COMPLIANCE ALERT

STATE OF Illinois
DEPARTMENT OF REVENUE

March 2007

tax.illinois.gov
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This Compliance Alert has been superceded by several changes since 2007. For the latest information, please see Informational Bulletin FY 2017-07, Withholding Income Tax Changes, which describes requirements effective January 1, 2017.

Compliance Problem

We have determined a large number of taxpayers are not making their required withholding income tax deposits (payments) as often as required by law. You must comply with the law or you will be subject to penalties and interest.

Solution

1. Make timely deposits.
2. To help you comply with the law, the Illinois Department of Revenue

   - developed the 2007 due date chart in Illinois Publication 131, Withholding Income Tax Filing and Payment Requirements, to assist you. Go to tax.illinois.gov to get this publication.

     Note: The frequency of your required deposits can change throughout the year.

   - recommends you pay us when you pay your federal taxes by using EFTPS, the Electronic Federal Tax Payment System. EFTPS is a free service from the U.S. Department of the Treasury that allows you to make both payments in one transaction. Go to eftps.com to learn more.

   - suggests that, if you use tax-preparation software, check it carefully. Some software programs may not be set up to make your Illinois Withholding Income Tax deposits on time.

Background

We initially identified more than 15,000 taxpayers who did not make their required payments on time and sent them notices. Taxpayers who responded were confused about when payments should be made — even though some knew they should be paying more often. Taxpayers also told us they did not realize

- tax is considered withheld at the time they pay their employees,
- tax withheld accumulates until it is paid to us, and
- payments are due even when they do not receive any or enough preprinted payment vouchers.

We will continue to check that withholding payments are made in a timely manner. Avoid penalties by making your payments on time.

Electronic Ways to Make Deposits

EFTPS
Electronic Federal Tax Payment System

Visit eftps.com and pay both Illinois withholding tax and federal taxes online

- separately or at the same time and
- using the same PIN and password.

To enroll, go to eftps.com and click on "State Pilot".

EFT
Electronic Funds Tranfer

Have the funds transferred from your account to ours through ACH credit or ACH debit.

To enroll, you must complete Form EFT-1, Authorization Agreement for Electronic Funds Transfer. Go to tax.illinois.gov to get this form.

Electronic Ways to File and Make Deposits

TaxNet

File and pay your Illinois Unemployment Insurance Tax and Wage Reports (UI-3/40) and Illinois withholding forms (IL-501, IL-941, and IL-W-3). To enroll, go to tax.illinois.gov.

FSET
Federal State Employment Tax

Business taxpayers can file and pay both Illinois withholding and federal employment taxes. Business taxpayers must use a payroll service provider or commercial software to participate.

To enroll, you must complete Form IL-8633-B, Business Electronic Filing Enrollment. Go to tax.illinois.gov to get this form.

Fact. **Under Illinois law, you must use an electronic payment method if your annual tax liability meets or exceeds $200,000.**