

SB2873



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2873

Introduced 2/15/2008, by Sen. Michael Noland

SYNOPSIS AS INTRODUCED:

35 ILCS 5/601

from Ch. 120, par. 6-601

Amends the Illinois Income Tax Act. Makes changes to the calculation of the credit for income tax that is paid by a resident to another state on income that is also subject to the Illinois Income tax. Effective immediately.

LRB095 18330 BDD 44414 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 601 as follows:

6 (35 ILCS 5/601) (from Ch. 120, par. 6-601)

7 Sec. 601. Payment on Due Date of Return.

8 (a) In general. Every taxpayer required to file a return
9 under this Act shall, without assessment, notice or demand, pay
10 any tax due thereon to the Department, at the place fixed for
11 filing, on or before the date fixed for filing such return
12 (determined without regard to any extension of time for filing
13 the return) pursuant to regulations prescribed by the
14 Department. If, however, the due date for payment of a
15 taxpayer's federal income tax liability for a tax year (as
16 provided in the Internal Revenue Code or by Treasury
17 regulation, or as extended by the Internal Revenue Service) is
18 later than the date fixed for filing the taxpayer's Illinois
19 income tax return for that tax year, the Department may, by
20 rule, prescribe a due date for payment that is not later than
21 the due date for payment of the taxpayer's federal income tax
22 liability. For purposes of the Illinois Administrative
23 Procedure Act, the adoption of rules to prescribe a later due

1 date for payment shall be deemed an emergency and necessary for
2 the public interest, safety, and welfare.

3 (b) Amount payable. In making payment as provided in this
4 section there shall remain payable only the balance of such tax
5 remaining due after giving effect to the following:

6 (1) Withheld tax. Any amount withheld during any
7 calendar year pursuant to Article 7 from compensation paid
8 to a taxpayer shall be deemed to have been paid on account
9 of any tax imposed by subsections 201(a) and (b) of this
10 Act on such taxpayer for his taxable year beginning in such
11 calendar year. If more than one taxable year begins in a
12 calendar year, such amount shall be deemed to have been
13 paid on account of such tax for the last taxable year so
14 beginning.

15 (2) Estimated and tentative tax payments. Any amount of
16 estimated tax paid by a taxpayer pursuant to Article 8 for
17 a taxable year shall be deemed to have been paid on account
18 of the tax imposed by this Act for such taxable year.

19 (3) Foreign tax. The aggregate amount of tax which is
20 imposed upon or measured by income and which is paid by a
21 resident for a taxable year to another state or states on
22 income which is also subject to the tax imposed by
23 subsections 201(a) and (b) of this Act shall be credited
24 against the tax imposed by subsections 201(a) and (b)
25 otherwise due under this Act for such taxable year. For
26 taxable years ending prior to December 31, 2008, the ~~The~~

1 aggregate credit provided under this paragraph shall not
2 exceed that amount which bears the same ratio to the tax
3 imposed by subsections 201(a) and (b) otherwise due under
4 this Act as the amount of the taxpayer's base income
5 subject to tax both by such other state or states and by
6 this State bears to his total base income subject to tax by
7 this State for the taxable year. For taxable years ending
8 on or after December 31, 2008, the credit provided under
9 this paragraph for tax paid to another state shall not
10 exceed that amount that bears the same ratio to the tax
11 imposed by subsections 201(a) and (b) otherwise due under
12 this Act as the amount of the taxpayer's base income that
13 would be allocated or apportioned to that state if that
14 state has adopted the provisions in Article 3 of this Act
15 bears to his total base income subject to tax by this State
16 for the taxable year. The credit provided by this paragraph
17 shall not be allowed if any creditable tax was deducted in
18 determining base income for the taxable year. Any person
19 claiming such credit shall attach a statement in support
20 thereof and shall notify the Director of any refund or
21 reductions in the amount of tax claimed as a credit
22 hereunder all in such manner and at such time as the
23 Department shall by regulations prescribe.

24 (4) Accumulation and capital gain distributions. If
25 the net income of a taxpayer includes amounts included in
26 his base income by reason of Section 668 or 669 of the

1 Internal Revenue Code (relating to accumulation and
2 capital gain distributions by a trust, respectively), the
3 tax imposed on such taxpayer by this Act shall be credited
4 with his pro rata portion of the taxes imposed by this Act
5 on such trust for preceding taxable years which would not
6 have been payable for such preceding years if the trust had
7 in fact made distributions to its beneficiaries at the
8 times and in the amounts specified in Sections 666 and 669
9 of the Internal Revenue Code. The credit provided by this
10 paragraph shall not reduce the tax otherwise due from the
11 taxpayer to an amount less than that which would be due if
12 the amounts included by reason of Sections 668 and 669 of
13 the Internal Revenue Code were excluded from his base
14 income.

15 (c) Cross reference. For application against tax due of
16 overpayments of tax for a prior year, see Section 909.

17 (Source: P.A. 94-247, eff. 1-1-06.)

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