



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB0119

Introduced 1/29/2019, by Sen. Cristina Castro

SYNOPSIS AS INTRODUCED:

35 ILCS 5/502.2 new

Amends the Illinois Income Tax Act. Provides that any person required to file a federal Form 1099-K with respect to a nonresident who performed services within the State during the taxable year shall file a copy of that form with the Department of Revenue. Provides that a third-party settlement organization that is required to file an information return under certain provisions of the Internal Revenue Code shall, within 30 days of the date the filing is due to the Internal Revenue Service, file a duplicate return with the Department of Revenue. Provides that third-party network transactions are subject to the \$600 de minimis reporting requirements set forth in the Internal Revenue Code, rather than the de minimis reporting requirements otherwise applicable to third-party settlement organizations under the Internal Revenue Code.

LRB101 06854 HLH 51885 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 adding
5 Section 502.2 as follows:

6 (35 ILCS 5/502.2 new)

7 Sec. 502.2. Third-party settlement organizations;
8 reporting.

9 (a) As used in this Section:

10 "Third-party network transaction" means any transaction
11 that is settled by a third-party settlement organization.

12 "Third-party settlement organization" means a central
13 organization that has the contractual obligation to make
14 payments to participating payees of third-party network
15 transactions.

16 (b) Any person required to file a federal Form 1099-K with
17 respect to a nonresident who performed services within the
18 State during the taxable year shall file a copy of that form
19 with the Department. The Department may authorize electronic
20 filing of the Form. The Department shall adopt rules setting
21 forth any documentation that must be submitted with the form.

22 (c) Any person required to file an information return
23 pursuant to Section 6050W of the Internal Revenue Code shall,

1 within 30 days of the date the filing is due to the Internal
2 Revenue Service, file with the Department a duplicate of each
3 such information return on which the recipient has an Illinois
4 address. In addition, at the same time the information in this
5 subsection is required, third-party settlement organizations
6 shall report to the Department and to any participating payee
7 with a Illinois address any information required by Section
8 6050W of the Internal Revenue Code with respect to third-party
9 network transactions related to that participating payee;
10 those reports shall be made as if the de minimis limitations of
11 subsection (e) of Section 6050W of the Internal Revenue Code
12 did not apply, but the de minimis limitations of subsection (a)
13 of Section 6041 of the Internal Revenue Code did apply. The
14 Department may adopt rules and authorize electronic filing of
15 the information required by this subsection.

16 (d) A failure to provide the information required by this
17 Section shall be considered a failure to provide a return or
18 return information and shall incur liability for any attendant
19 penalties.