

## [Illinois' New Budget & Tax Hike +](#)

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IMMEDIATE ACTION REQUIRED – Illinois Public Act 100-0022 amends the Illinois Income Tax Act and Retailers' Occupation Tax Act resulting in numerous state tax changes including the items noted below:

- Effective July 1, 2017, Illinois income tax rates for individuals, trusts and estates increase from 3.75 percent to 4.95 percent;
- Employers, payroll service providers, software developers, and payers of gambling and lottery winnings who withhold Illinois income taxes **must now immediately adjust withholding tax rates** (Booklet IL-700-T, Illinois Withholding Tax Tables, has been updated and is available on the Department of Revenue's website);
- For tax years beginning on or after January 1, 2017, taxpayer's with AGI for the taxable years exceeding \$500,000 for married filing jointly returns and \$250,000 for all other returns may not claim: the personal exemption allowance; the K-12 Education Expense Credit; or the Illinois Property Tax Credit;
- Effective July 1, 2017, for corporations (excluding S corporations) the Illinois income tax rate is increased from 5.25 to 7 percent;
- For taxable years ending on or after December 31, 2017, the Domestic Production Activities Deduction allowed under IRC Section 199 must be added back to AGI for individuals or taxable income for all other taxpayers;
- The Illinois Research and Development Credit has been reinstated and is retroactive for the 2016 tax year subject to certain limitations;
- Illinois Unitary business groups will no longer be allowed to exclude members classified as financial organizations, insurance companies or transportation companies pursuant to IITA Section 304;
- Effective July 1, 2017, for sales and use tax, the manufacturing and assembling machinery and equipment exemption is expanded to include graphic arts machinery and equipment;
- Effective July 1, 2017, tax is imposed on 100 percent of the proceeds from the sales of gasohol, which eliminates the current 20 percent exemption;
- The 100 percent exemption for the majority blended ethanol fuel, 100 percent biodiesel, and biodiesel blends with more than 10 percent but no more the 99 percent biodiesel, is extended through December 31, 2023.

The Illinois Department of Revenue has posted additional information concerning these changes on its website. The Illinois CPA Society State and Local Tax Committee will continue to monitor these statutory changes and provide further guidance on the Illinois CPA Society's website as well as at the January 17, 2018, Illinois CPA Society Annual State & Local Tax Conference.