

Resources

Illinois Tax Amnesty—A Limited Time Opportunity for Significant Benefits

June 12, 2019

The Illinois legislature has approved and Governor Pritzker has signed into law significant revisions to the Illinois Tax Delinquency Amnesty Act (35 ILCS 745/10). The new amnesty program is the first in Illinois since 2010 and is an important opportunity for noncompliant taxpayers to resolve both known and previously unknown Illinois tax obligations.

The amnesty program will run from October 1, 2019, through November 15, 2019, and is generally open to all taxpayers. Importantly, the amnesty program allows taxpayers to resolve outstanding Illinois tax debts for periods after June 30, 2011, and prior to July 1, 2018 (the “Amnesty Period”). However, the amnesty program is limited to taxpayers who are not a party to any criminal investigation or to any civil or criminal litigation that is pending in any circuit court or appellate court or the Supreme Court of Illinois for nonpayment, delinquency, or fraud in relation to any Illinois tax imposed by any Illinois law.

The financial benefits of participating in the amnesty program are significant. The Illinois Department of Revenue will abate and not seek to collect any interest or penalties relating to tax deficiencies for the Amnesty Period, and the Department of Revenue will not seek civil or criminal prosecution for any taxpayer for the period of time for which amnesty is granted to a taxpayer.

Whether a taxpayer is currently delinquent in Illinois tax for the Amnesty Period or not, a review of all potential Illinois taxes that might have been owed for the Amnesty Period is a worthwhile exercise. A comprehensive review of Illinois taxes for the Amnesty Period is also advisable because the failure to pay all taxes due to Illinois for any portion of the Amnesty Period will invalidate any amnesty granted by the Department of Revenue for the entire period.

Please note that participation in the amnesty program will not preclude a taxpayer from claiming a refund for an overpayment of tax on an issue unrelated to the issues for which the taxpayer claimed amnesty or for an overpayment of tax by taxpayers estimating a non-final liability for the amnesty program pursuant to Section 506(b) of the Illinois Income Tax Act (35 ILCS 5/506(b)).

The Illinois Department of Revenue will be issuing additional guidance prior to the start of the amnesty program. Dykema will supplement this Alert with any subsequent guidance provided by the Department of Revenue.

If you have any questions about the new Illinois tax amnesty program, please contact any member of the Dykema tax team listed on the left.

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