



July 2017 – Illinois Income Tax Increase

As reported in a previous tax alert on July 7; the Illinois House of Representatives passed an income tax increase, increasing the personal income tax rate to 4.95 percent from 3.75 percent and the corporate income tax up to 7 percent from 5.25 percent. The tax rate increases are *retroactive to July 1, 2017*.

This change will result in employees having an increase in the amount of Illinois taxes withheld from their paychecks beginning on July 28th for bi-weekly paid employees and on August 15th for monthly paid employees.

Since this change in tax rate is retroactive to July 1st, we encourage all employees to review their personal income tax elections for the year as employees may owe additional income tax when filing their 2017 Illinois individual tax return. If any changes need to be made, you may complete a revised Illinois W-4 form and submit it to Human Resources for processing. The form is available online at <https://www.irs.gov/pub/irs-pdf/fw4.pdf>.

The Illinois Department of Revenue (IDOR) has published a bulletin, which advises that the agency will provide additional guidance and instructions in January 2018 to address how taxpayers will calculate income tax with two different income tax rates applying to the 2017 tax year. The bulletin also addresses several other taxpayer questions regarding the tax increase. The IDOR informational bulletin is available online:

<http://www.revenue.state.il.us/Publications/Bulletins/2018/FY-2018-02.pdf>

The IDOR also posted a press release this week that provides links to all the publications related to the tax increase, which is available online:

<http://www.revenue.state.il.us/AboutIdor/PressReleases/PR-2017-07-11.pdf>

Thank You

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