



ILLINOIS DEPARTMENT OF REVENUE

FY 2025 Legislative Summary

Income Tax

House Bill 1437, Public Act 104-0434

- **River Edge Redevelopment Zone Tax Credit** - Amends the Illinois Income Tax Act to extend the River Edge Redevelopment Zone tax credit to taxable years ending prior to January 1, 2029.
- **Apprenticeship Education Expense Tax Credit** - Amends the Illinois Income Tax Act to extend the Apprenticeship Education Expense tax credit to taxable years beginning on or before January 1, 2027.

House Bill 2755, Public Act 104-0006

- **Interest Paid to Foreign Persons** - Amends the Illinois Income Tax Act to repeal, for taxable years ending on and after December 31, 2025, certain provisions allowing taxpayers to deduct from income interest and royalties paid to overseas affiliates that are excluded from the unitary business groups under the 80/20 rule.
- **Sale of Pass-Through Entity** - Amends the Illinois Income Tax Act to allow gains and losses from the sale or exchange of a partnership interest or shares in an S corporation to be allocable to Illinois in proportion to the pass-through entity's average Illinois apportionment factor in the year of the sale and the preceding two years.
- **Income Apportionment** - Amends the Illinois Income Tax Act to require the sales of each member of a unitary business group, who is not a taxpayer, to be determined based on the apportionment rules applicable to the member and shall be aggregated, effective for taxable years ending on or after December 31, 2025.
- **Global Intangible Low-Taxed Income (GILTI)** - Amends the Illinois Income Tax Act to provide, for taxable years ending on or after December 31, 2025, 50% of a taxpayer's GILTI is taxable.
- **Advancing Innovative Manufacturing (AIM) for Illinois Tax Credit** - Creates the Advancing Innovative Manufacturing Tax Credit. For tax years beginning on or after January 1, 2026, creates a tax credit for taxpayers that enter into an agreement with the Department of Commerce and Economic Opportunity and provides the amount of the credit is equal to the amount determined in the agreement. Provides the excess credit can be carried forward for ten (10) years.

Senate Bill 1911, Public Act 104-0453

- **Net Controlled Foreign Corporation Tested Income (NCTI)** - Amends the Illinois Income Tax Act to provide, for taxable years ending on or after December 31, 2025, 50% of a taxpayer's NCTI is taxable.
- **Bonus Depreciation** - Amends the Illinois Income Tax Act to decouple from the federal bonus depreciation deduction under Section 168(n) of the Internal Revenue Code, effective for taxable years 2026 and thereafter.
- **Film Production Services Tax Credit** - Amends the Film Production Services Tax Credit Act of 2008 to provide if compensation is paid to a loan out company, then the production company or its authorized payroll service company shall withhold tax on that compensation, effective for productions that commence on or after December 12, 2025.

Illinois Department of Revenue Legislative Summary - continued

Sales and Related Taxes

House Bill 2755, Public Act 104-0006

- **Hotel Operators Occupation Tax (HOOT)** - Amends the HOOT Act. Redefines “hotel” to include “short-term rentals”, effective July 1, 2025.
- **Remote Retailer Amnesty Program** - Amends the Retailers’ Occupation Tax Act to create a Remote Retailer Amnesty Program. From August 1, 2026 through October 31, 2026, allows remote retailers to come into compliance with sales tax law changes that took effect January 1, 2021. The program also establishes a “simplified retailers’ occupation tax rate” of 9% for general merchandise and 1.75% for items subject to the low rate of tax for remote retailers to determine their tax liability and waives any applicable penalty and interest.
- **Leveling The Playing Field** - Expands destination-base sourcing concepts of the Leveling the Playing Field for Illinois Retail Act to the Service Occupation Tax Act and the Service Use Tax Act. Eliminates the 200-transaction tax remittance threshold for establishing economic nexus. These two provisions take effect January 1, 2026. Establishes a 15% tax rate to apply when insufficient records are provided to determine the location of the sale. Provides Certified Service Providers can file returns on behalf of retailers and servicemen maintaining a place of business in Illinois. The two provisions are effective June 16, 2025.
- **“Drive-Away Permit Exemption”** - Amends the Use Tax Act to create a rebuttable presumption that the sales tax exemption for a motor vehicle that was sold in this State to a nonresident, delivered to the nonresident in this State, that is to be titled outside of this State, and for which a drive-away permit is issued is taxable if the purchaser is a limited liability company and a member of the limited liability company is a resident of Illinois, effective June 16, 2025.
- **Motor Fuel Definition** - Amends the Motor Fuel Tax Law to provide “motor fuel” includes volatile and inflammable “substances,” effective January 1, 2026.
- **Motor Fuel Refund Claims** - Amends the Motor Fuel Tax Law to clarify, for purposes of claims for refund, “any purpose other than operating a motor vehicle upon the public highways” refers to the specific purpose for which the motor vehicle was used and does not refer to the specific location where the motor fuel was used. Provides incidental use of motor fuel on private roads or private highways in the operation of a motor vehicle does not constitute a “purpose other than operating a motor vehicle upon the public highways” and does not form a basis for a claim, effective June 16, 2025.
- **Rolling Stock Exemption** - Amends the “sales” tax acts to provide, effective July 1, 2025, vehicles that meet the definition of “limousine” and which are used to provide transportation network company services as defined in the Transportation Network Providers Act do not qualify for the rolling stock exemption.
- **Private Party Vehicle Sales** - Amends the Illinois Vehicle Code to create an exemption from the Vehicle Use Tax when a retailer registered under the Retailers’ Occupation Tax Act purchases a motor vehicle from a private party for the purpose of reselling that vehicle, effective June 16, 2025.
- **Tobacco Products Tax Changes** - Amends the Tobacco Products Tax Act of 1995 to provide, beginning July 1, 2025, “tobacco products” also includes any product that is made from or derived from tobacco, or that contains nicotine whether natural or synthetic, including but not limited to nicotine pouches, lozenges, and gum. Effective July 1, 2025, increases the tax rate on tobacco products to 45% (currently 36%), including moist snuff and electronic cigarettes.
- **Tobacco Products Annual License Fee** - Amends the Tobacco Products Tax Act of 1995 to increase the annual license fee for tobacco products retailers to \$150 (currently \$75), effective July 1, 2025.

Illinois Department of Revenue Legislative Summary - continued

- **Motor Fuel Licenses** - Amends the Motor Fuel Tax Law to combine the distributor and supplier licenses under the law, effective January 1, 2026.
- **Municipal Motor Fuel Tax** - Amends the Municipal Motor Fuel Tax Law in the Illinois Municipal Code to allow a municipality whose territory lies partially in a county with a population of over 3,000,000 inhabitants and partially outside such a county to impose the tax in only that portion of the municipality that lies in a county with a population of over 3,000,000 inhabitants, effective June 16, 2025.
- **Electronic Filing Requirement** - Amends the Cigarette Tax Act, the Cigarette Use Tax Act, the Cigarette Machine Operators' Occupation Tax Act, and the Tobacco Products Tax Act of 1995 to require all returns, reports and supporting schedules required to be filed under those Acts to be filed electronically, effective January 1, 2026.
- **Telecommunication Excise Tax Rate** - Amends the Telecommunications Excise Tax Act to increase the telecommunications excise tax rate to 8.65% (currently 7%), effective July 1, 2025. The 1.65% increase is to be designated as the statewide 9-8-8 surcharge and is established to support and enhance the 9-8-8 Suicide and Crisis Lifeline.

Senate Bill 1911, Public Act 104-0453

- **STAR Bonds** - Creates the Statewide Innovation Development and Economy Act to assist in the development and redevelopment of major tourism, entertainment, retail, and related projects within eligible areas of the State by authorizing municipalities and counties to issue sales tax and revenue (STAR) bonds for the financing of STAR bond projects. Defines "local sales tax increment" and "State sales tax increment". Provides the Department shall allocate revenues from incremental sales tax collections that secure bonds used to finance project costs in STAR bond districts.

Property Tax

House Bill 2755, Public Act 104-0006

- **Special Assessments for Affordable Housing** - Amends the Property Tax Code to allow that special assessments for affordable housing shall also apply to substantially rehabilitated residential real property put into service (currently only applies to newly constructed real property). Extends the sunset provision from 2027 to 2037 and clarifies that approved reduced valuations prior to the expiration of the new sunset date will not be shortened or disqualified if the new sunset date is not further extended.
- **Tax Bill Information** - Amends the Property Tax Code to require the inclusion on tax bills, each redevelopment project that (i) is associated with the TIF district and (ii) has been completed during or before the taxable year for which the bill is prepared or is in the process of being completed during that taxable year.
- **Cook County Annual Tax Sale** - Amends the Illinois Municipal Code to delay the application for judgment and order of sale for the 2023 annual tax sale in Cook County that would normally be held in calendar year 2025 to be filed on or before March 10, 2026.

Senate Bill 642, Public Act 104-0452

- **Low-Income Senior Citizens Assessment Freeze Homestead Exemption** - Amends the Property Tax Code to provide the maximum income limitation to qualify for the Low-Income Senior Citizens Assessment Freeze Homestead Exemption is (i) \$75,000 for taxable year 2026, (ii) \$77,000 for taxable year 2027, and (iii) \$79,000 for taxable years 2028 and thereafter.
- **Property Tax Due Dates** - Amends the Property Tax Code to provide, in counties of 3,000,000 or more, for tax year 2025, the estimated first installment of unpaid taxes shall be deemed delinquent and shall bear interest after April 1, 2026 at the rate of 0.75% per month or portion thereof until paid or forfeited.

Illinois Department of Revenue Legislative Summary - continued

- **Property Tax Payment Plan** - Amends the Property Tax Code to allow, for any tax certificates held by a county, the county clerk to create and administer a payment plan during the redemption period. Under the payment plan, the county clerk may waive interest penalties when payments are made in accordance with the parameters set forth in the payment plan.

General/Miscellaneous

House 2667, Public Act 104-0242

Rulemaking Procedures - Amends the Illinois Administrative Procedure Act to provide that before filing a certified copy of a rule with the Secretary of State, an agency shall (i) give at least 14 days' notice of its intended action to the general public and (ii) accept comments from any interested persons. Provides, after the said notice period, the agency may make modifications to the proposed rule in response to any comment received and file a certified copy with the Secretary of State.

House Bill 2755, Public Act 104-0006

- **Tax Amnesty Program** - Amends the Tax Delinquency Amnesty Act to create the 2025 Tax Amnesty Program to run from October 1, 2025 through November 17, 2025, for individuals and businesses with unpaid tax debt for reporting periods ending after June 30, 2018, and before July 1, 2024.
- **Local Distributions** - Amends the State Finance Act to eliminate the "subject to appropriation" provision regarding distributions from the State and Local Sales Tax Reform Fund and the Local Government Distributive Fund.
- **River Edge Redevelopment Zone** - Amends the River Edge Redevelopment Zone Act to allow the Department of Commerce and Economic Opportunity to certify two additional pilot River Edge Redevelopment Zones, including one in the City of Alton and one in the City of Sterling.
- **Certificates of Registration** - Amends the Retailers' Occupation Tax Act to allow certificates of registration to be issued in the manner and form determined by the Department and allows the Department to determine the manner and form by which retailers make its certificate of registration available.
- **Tobacco Distributor's License Revocation** - Amends the Tobacco Products Manufacturers' Escrow Enforcement Act of 2003 to authorize the Department to revoke a tobacco distributor's license for failure to comply with the Master Settlement Agreement.
- **American Hostage Tax Liability Postpone Act** - Creates the American Hostage Tax Liability Postpone Act to provide that, if a person was unlawfully or wrongfully detained abroad or held hostage abroad, any tax liability of that person shall be postponed until 90 days after the person is no longer unlawfully or wrongfully detained abroad or held hostage abroad. Provides that the person shall be exempt from paying any interest or penalty that accrues while the tax liability is postponed.
- **Illinois Gives Tax Credit** - Amends the Illinois Gives Tax Credit Act to provide, from July 1, 2025, through June 30, 2026, a community foundation must have applied to the Community Foundation National Standards Board to qualify to issue Illinois Gives tax credits. Provides, from July 1, 2026 and after, a community foundation must be certified by the Board to qualify to issue Illinois Gives tax credits.

Senate Bill 618, Public Act 104-0451

Liquor Bonds - Amends the Liquor Control Act of 1934 to provide manufacturers or importing distributors who are applying for a license for the first time need not obtain a bond. Provides a bond may be required as a condition to renew a license for subsequent annual license terms if a manufacturer or importing distributor exceeds \$50,000 in tax liability.

Illinois Department of Revenue Legislative Summary - continued

Senate Bill 642, Public Act 104-0452

Senior Citizens Real Estate Tax Deferral Program - Amends the Senior Citizens Real Estate Tax Deferral Act. Amends the definition of “taxpayer” to provide a “qualified taxpayer” is one (i) who will be 65 years of age or older by June 1 of the year for which a tax deferral is claimed; (ii) who certifies that they have owned and occupied as their residence such property or other qualifying property in the State for at least the last 3 years, except for any periods during which the taxpayer may have temporarily resided in a nursing or sheltered care home; and (iii) whose household income for the year is no greater than the maximum household income.

Increases the “maximum household income” to (i) \$75,000 for tax year 2025, (ii) \$77,000 for tax year 2026, and (iii) \$79,000 for tax years 2027 and after.

Senate Bill 1441, Public Act 104-0100

Secure Choice Savings Program - Amends the Illinois Secure Choice Savings Program Act to provide employers who fail to remit contributions are subject to penalties.

Senate Bill 2111, Public Act 104-0457

Northern Illinois Transit Authority (NITA) Tax Rate - Effective June 1, 2026, amends several acts to change the Regional Transportation Authority (RTA) to the Northern Illinois Transit Authority (NITA). Authorizes the NITA board to increase its sales tax rate by 0.25% and provides the sales tax on motor fuel and gasohol will be deposited to the Public Transportation Fund and the Downstate Public Transportation Fund.