



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB2705

Introduced 02/22/05, by Rep. Gary Hannig

SYNOPSIS AS INTRODUCED:

35 ILCS 5/704

from Ch. 120, par. 7-704

Amends the Illinois Income Tax Act. Deletes a provision requiring an employer to make a return for the calendar year on or before January 31 of the succeeding calendar year concerning monthly payments of income tax deducted and withheld by the employer. Effective January 1, 2006.

LRB094 03767 MKM 33776 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning taxes.

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 704 as follows:

6 (35 ILCS 5/704) (from Ch. 120, par. 7-704)

7 Sec. 704. Employer's Return and Payment of Tax Withheld.

8 (a) In general, every employer who deducts and withholds or
9 is required to deduct and withhold tax under this Act shall
10 make such payments and returns as hereinafter provided.

11 (b) Quarter Monthly Payments: Returns. Every employer who
12 deducts and withholds or is required to deduct and withhold tax
13 under this Act shall, on or before the third banking day
14 following the close of a quarter monthly period, pay to the
15 Department or to a depository designated by the Department,
16 pursuant to regulations prescribed by the Department, the taxes
17 so required to be deducted and withheld, whenever the aggregate
18 amount withheld by such employer (together with amounts
19 previously withheld and not paid to the Department) exceeds
20 \$1,000. For purposes of this Section, Saturdays, Sundays, legal
21 holidays and local bank holidays are not banking days. A
22 quarter monthly period, for purposes of this subsection, ends
23 on the 7th, 15th, 22nd and last day of each calendar month.
24 Every such employer shall for each calendar quarter, on or
25 before the last day of the first month following the close of
26 such quarter, and for the calendar year, on or before January
27 31 of the succeeding calendar year, make a return with respect
28 to such taxes in such form and manner as the Department may by
29 regulations prescribe, and pay to the Department or to a
30 depository designated by the Department all withheld taxes not
31 previously paid to the Department.

32 (c) Monthly Payments: Returns. Every employer required to

1 deduct and withhold tax under this Act shall, on or before the
2 15th day of the second and third months of each calendar
3 quarter, and on or before the last day of the month following
4 the last month of each such quarter, pay to the Department or
5 to a depository designated by the Department, pursuant to
6 regulations prescribed by the Department, the taxes so required
7 to be deducted and withheld, whenever the aggregate amount
8 withheld by such employer (together with amounts previously
9 withheld and not paid to the Department) exceeds \$500 but does
10 not exceed \$1,000. Every such employer shall for each calendar
11 quarter, on or before the last day of the first month following
12 the close of such quarter, ~~and for the calendar year, on or~~
13 ~~before January 31 of the succeeding calendar year,~~ make a
14 return with respect to such taxes in such form and manner as
15 the Department may by regulations prescribe, and pay to the
16 Department or to a depository designated by the Department all
17 withheld taxes not previously paid to the Department.

18 (d) Annual Payments: Returns. Where the amount of
19 compensation paid by an employer is not sufficient to require
20 the withholding of tax from the compensation of any of its
21 employees (or where the aggregate amount withheld is less than
22 \$500), the Department may by regulation permit such employer to
23 file only an annual return and to pay the taxes required to be
24 deducted and withheld at the time of filing such annual return.

25 (e) Annual Return. The Department may, as it deems
26 appropriate, prescribe by regulation for the filing of annual
27 returns in lieu of quarterly returns described in subsections
28 (b) and (c).

29 (e-5) Annual Return and Payment. On and after January 1,
30 1998, notwithstanding subsections (b) through (d) of this
31 Section, every employer who deducts and withholds or is
32 required to deduct and withhold tax from a person engaged in
33 domestic service employment, as that term is defined in Section
34 3510 of the Internal Revenue Code, may comply with the
35 requirements of this Section by filing an annual return and
36 paying the taxes required to be deducted and withheld on or

1 before the 15th day of the fourth month following the close of
2 the employer's taxable year. The annual return may be submitted
3 with the employer's individual income tax return.

4 (f) Magnetic Media Filing. Forms W-2 that, pursuant to the
5 Internal Revenue Code and regulations promulgated thereunder,
6 are required to be submitted to the Internal Revenue Service on
7 magnetic media, must also be submitted to the Department on
8 magnetic media for Illinois purposes, if required by the
9 Department.

10 (Source: P.A. 90-374, eff. 8-14-97; 90-562, eff. 12-16-97.)

11 Section 99. Effective date. This Act takes effect January
12 1, 2006.