

ILLINOIS IMPLEMENTS TAX AMNESTY PROGRAM

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Beginning October 1, 2019 and ending November 15, 2019, taxpayers may be able to take advantage of Illinois' most recent tax amnesty program if they have outstanding eligible tax liabilities to report. Eligible liabilities are most Illinois taxes due from periods ending after June 30, 2011, and prior to July 1, 2018. The following taxes do not qualify:

- taxes not collected by the Illinois Department of Revenue (IDOR), such as property, estate, franchise, and insurance taxes, and local taxes paid directly to the local government;
- International Fuel Tax Agreement (IFTA) liabilities;
- Motor Fuel Use Tax (MFUT); and
- any liability that is not a tax (e.g., licensing fees, tire user fees, motor fuel

violations, permits, and some surcharges).

To participate in the amnesty program, taxpayers must make full payment of eligible tax liability between October 1, 2019, and November 15, 2019. If a taxpayer has failed to file a tax return, the taxpayer is required to file an original return. If a taxpayer has underreported liability on a return that has already been filed, the taxpayer is required to file an amended return to make corrections.

Taxpayers participating in the amnesty program will have any eligible penalties and interest waived.

Certain items do not qualify for waiver as part of amnesty program, including:

- lien filing and lien release fees;
- bad check penalties;
- collection agency service fees;
- penalty and interest amounts (when no tax is due);
- penalty and interest amounts associated with IFTA and MFUT; and
- various other penalties and fees that are not based on a tax liability (e.g., abusive tax shelter penalties, frivolous return penalty, and certain audit penalties).

The amnesty program allows taxpayers that have been referred to a private collection agency to participate in amnesty, but the taxpayer must make payment through the private collection agency.

The amnesty program also allows taxpayers recently audited or currently under audit to participate in amnesty. If your audit was recently completed or will be completed prior to the close of the amnesty program on November 15, 2019, the taxpayer must pay the full amount of audit tax liability. If an audit is currently in process and cannot be completed prior to the close of the amnesty program on November 15, 2019, the IDOR requires the taxpayer to estimate the tax liability due, file the appropriate return, and pay the tax balance in full. It is probably a good idea to contact your IDOR auditor to discuss your options. If the final audit tax liability exceeds the paid estimate, penalties and interest may apply.

The amnesty program even allows taxpayers with a case pending with IDOR's Board of Appeals, IDOR's Administrative Hearings or the Independent Tax Tribunal to participate in amnesty. Taxpayers may not participate in amnesty if they are a party to a criminal investigation or have a criminal or civil case pending for any amnesty-eligible tax collected by the IDOR. Taxpayers may participate in amnesty if that tax-related civil case is dismissed before the end of the amnesty period. It is probably a good idea to contact your IDOR attorney assigned to your case to discuss your options.

Please note that the IDOR has sent a letter (IDOR-99FSEU) to some taxpayers alerting them of the opportunity to pay any amnesty-eligible tax liabilities using MyTax Illinois. Taxpayers will want to make sure the amount on the letter is the correct amount of tax due. Further, the IDOR has provided a notice that only certain taxpayers that received the IDOR-99FSEU can actually pay using MyTax Illinois. Those unable to use MyTax Illinois will need to pay by check or credit card.

ZHF Observations

As with most state tax amnesties, taxpayers should weigh the benefits of using the amnesty program against the benefits offered by a state's voluntary disclosure program. Under Illinois' amnesty program, taxpayers are required to look-back 7 years¹, while the voluntary disclosure program only requires taxpayers to look-back 4 years. While amnesty offers the waiver of penalty and interest, the voluntary disclosure program only abates the penalty. Keep in mind that if the IDOR has initiated an audit or an investigation on a taxpayer, that taxpayer is prohibited from completing a voluntary disclosure. Taxpayers will need to do the math to figure out which program provides the biggest benefit.

If you have any questions regarding the Illinois amnesty program, voluntary disclosures or any state and local tax, please contact [Rich Farrin](#), [John Trippier](#), or [any ZHF professional](#).

¹ 7/1/2011 – 6/30/2018—Based on discussions with IDOR, taxpayers are required to pay any unreported eligible tax liability going back to 7/1/2011 even if the taxpayer had filed a return and the statute of limitations has expired for that return.

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