LRB104 19070 HLH 32515 b

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4680

by Rep. Dave Vella

SYNOPSIS AS INTRODUCED:

35 ILCS 5/212

Amends the Illinois Income Tax Act. Provides that, for taxable years beginning on or after January 1, 2026, the Illinois earned income tax credit is in an amount equal to 30% of the federal earned income tax credit. Effective immediately.

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A BILL FOR

AN ACT concerning revenue.

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

Section 5. The Illinois Income Tax Act is amended by changing Section 212 as follows:

(35 ILCS 5/212)

Sec. 212. Earned income tax credit.

(a) With respect to the federal earned income tax credit allowed for the taxable year under Section 32 of the federal Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 in an amount equal to (i) 5% of the federal tax credit for each taxable year beginning on or after January 1, 2000 and ending prior to December 31, 2012, (ii) 7.5% of the federal tax credit for each taxable year beginning on or after January 1, 2012 and ending prior to December 31, 2013, (iii) 10% of the federal tax credit for each taxable year beginning on or after January 1, 2013 and beginning prior to January 1, 2017, (iv) 14% of the federal tax credit for each taxable year beginning on or after January 1, 2017 and beginning prior to January 1, 2018, (v) 18% of the federal tax credit for each taxable year beginning on or after January 1, 2018 and beginning prior to January 1, 2023, ~~and~~ (vi) 20% of the federal tax credit for each taxable year beginning on or after January 1, 2023 and beginning before January 1, 2026, and (vii) 30% of the federal tax credit for each taxable year beginning on or after January 1, 2026.

For a non-resident or part-year resident, the amount of the credit under this Section shall be in proportion to the amount of income attributable to this State.

(b) For taxable years beginning before January 1, 2003, in no event shall a credit under this Section reduce the taxpayer's liability to less than zero. For each taxable year beginning on or after January 1, 2003, if the amount of the credit exceeds the income tax liability for the applicable tax year, then the excess credit shall be refunded to the taxpayer. The amount of a refund shall not be included in the taxpayer's income or resources for the purposes of determining eligibility or benefit level in any means-tested benefit program administered by a governmental entity unless required by federal law.

(b-5) For taxable years beginning on or after January 1, 2023, each individual taxpayer who has attained the age of 18 during the taxable year but has not yet attained the age of 25 is entitled to the credit under paragraph (a) based on the federal tax credit for which the taxpayer would have been eligible without regard to any age requirements that would otherwise apply to individuals without a qualifying child in Section 32(c)(1)(A)(ii) of the federal Internal Revenue Code.

(b-10) For taxable years beginning on or after January 1, 2023, each individual taxpayer who has attained the age of 65 or older during the taxable year is entitled to the credit under paragraph (a) based on the federal tax credit for which the taxpayer would have been eligible without regard to any age requirements that would otherwise apply to individuals without a qualifying child in Section 32(c)(1)(A)(ii) of the federal Internal Revenue Code.

(b-15) For taxable years beginning on or after January 1, 2023, each individual taxpayer filing a return using an individual taxpayer identification number (ITIN) as prescribed under Section 6109 of the Internal Revenue Code, other than a Social Security number issued pursuant to Section 205(c)(2)(A) of the Social Security Act, is entitled to the credit under paragraph (a) based on the federal tax credit for which they would have been eligible without applying the restrictions regarding social security numbers in Section 32(m) of the federal Internal Revenue Code.

(c) This Section is exempt from the provisions of Section 250.

(Source: P.A. 102-700, eff. 4-19-22.)

Section 99. Effective date. This Act takes effect upon becoming law.