

AHLBECK & COMPANY

CERTIFIED
PUBLIC
ACCOUNTANTS

1665 ELK BOULEVARD
DES PLAINES, ILLINOIS
60016

TELEPHONE: 847/824-4000
FACSIMILE: 847-824-4012
WEB: www.ahlbeck.com

Changes to Illinois Income Tax Withholding Law *(new payment and filing due dates)*

Effective January 1, 2008, Illinois withholding deposits will be due *when federal deposits are due*. All taxpayers who withhold Illinois tax will be assigned to one of three due date schedules (semi-weekly, monthly or annual) determined by total tax withheld during the "look-back" period (July 1 through June 30 of the immediately preceding year).

If you are assigned a semi-weekly due date schedule, your schedule *will not change during the year*. If your withholding exceeds \$12,000 *during any quarter*, you must begin to make your payments and file your returns in the following quarter, the remainder of the year *and* the subsequent year using the semi-weekly due date schedule.

Also, starting in 2008, Form IL W-3 will no longer be required.

For more specific details as well as payment and filing due date schedules, see the attached publication from the Illinois Department of Revenue or contact a member of our firm.

Pursuant to Internal Revenue Service Circular No. 230, be advised that the information contained herein was not intended or written to be used and cannot be used by any taxpayer for the purpose of avoiding any Internal Revenue Code penalties that may be imposed on the taxpayer. It was written with the intent of disseminating general information related to the transaction(s) or matters(s) addressed herein.



Illinois Department of Revenue Informational Bulletin

Brian Hamer
Director of Revenue

For information . . .

Visit our web site —
tax.illinois.gov

Call us —
1 800 732-8866 or
217 782-3336
1 800 544-5304 (TDD only)

Write us —
Illinois Department of Revenue
P.O. Box 19044
Springfield, IL 62794-9044

For forms . . .

Visit our web site —
tax.illinois.gov

Call our Forms Order Line —
1 800 356-6302

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

Changes to Illinois Income Tax Withholding Law

To: All tax professionals and taxpayers who withhold Illinois Income Tax

This bulletin summarizes significant changes to the Illinois Income Tax withholding law, which become effective January 1, 2008.

What are the changes?

- ◆ New payment due dates
- ◆ New filing due dates
- ◆ Form IL-W-3 is no longer required

How will I know my due dates?

Each year we will tell you when your payments are due and when to file your returns for the new tax year. All taxpayers will be assigned to one of three due date schedules: semi-weekly, monthly, or annual. You must use the due date schedule we assign to you.

Note to annual filers: Annual return filers will no longer receive a withholding coupon booklet. Instead, we will send you a single Form IL-941-A.

Note to all filers: You may find it easier to make your payments using EFTPS. This application allows you to make both your federal and Illinois withholding payments at the same time. Visit eftps.gov, then click on "STATE PILOT". You may also pay using TaxNet, FSET, or EFT.

Due Date Schedules

Semi-weekly (frequent)	
You must	By
Pay using EFTPS, TaxNet, FSET, EFT, or a Payment Coupon (IL-501)	Wednesday for amounts withheld on the preceding Wednesday, Thursday, or Friday, and Friday for amounts withheld on the preceding Saturday, Sunday, Monday, or Tuesday
File using TaxNet, FSET, or Form IL-941	The last day of April, July, October, and January

Monthly	
You must	By
Pay using EFTPS, TaxNet, FSET, EFT, or a Payment Coupon (IL-501)	15th of each month for amounts withheld the preceding month
File using TaxNet, FSET, or Form IL-941	The last day of April, July, October, and January

Annual	
You must	By
File and pay using EFTPS, TaxNet, FSET, EFT, or Form IL-941-A	January 31 of the following year for amounts withheld the entire preceding year

Can my due date schedule change during the year?

- ◆ If you are assigned to the semi-weekly due date schedule, your schedule will not change.
- ◆ If you are assigned to the annual or monthly due date schedule and you exceed \$12,000 in withholding during any quarter, you must begin to use the semi-weekly due date schedule for the following quarter, the remainder of the year, and the subsequent year.

Note: It is the taxpayer's responsibility to use EFTPS, TaxNet, FSET, EFT, or call us so we can issue a new withholding coupon booklet.

How do you determine my payment and filing requirements?

The new payment and filing requirements are determined by the total tax withheld during the "look-back" period. The look-back period is July 1 through June 30 of the immediately preceding year.

Taxpayers who reported

- ◆ more than \$12,000, will be assigned to the semi-weekly due date schedule.
- ◆ more than \$1,000, but no more than \$12,000, will be assigned to the monthly due date schedule.
- ◆ \$1,000 or less, will be assigned to the annual due date schedule.

Note: There are exceptions. New taxpayers are automatically assigned to the monthly due date schedule, as are those who would qualify for the annual due date schedule, but are not in good standing with the department.

Example:

Payday for the employees of XYZ Corporation is on Thursday, January 17, 2008. It is for the work period of January 1 through January 15, 2008. January 17 is the date that withholding tax is considered withheld.

If we assigned XYZ Corporation to the

- ◆ Semi-weekly due date schedule, the payment is due Wednesday, January 23, 2008.
- ◆ Monthly due date schedule, the payment is due Friday, February 15, 2008.
- ◆ Annual due date schedule, the payment is due Monday, February 2, 2009, because January 31 is on a Saturday.

Are there any other changes?

Yes. The size of the coupons have changed. If you use a software package, check to make sure updates have been made.

Because your payment due dates are based on the day you pay your employees, we occasionally may ask you to provide payroll information. *To avoid penalties*, all tax withheld must be paid by each payment due date.