

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 704 and by adding Section 704A as follows:

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

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

(a) In general, every employer who deducts and withholds or is required to deduct and withhold tax under this Act prior to January 1, 2008, shall make such payments and returns as ~~hereinafter~~ provided in this Section.

(b) Quarter Monthly Payments: Returns. Every employer who deducts and withholds or is required to deduct and withhold tax under this Act shall, on or before the third banking day following the close of a quarter monthly period, pay to the Department or to a depository designated by the Department, pursuant to regulations prescribed by the Department, the taxes so required to be deducted and withheld, whenever the aggregate amount withheld by such employer (together with amounts previously withheld and not paid to the Department) exceeds \$1,000. For purposes of this Section, Saturdays, Sundays, legal holidays and local bank holidays are not banking days. A quarter monthly period, for purposes of this subsection, ends

on the 7th, 15th, 22nd and last day of each calendar month. Every such employer shall for each calendar quarter, on or before the last day of the first month following the close of such quarter, and for the calendar year, on or before January 31 of the succeeding calendar year, make a return with respect to such taxes in such form and manner as the Department may by regulations prescribe, and pay to the Department or to a depository designated by the Department all withheld taxes not previously paid to the Department.

(c) Monthly Payments: Returns. Every employer required to deduct and withhold tax under this Act shall, on or before the 15th day of the second and third months of each calendar quarter, and on or before the last day of the month following the last month of each such quarter, pay to the Department or to a depository designated by the Department, pursuant to regulations prescribed by the Department, the taxes so required to be deducted and withheld, whenever the aggregate amount withheld by such employer (together with amounts previously withheld and not paid to the Department) exceeds \$500 but does not exceed \$1,000. Every such employer shall for each calendar quarter, on or before the last day of the first month following the close of such quarter, and for the calendar year, on or before January 31 of the succeeding calendar year, make a return with respect to such taxes in such form and manner as the Department may by regulations prescribe, and pay to the Department or to a depository designated by the Department all

withheld taxes not previously paid to the Department.

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

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

(e-5) Annual Return and Payment. On and after January 1, 1998, notwithstanding subsections (b) through (d) of this Section, every employer who deducts and withholds or is required to deduct and withhold tax from a person engaged in domestic service employment, as that term is defined in Section 3510 of the Internal Revenue Code, may comply with the requirements of this Section by filing an annual return and paying the taxes required to be deducted and withheld on or before the 15th day of the fourth month following the close of the employer's taxable year. The annual return may be submitted with the employer's individual income tax return.

(f) Magnetic Media Filing. Forms W-2 that, pursuant to the Internal Revenue Code and regulations promulgated thereunder, are required to be submitted to the Internal Revenue Service on

magnetic media, must also be submitted to the Department on magnetic media for Illinois purposes, if required by the Department.

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

(35 ILCS 5/704A new)

Sec. 704A. Employer's return and payment of tax withheld.

(a) In general, every employer who deducts and withholds or is required to deduct and withhold tax under this Act on or after January 1, 2008 shall make those payments and returns as provided in this Section.

(b) Returns. Every employer shall, in the form and manner required by the Department, make returns with respect to taxes withheld or required to be withheld under this Article 7 beginning on or after January 1, 2008, on or before the last day of the first month following the close of that quarter.

(c) Payments. With respect to amounts withheld or required to be withheld on or after January 1, 2008:

(1) Semi-weekly payments. For each calendar year, each employer who withheld or was required to withhold more than \$12,000 during the one-year period ending on June 30 of the immediately preceding calendar year, payment must be made:

(A) on or before each Friday of the calendar year, for taxes withheld or required to be withheld on the immediately preceding Saturday, Sunday, Monday, or Tuesday;

(B) on or before each Wednesday of the calendar year, for taxes withheld or required to be withheld on the immediately preceding Wednesday, Thursday, or Friday.

(2) Semi-weekly payments. Any employer who withholds or is required to withhold more than \$12,000 in any quarter of a calendar year is required to make payments on the dates set forth under item (1) of this subsection (c) for each remaining quarter of that calendar year and for the subsequent calendar year.

(3) Monthly payments. Each employer, other than an employer described in items (1) or (2) of this subsection, shall pay to the Department, on or before the 15th day of each month the taxes withheld or required to be withheld during the immediately preceding month.

(4) Payments with returns. Each employer shall pay to the Department, on or before the due date for each return required to be filed under this Section, any tax withheld or required to be withheld during the period for which the return is due and not previously paid to the Department.

(d) Regulatory authority. The Department may, by rule:

(1) If the aggregate amounts required to be withheld under this Article 7 do not exceed \$1,000 for the calendar year, permit employers, in lieu of the requirements of subsections (b) and (c), to file annual returns due on or before January 31 of the following year for taxes withheld

or required to be withheld during that calendar year and to pay the taxes required to be shown on each such return no later than the due date for such return.

(2) Provide that any payment required to be made under subsection (c)(1) or (c)(2) is deemed to be timely to the extent paid by electronic funds transfer on or before the due date for deposit of federal income taxes withheld from, or federal employment taxes due with respect to, the wages from which the Illinois taxes were withheld.

(3) Designate one or more depositories to which payment of taxes required to be withheld under this Article 7 must be paid by some or all employers.

(4) Increase the threshold dollar amounts at which employers are required to make semi-weekly payments under subsection (c)(1) or (c)(2).

(e) Annual return and payment. Every employer who deducts and withholds or is required to deduct and withhold tax from a person engaged in domestic service employment, as that term is defined in Section 3510 of the Internal Revenue Code, may comply with the requirements of this Section with respect to such employees by filing an annual return and paying the taxes required to be deducted and withheld on or before the 15th day of the fourth month following the close of the employer's taxable year. The Department may allow the employer's return to be submitted with the employer's individual income tax return or to be submitted with a return due from the employer under

Section 1400.2 of the Unemployment Insurance Act.

(f) Magnetic media and electronic filing. Any W-2 Form that, under the Internal Revenue Code and regulations promulgated thereunder, is required to be submitted to the Internal Revenue Service on magnetic media or electronically must also be submitted to the Department on magnetic media or electronically for Illinois purposes, if required by the Department.

Section 10. The Illinois Municipal Code is amended by changing Section 8-11-1.1 as follows:

(65 ILCS 5/8-11-1.1) (from Ch. 24, par. 8-11-1.1)

Sec. 8-11-1.1. Non-home rule municipalities; imposition of taxes.

(a) The corporate authorities of a non-home rule municipality may, upon approval of the electors of the municipality pursuant to subsection (b) of this Section, impose by ordinance or resolution the tax authorized in Sections 8-11-1.3, 8-11-1.4 and 8-11-1.5 of this Act.

(b) The corporate authorities of the municipality may by ordinance or resolution call for the submission to the electors of the municipality the question of whether the municipality shall impose such tax. Such question shall be certified by the municipal clerk to the election authority in accordance with Section 28-5 of the Election Code and shall be in a form in

accordance with Section 16-7 of the Election Code.

If a majority of the electors in the municipality voting upon the question vote in the affirmative, such tax shall be imposed.

An ordinance or resolution imposing the tax of not more than 1% hereunder or discontinuing the same shall be adopted and a certified copy thereof, together with a certification that the ordinance or resolution received referendum approval in the case of the imposition of such tax, filed with the Department of Revenue, on or before the first day of June, whereupon the Department shall proceed to administer and enforce the additional tax or to discontinue the tax, as the case may be, as of the first day of September next following such adoption and filing. Beginning January 1, 1992, an ordinance or resolution imposing or discontinuing the tax hereunder shall be adopted and a certified copy thereof filed with the Department on or before the first day of July, whereupon the Department shall proceed to administer and enforce this Section as of the first day of October next following such adoption and filing. Beginning January 1, 1993, an ordinance or resolution imposing or discontinuing the tax hereunder shall be adopted and a certified copy thereof filed with the Department on or before the first day of October, whereupon the Department shall proceed to administer and enforce this Section as of the first day of January next following such adoption and filing. Beginning October 1, 2002,



an ordinance or resolution imposing or discontinuing the tax under this Section or effecting a change in the rate of tax must either (i) be adopted and a certified copy of the ordinance or resolution filed with the Department on or before the first day of April, whereupon the Department shall proceed to administer and enforce this Section as of the first day of July next following the adoption and filing; or (ii) be adopted and a certified copy of the ordinance or resolution filed with the Department on or before the first day of October, whereupon the Department shall proceed to administer and enforce this Section as of the first day of January next following the adoption and filing.

Notwithstanding any provision in this Section to the contrary, if, in a non-home rule municipality with more than 150,000 but fewer than 200,000 inhabitants, as determined by the last preceding federal decennial census, an ordinance or resolution under this Section imposes or discontinues a tax or changes the tax rate as of July 1, 2007, then that ordinance or resolution, together with a certification that the ordinance or resolution received referendum approval in the case of the imposition of the tax, must be adopted and a certified copy of that ordinance or resolution must be filed with the Department on or before May 15, 2007, whereupon the Department shall proceed to administer and enforce this Section as of July 1, 2007.

A non-home rule municipality may file a certified copy of

an ordinance or resolution, with a certification that the ordinance or resolution received referendum approval in the case of the imposition of the tax, with the Department of Revenue, as required under this Section, only after October 2, 2000.

The tax authorized by this Section may not be more than 1% and may be imposed only in 1/4% increments.

(Source: P.A. 94-679, eff. 1-1-06.)

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