

Illinois Tax Amnesty Program

By Edward J. Hannon

Governor Pat Quinn announced the start of an Illinois tax amnesty program on October 2, 2010. The Illinois Tax Delinquency Amnesty Act (the "Act"), as it is formally called, will permit taxpayers to pay certain outstanding past-due tax liabilities during the amnesty period without penalties or interest.

The amnesty period began October 1, 2010 and will run through November 8, 2010. To qualify for amnesty and to have the associated penalties and interest waived, taxpayers must fully pay any overdue taxes and file any missing returns or amended returns to correct previous errors. Liabilities that are eligible include taxes due to the Illinois Department of Revenue from October 1, 2002 through July 1, 2009.

Some items are not eligible for amnesty under the Act - lien filing fees, bad check penalties, and taxes that are the subject of a settlement between a taxpayer and the Illinois Department of Revenue must still be paid in full. In addition, the Act prohibits taxpayers who are party to a criminal investigation or have civil or criminal litigation pending with respect any tax collected by the Illinois Department of Revenue from receiving amnesty on penalties and interest. However, taxpayers that have cases pending in administrative court, or who have civil litigation suits dismissed before the end of the amnesty period will be permitted to participate in the tax amnesty program.

Taxes not collected by the Illinois Department of Revenue, such as property, estate, franchise and insurance taxes, and local taxes paid directly to a local government, are not eligible for amnesty. If a taxpayer does not pay its eligible tax obligation during the amnesty period, the Act provides that penalties and interest due with respect to its outstanding tax liabilities will be doubled.

If you have any questions regarding the Illinois 2010 Tax Amnesty program, please contact Ed Hannon or Bill Russell at 312-360-6000.