



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB5554

by Rep. Mark Batinick

#### SYNOPSIS AS INTRODUCED:

20 ILCS 2510/2510-3  
20 ILCS 2510/2510-5  
20 ILCS 2510/2510-10  
20 ILCS 2510/2510-30

Amends the Certified Audit Program Law of the Civil Administrative Code of Illinois. Extends the certification program to all experienced tax practitioners. Provides that the term "experienced tax practitioner" means an Illinois-licensed certified public accountant, an Illinois-licensed attorney, or an enrolled agent licensed for a minimum of 8 years with substantial knowledge of Illinois tax laws and regulations. Reinstates the certified audit pilot project and extends it until July 1, 2020.

LRB099 18715 HLH 43099 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Certified Audit Program Law of the Civil  
5 Administrative Code of Illinois is amended by changing Sections  
6 2510-3, 2510-5, 2510-10, and 2510-30 as follows:

7 (20 ILCS 2510/2510-3)

8 Sec. 2510-3. Findings. The General Assembly finds that:

9 (1) Voluntary compliance is the cornerstone of an effective  
10 tax system.

11 (2) Despite attempts by the General Assembly, State taxes  
12 are not simple.

13 (3) Even the most diligent taxpayers through mistake or  
14 inadvertence may not pay all taxes due.

15 (4) The Illinois Department of Revenue lacks the resources  
16 to audit the compliance of all taxpayers.

17 (5) Experienced tax practitioners ~~Illinois-certified~~  
18 ~~public accountants~~ provide valuable advice and assistance to  
19 Illinois taxpayers on State tax issues.

20 (6) A pilot program establishing a partnership between  
21 taxpayers, experienced tax practitioners ~~Illinois-certified~~  
22 ~~public accountants~~, and the Illinois Department of Revenue will  
23 provide guidance to taxpayers and enhance voluntary

1 compliance.

2 (Source: P.A. 92-456, eff. 8-21-01.)

3 (20 ILCS 2510/2510-5)

4 Sec. 2510-5. Definitions. As used in this Article:

5 "Certification program" means an instructional curriculum,  
6 examination, and process for certification, recertification,  
7 and revocation of certification of certified public  
8 accountants that is administered by the Department, the  
9 Illinois CPA Society, the Illinois State Bar Association, or  
10 other similar organization, and that is officially approved by  
11 the Department to ensure that a certified public accountant,  
12 attorney, or other experienced tax practitioner possesses the  
13 necessary skills and abilities to successfully perform an  
14 attestation engagement for tax compliance review in a certified  
15 audit project.

16 "Department" means the Illinois Department of Revenue.

17 "Experienced tax practitioner" means an Illinois-licensed  
18 certified public accountant, an Illinois-licensed attorney, or  
19 an enrolled agent licensed for a minimum of 8 years with  
20 substantial knowledge of Illinois tax laws and regulations.

21 "Participating taxpayer" means any person subject to the  
22 revenue laws administered by the Department who enters into an  
23 engagement with a qualified practitioner for tax compliance  
24 review and who is approved by the Department under the  
25 certified audit project.

1 "Qualified practitioner" means an experienced tax  
2 practitioner ~~a certified public accountant~~ who is licensed to  
3 practice in Illinois and who has completed the certification  
4 program. The phrase "completed the certification program"  
5 means the participant has met all requirements for the  
6 certified audit training course, achieved the required score on  
7 the certification test as approved by the Department, and has  
8 been certified by the Department.

9 (Source: P.A. 92-456, eff. 8-21-01.)

10 (20 ILCS 2510/2510-10)

11 Sec. 2510-10. Certified audit project.

12 (a) Subject to appropriation, the Department shall ~~is~~  
13 ~~authorized to~~ initiate a certified audit pilot project to  
14 further enhance tax compliance reviews performed by qualified  
15 practitioners and to encourage taxpayers to hire qualified  
16 practitioners at their own expense to review and report on  
17 their sales tax and use tax compliance. The nature of the  
18 certified audit work performed by qualified practitioners  
19 shall be agreed-upon procedures in which the Department is the  
20 specified user of the resulting report.

21 (b) As an incentive for taxpayers to incur the costs of a  
22 certified audit, the Department shall abate penalties ~~and~~  
23 ~~interest~~ due on any tax liabilities revealed by a certified  
24 audit, except that this authority to abate penalties or  
25 interest shall not apply to any liability for taxes that were

1 collected by the participating taxpayer but not remitted to the  
2 Department nor shall the Department have the authority to abate  
3 fraud penalties.

4 (c) The certified audit pilot project shall apply only to  
5 occupation and use taxes administered and collected by the  
6 Department.

7 (d) The certified audit pilot project shall not extend  
8 beyond July 1, 2020 ~~July 1, 2004~~.

9 (Source: P.A. 92-456, eff. 8-21-01.)

10 (20 ILCS 2510/2510-30)

11 Sec. 2510-30. Rules. To implement the certified audit  
12 project, the Department shall ~~have authority to~~ adopt rules no  
13 later than 180 days after the effective date of this amendatory  
14 Act of the 99th General Assembly, including, but not limited  
15 to:

16 (1) The scope and availability of the certification  
17 program required for participation in the project;

18 (2) The requirements and basis for establishing just  
19 cause for approval or rejection of participation by  
20 taxpayers;

21 (3) Procedures for assessment, collection, and payment  
22 of liabilities or refund of overpayments and provisions for  
23 taxpayers to obtain informal and formal review of certified  
24 audit results;

25 (4) The nature, frequency, and basis for the

1 Department's review of certified audits conducted by  
2 qualified practitioners, including the requirements for  
3 documentation, work-paper retention and access, and  
4 reporting; and

5 (5) Requirements for conducting certified audits and  
6 for review of agreed-upon procedures.

7 (Source: P.A. 92-456, eff. 8-21-01.)