

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 Department of Revenue Law of the Civil
5 Administrative Code of Illinois is amended by changing Section
6 2505-200 as follows:

7 (20 ILCS 2505/2505-200) (was 20 ILCS 2505/39c-1a)

8 Sec. 2505-200. Electronic filing rules.

9 (a) The Department may adopt rules to authorize the
10 electronic filing of any return or document required to be
11 filed under any Act administered by the Department.

12 (b) The Department may adopt rules to require the
13 electronic filing of the income and replacement tax return
14 required to be filed under the Illinois Income Tax Act for a
15 taxable year by any taxpayer (other than an individual) who is
16 required to file its federal income tax return electronically
17 for the taxable year.

18 (c) In the case of an electronically filed return or other
19 document required to be filed with the Department or maintained
20 by any taxpayer, these rules may set forth standards that
21 provide for acceptance of a signature in a form other than in
22 the proper handwriting of the person.

23 (d) The Department may adopt rules to require electronic

1 filing of any return or document that is required to be filed
2 on or after January 1, 2014 (without regard to extensions)
3 under any Act administered by the Department, provided that:

4 (1) no individual taxpayer shall be required to file
5 electronically any return or document required to be filed
6 under the Illinois Income Tax Act except as expressly
7 provided in that Act;

8 (2) no individual taxpayer shall be required to file
9 electronically any return or document required to be filed
10 under the Watercraft Use Tax Act, the Aircraft Use Tax Act,
11 Section 3-1002 of the Illinois Vehicle Code, or Section 10
12 of the Use Tax Act; and

13 (3) those rules shall require the Department to grant a
14 waiver of the electronic filing requirement for any
15 taxpayer who demonstrates lack of access to the Internet;
16 those waivers shall be valid for a period not to exceed 2
17 years, but may be renewed an unlimited number of times for
18 periods not to exceed 2 years for each renewal.

19 (Source: P.A. 96-520, eff. 8-14-09.)

20 Section 10. The Uniform Penalty and Interest Act is amended
21 by changing Section 3-8 and by adding Section 3-3.5 as follows:

22 (35 ILCS 735/3-3.5 new)

23 Sec. 3-3.5. Failure to comply with electronic filing and
24 payment requirements.

1 (a) Any person who is required by the Department to file
2 electronically any information return and who fails to file the
3 return electronically shall be subject to a penalty equal to
4 \$25 for each such failure.

5 (b) Any person who is required to file electronically any
6 return (other than an information return) that is required to
7 be filed under the Illinois Income Tax Act and who fails to
8 file the return electronically shall be subject to a penalty
9 for each such failure equal to:

10 (1) until January 1, 2017, for each tax return required
11 to be filed under Section 502 of the Illinois Income Tax
12 Act, the greater of \$100 or 2% of the amount of tax
13 liability required to be shown on the return, computed
14 without regard to any payments or credits allowable against
15 the liability, and, on and after January 1, 2017, for each
16 tax return required to be filed under Section 502 of the
17 Illinois Income Tax Act, the greater of \$200 or 4% of the
18 amount of tax liability required to be shown on the return,
19 computed without regard to any payments or credits
20 allowable against the liability; and

21 (2) until January 1, 2017, for each tax return required
22 to be filed under Section 704A or subsection (a-5) of
23 Section 711 of the Illinois Income Tax Act, the greater of
24 \$100 or 2% of the amount of tax required to be withheld for
25 the period for which the return is required, and, on and
26 after January 1, 2017, \$200 or 4% of the amount of tax

1 required to be withheld for the period for which the return
2 is required.

3 (c) Any person who is required to file electronically any
4 return (other than an information return) that is required to
5 be filed under any Act administered by the Department (other
6 than the Illinois Income Tax Act) and who fails to file the
7 return electronically shall be subject to a penalty for each
8 such failure equal to:

9 (1) the amount of any discount allowable for keeping
10 records, preparing and filing returns, and remitting tax
11 with regard to the tax reported on the return, provided
12 that this penalty shall not apply to a taxpayer allowed to
13 file the return annually; plus

14 (2) until January 1, 2017, the greater of \$100 or 2% of
15 the amount of tax liability required to be shown on the
16 return, computed without regard to any payments or credits
17 allowable against the tax, and on and after January 1,
18 2017, \$200 or 4% of the amount of tax liability required to
19 be shown on the return, computed without regard to any
20 payments or credits allowable against the tax.

21 (d) Any person required to make any payment of tax to the
22 Department electronically under any Act administered by the
23 Department who fails to make the payment electronically shall
24 be subject to a penalty for each such failure equal to the
25 greater of \$30 or 3% of the payment required to be made. This
26 subsection (d) applies only if the payment required is greater

1 than \$1,000.

2 (e) For purposes of this Section, an information return is
3 any tax return (other than a return under Section 704A of the
4 Illinois Income Tax Act) that is required by any tax Act
5 administered by the Department to be filed with the Department
6 and that does not, by law, require the payment of a tax
7 liability.

8 (f) If, without regard to this subsection (f), a taxpayer
9 would be subject to penalty under both Section 3-4 of this Act
10 and subsection (a) of this Section with respect to the same
11 information return, only the penalty under Section 3-4 of this
12 Act shall apply.

13 If, without regard to this subsection (f), a taxpayer would
14 be subject to both a failure to file penalty in Section 3-3 of
15 this Act and a penalty under either subsection (b) or (c) of
16 this Section, only the failure to file penalty under Section
17 3-3 of this Act shall apply.

18 If, without regard to this subsection (f), a taxpayer would
19 be subject to both a failure to pay penalty under Section 3-3
20 of this Act and a penalty under subsection (d) of this Section,
21 only the failure to pay penalty under Section 3-3 of this Act
22 shall apply.

23 (g) Except as provided in subsection (f) of this Section,
24 the penalties imposed under this Section are in addition to all
25 other penalties and shall apply to returns and payments due
26 (without regard to extensions) on or after January 1, 2015.

1 (35 ILCS 735/3-8) (from Ch. 120, par. 2603-8)

2 Sec. 3-8. No penalties if reasonable cause exists. The
3 penalties imposed under the provisions of Sections 3-3, 3-3.5,
4 3-4, 3-4.5, 3-5, and 3-7.5 of this Act shall not apply if the
5 taxpayer shows that his failure to file a return or pay tax at
6 the required time was due to reasonable cause. Reasonable cause
7 shall be determined in each situation in accordance with the
8 rules and regulations promulgated by the Department. A taxpayer
9 may protest the imposition of a penalty under Section 3-3,
10 3-3.5, 3-4, 3-4.5, 3-5, or 3-7.5 on the basis of reasonable
11 cause without protesting the underlying tax liability.

12 (Source: P.A. 91-803, eff. 1-1-01.)