serving as an organ donor or bone marrow donor, then the private employer may take a credit against the payments due in an amount equal to the amount withheld with respect to wages paid while the employee is on organ donation leave, not to exceed $1,000 in withholdings per occurrence of qualified organ donation leave for each employee who takes a qualified organ donation leave.

Definitions used in the calculation include the following:

"Organ" *means any biological tissue of the human body that may be donated by a living donor, including, but not limited to, the kidney, liver, lung, pancreas, intestine, bone, skin, or any subpart of those organs.*

"Organ donation leave period" *means the time period during which a qualified employee takes qualified organ donation leave related to a distinct organ donation procedure.*

"Organ donation procedure" *means a procedure performed on an organ donor where an organ is taken from their body to be transferred to the body of another person.*

"Private employer" *means a sole proprietorship, corporation, partnership, limited liability company, or other entity with one or more employees. "Private employer" does not include a municipality, county, State agency, or other public employer.*

"Qualified employee" *means an employee who takes qualified organ donation leave.*

"Qualified organ donation leave" *means an organ donation leave of absence taken by an employee pursuant to a private employer's qualified organ donation leave program.*

"Qualified organ donation leave program" *means a program which grants at least 30 days of paid leave of absence to all of the taxpayer's employees for the purpose of serving as an organ donor, offered by a private employer who has adopted organ donation program rules which:*

1) *establish conditions and procedures for requesting and approving leave, and*
2) *require medical documentation of the proposed organ or bone marrow donation before leave is approved by the private employer.*

The qualified organ donation leave program must be offered without loss of pay, vacation time, compensatory time, personal days, or sick time for at least the first 30 days of the leave of absence.

NOTE: Private employers are not prohibited from providing an unpaid leave of absence to their employees for the purpose of serving as an organ donor; however, if the private employer's policy provides for fewer than 30 days of paid leave for organ donation, then the private employer shall not be eligible for the Organ Donation Credit.

Step 1: Determine eligibility for Organ Donation Credit

After an employee undergoes an organ donation procedure and begins qualified organ donation leave, the private employer must obtain documentation from the employee's medical provider verifying the employee's organ donation procedure. The private employer must also receive consent from the employee to share the organ donation procedure verification documentation with IDOR. The employer shall retain the organ donation procedure verification documentation in accordance with IDOR regulations and provide it to IDOR upon request.

In order to claim the Organ Donation Credit, the private employer must certify on Form IL-941, Illinois Withholding Income Tax Return, or Form IL-941-X, Amended Illinois Withholding Income Tax Return, that:

- the private employer has a policy in place which allows all employees the option of taking a paid leave of

Continue to Page 8

absence from work for at least 30 days to serve as an organ or bone marrow donor,

- each employee for which a credit is claimed took organ or bone marrow donation leave after the policy became effective,
- each employee for which a credit is claimed provided documentation from a medical provider that an organ or bone marrow donation procedure occurred and agreed to allow, if needed, for the applicable medical records to be disclosed to the IDOR, and
- the private employer will maintain the organ donation leave associated employee medical records as required by IDOR.

NOTE: If the employer cannot obtain consent to provide the required documentation to IDOR, fails to retain the documentation, or is otherwise unable to provide the documentation to IDOR upon request, then the employer is ineligible for the Organ Donation Credit.

Step 2: Calculation of the Organ Donation Credit

For each employee who takes organ donation leave, calculation of the credit starts on the date upon which the employee's qualified organ donation leave begins and ends on the last day of qualified organ donation leave for each occurrence of leave. The credit is equal to the lesser of the amount withheld for wages paid during each occurrence of qualified organ donation leave, or $1,000. If a qualified organ donation period begins during one quarter and ends during a following quarter, the employer has two options to claim the credit:

1. the employer may calculate the credit based on the wages paid during each individual quarter and claim that portion of the credit during the quarter in which it accrued; or
2. the credit calculated for the earlier quarter(s) may be applied to the credit claimed during the following quarter(s), not to exceed $1,000.

The credit for a quarter is equal to the total of all credits calculated for each employee who took qualified organ donation leave during the quarter plus any available credits carried over from previous quarters.

Example 1:

For example, Employee A works for Employer and began organ donation leave on February 1, 2025. Employee A returned to work on March 3, 2025. Employee's organ donation leave period lasted for 30 days. During the organ donation leave period, Employer withheld $1,200 in taxes for wages paid to Employee A. For Q1 of 2025, Employer is eligible for an Organ Donation Credit equal to the maximum credit of $1,000.

Example 2:

Assume same facts as Example 1, but Employee B begins organ donation leave on March 20, 2025, and returns to work on April 19, 2025. From March 20, 2025, through March 31, 2025, Employer withheld $500 for wages paid to Employee B during Q1 of 2025. From April 1, 2025, through April 18, 2025, Employer withheld $700 for wages paid to Employee B during Q2 of 2025. For Q1 of 2025, Employer is eligible for a maximum Organ Donation Credit of $1,000 for Employee A and $500 for Employee B for a maximum total of $1,500. Employer has the option to forgo claiming the $500 credit which accrued for Employee B in Q1 of 2025 and apply it to Q2 of 2025. If, in Q1, Employer chooses to claim the $500 calculated for Employee B in Q1, then for Q2 of 2025, Employer is eligible for an Organ Donation Credit of $500. If Employer chooses to apply the $500 from Q1 to Q2, the quarter in which the organ donation leave period ended, then Employer is entitled to the maximum credit of $1,000 for Q2 of 2025. In the alternative, Employer may choose to claim no credit in Q1 of 2025 and claim the maximum credit of $1,000 in Q2 of 2025.

Examples 1 & 2

	Organ Donation Leave Period		**Q1**		**Q2**	
Employees	Start	End	Tax Withheld	Credit	Tax Withheld	Credit
Employee A	02/01/2025	03/03/2025	$1,200	$1,000		
Employee B Option 1	03/20/2025	04/18/2025	$500	$500		$500
Employee B Option 2	03/20/2025	04/18/2025	$500	$0		$1,000

Continue to Page 9

NOTE: Organ Donation Credits are not required to be claimed in the quarter in which they are earned. However, credits earned during a quarter must be claimed within one year of the date upon which a qualified employee begins their organ donation leave period. In no event may the credit be first claimed on a return filed more than one year after an employee's organ donation leave period begins.

Example 3:

Assume same facts as Example 1, but Employee A undergoes a second organ donation procedure and Employer's qualified organ donation leave program to take another qualified organ donation leave. Employee A's second organ donation leave period begins on December 18, 2025, and they return to work on January 17, 2026. Employer withheld $550 on wages paid from December 18, 2025, through December 31, 2025, during Q4 of 2025, and $650 on wages paid from January 1, 2026, through January 16, 2026, during Q1 of 2026. For Q4 of 2025, Employer may claim an Organ Donation Credit of $550 and claim a credit of $450 for Q1 of 2026. In the alternative, Employer may choose to claim no credit in Q4 of 2025 and claim the maximum credit of $1,000 in Q1 of 2026.

Example 3

	Organ Donation Leave Period		Q4, 2025		Q1, 2026	
	Start	End	Tax Withheld	Credit	Tax Withheld	Credit
Employee A	12/18/2025	01/16/2026	$550		$650	
Total Credit Option 1				$550		$450
Total Credit Option 2				$0		$1,000

Step 3: Determine carry forward of credits

If the amount of Organ Donation Credit exceeds the tax liability for the quarter during which the credit is first claimed, the excess may be carried forward and applied to the tax liability for each of the 12 reporting periods following the excess reporting period. The tax credit shall be applied to the earliest reporting period for which there is a tax liability. If there are credits for more than one reporting period that are available to offset liability, the earlier credit shall be applied first.

NOTE: Even if you use the Organ Donation Credit, you still need to report the total amount you withheld from your employees or others on Step 4, Line 2, of Form IL-941. Your Organ Donation Credit is applied to your tax liability before your payments. If you made payments that, when added with your Organ Donation Credit, resulted in overpayment of your withholding taxes, you must file a Form IL-941-X, Amended Illinois Withholding Income Tax Return, along with the Schedules P-X and WC, to verify the overpayment.

Illinois Department of Commerce and Economic Opportunity (DCEO) Credits

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

We receive notification from DCEO and apply credits when they become available. **Do not** claim this credit on your Form IL-941 **until** they are available for use per your Tax Credit Certificate of Verification tax credit certificate or your certificate of verification that you received from DCEO.

Account for these 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 or others on Step 4, Line 2, of Form IL-941. Your DCEO credit is applied to your tax liability *before* your payments. If you made payments that, when added with your DCEO credit, resulted in overpayment of your withholding taxes, you must file a Form IL-941-X, Amended Illinois Withholding Income Tax Return, along with the Schedules P-X and WC, to verify the overpayment. For additional information about DCEO credits, contact Illinois DCEO.

Continue to Page 10

DCEO credits that cannot be carried forward

Local Journalism Sustainability Tax Credit (Credit Code 0960)

35 ILCS 5/704A(k) You may claim this credit if

- you are a local news organization, and
- you have been awarded a tax credit certificate from DCEO under the Local Journalism Sustainability Act.

DCEO is responsible for issuing this credit. The credit should be applied to the first quarterly reporting period beginning after the end of the quarterly reporting period in which the tax credit certificate is issued by DCEO.

NOTE: If the credit exceeds the withholding amount, you may only claim the withholding amount as the credit. You will not be able to carry the remaining balance forward to future periods. Any excess of credit will be refunded. A paper check will be issued for any overpayment on the period after the return has been posted.

DCEO credits that can be carried for five years

EDGE Tax Credit (Credit Code 5900)

35 ILCS 5/704A(g) You may claim this credit if

- you have entered into an agreement with DCEO, either under the Economic Development for a Growing Economy Tax Credit Act or the Corporate Headquarters Relocation Act, and
- you meet the conditions stated in your agreement with DCEO.

DCEO is responsible for issuing this credit. Enter the amount of EDGE credit carried forward from a previous quarter in Column E of your Schedule WC and Credit Code 5900 in Column B.

Reimagining Energy and Vehicles (REV) Illinois Tax Credit (Credit Code 5920)

35 ILCS 5/704A(g-1) You may claim this credit if

- you have entered into an agreement with DCEO under the Reimagining Energy and Vehicles in Illinois Act, and
- you have been awarded a REV Illinois tax credit certificate by DCEO, and
- you meet the conditions stated in your agreement with DCEO.

DCEO is responsible for issuing this credit. Enter the amount of REV Illinois Tax Credit carried forward from a previous quarter in Column E of your Schedule WC and Credit Code 5920 in Column B.

NOTE: Only the amount of the credit that is **equal** to the incremental income tax attributable to new employees and retained employees may be claimed against withholding tax.

Live Theater Production Tax Credit (Credit Code 5980)

35 ILCS 5/704A(k) You may claim this credit if

- you are an employer who has produced a non-profit theater production, and
- you have been awarded a tax credit certificate from DCEO under the Live Theater Production Tax Credit Act.

DCEO is responsible for issuing this credit. The credit should be applied to the first quarterly reporting period beginning after the end of the quarterly reporting period in which the tax credit certificate is issued by DCEO. Enter the amount of Live Theater Production Tax Credit carried forward from a previous quarter in Column E of your Schedule WC and Credit Code 5980 in Column B.