



informational

Bulletin

See [Information Bulletin FY 2018-22](#) for additional guidance if you received a 2017 Schedule K-1-P or Schedule K-1-T.

Constance Beard, Director

Blended Income Tax Rates For Use With Your 2017 Illinois Income Tax Returns

To: All tax practitioners, individuals, and businesses required to pay Illinois Income Tax

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

Effective July 1, 2017, the Illinois income tax rates increased as follows:

- individuals, trusts, and estates, from 3.75 percent (.0375) to 4.95 percent (.0495).
- corporations (excluding S corporations), from 5.25 percent (.0525) to 7 percent (.07).

These new income tax rates are effective for income received on or after July 1, 2017.

How does the income tax rate change affect my IL-1040, Individual Income Tax Return, for 2017?

For most individuals, the Illinois tax filing period is the same as the calendar year (January 1, 2017 - December 31, 2017). The individual income tax rate for a calendar year filer in 2017 will be the blended rate of 4.3549% (.043549). This rate will be shown on your 2017 IL-1040 return.

How does the income tax rate change affect my 2017 business tax returns?

The 2017 business tax returns and instructions will account for the income tax rate change. These forms will be available on our website soon.

How should I calculate my income tax when two different income tax rates apply to my 2017 tax year?

If you are filing a 2017 Illinois Income Tax return as a fiscal-year, short-year, or 52/53 week filer, and your tax year ends on or after July 1, 2017, two tax rates apply to your tax year. The amount earned prior to July 1, 2017, is taxed at 3.75 percent (individuals, trusts, and estates) or 5.25 percent (corporations). The amount earned on or after July 1, 2017, is taxed at 4.95 percent (individuals, trusts, and estates) or 7 percent (corporations). The two tax amounts must be added together to figure the total tax liability.

For taxable years beginning prior to July 1, 2017 and ending after June 30, 2017, you may select one of the following methods to calculate the amount of income tax due:

• Method 1 - Apportionment method (blended rate)

The apportionment method is figured by dividing the net income received based on the total number of days in one accounting period in equal ratio to the total number of days in the second accounting period.

A convenient way to use this method is to calculate a blended income tax rate and apply it to your total net income.

We encourage you to use the blended rate, if possible. It is the simpler of the two methods and does not require you to attach any additional schedules to your return. If you use the blended rate, do not complete Schedule SA, Specific Accounting.

For information or forms
Visit our website at:
tax.illinois.gov

Call us at:
1 800 732-8866 or
217 782-3336

Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304

- **Method 2 - Specific accounting method**

The specific accounting method allows you to treat your net income or loss and modifications as though they were received in two different taxable years (prior to July 1, 2017, and after June 30, 2017) and calculate the income tax due at the applicable rate for each period.

You must complete Schedule SA to use this method.

The 2017 Schedule SA for corporate and individual filers will be available soon on our website at **tax.illinois.gov**.

You must choose which method you wish to use to divide your income on or before the extended due date of your tax return. Once this decision is made, it is irrevocable. If you choose to use the blended rate method, see the instructions in this bulletin to determine your 2017 blended income tax rate.

Where can I find more information?

We will continue to update our website at **tax.illinois.gov** with frequently asked questions, as well as new schedules and instructions.

You may also review Public Act 100-0022 for the full text of the income tax rate change and requirements.

See [Informational Bulletin FY 2018-22](#) for additional guidance if you received a 2017 Schedule K-1P or Schedule K-1-T.

2017 Individual, Trust, and Estate Blended Rates

If you elect to use the blended income tax rate and you file a

- **full-year individual, trust, or estate return**, use the Blended Income Tax Rate Schedule below to determine your blended income tax rate. To use this schedule
 - find the row which corresponds to the date your tax year begins and ends,
 - multiply the blended rate printed in that row by the net income shown on your Illinois Income Tax return, and
 - enter the amount of income tax you calculated on the corresponding line of your Illinois Income Tax Return.

BLENDED INCOME TAX RATE SCHEDULE				
For Full-Year Individual, Trust, and Estate Returns Only				
Tax Year Begin Date	Tax Year End Date	Days Before 07/01/2017	Days After 06/30/2017	Blended Rate For Individuals, Trusts, and Estates
01/01/2017	12/31/2017	181	184	4.3549% (.043549)
02/01/2017	01/31/2018	150	215	4.4568% (.044568)
03/01/2017	02/28/2018	122	243	4.5489% (.045489)
04/01/2017	03/31/2018	91	274	4.6508% (.046508)
05/01/2017	04/30/2018	61	304	4.7495% (.047495)
06/01/2017	05/31/2018	30	335	4.8514% (.048514)

- **short-year individual, trust, or estate return**, use the Apportioned Income Tax Rate Formula below to calculate your blended income tax rate. To use this formula
 - follow the instructions for each line to calculate your blended rate,
 - multiply the blended rate you entered on Line 3 by the net income shown on your Illinois Income Tax return, and
 - enter the amount of income tax you calculated on the corresponding line of your Illinois Income Tax return.

APPORTIONED INCOME TAX RATE FORMULA	
For Individuals, Trusts, and Estates with Short-Year Returns Only	
1	Number of days in tax year before 07/01/2017 ÷ total number of days in the tax year x 3.75% (.0375) = 1 _____
2	Number of days in tax year after 06/30/2017 ÷ total number of days in the tax year x 4.95% (.0495) = 2 _____
3	Add Lines 1 and 2 and round to six decimal places. This is your blended income tax rate. 3 _____

2017 Corporation Blended Rates

If you elect to use the blended income tax rate and you file a

- **full-year corporate return**, use the Blended Income Tax Rate Schedule below to determine your blended income tax rate. To use this schedule
 - find the row which corresponds to the date your tax year begins and ends,
 - multiply the blended rate printed in that row by the net income shown on your Illinois Income Tax return, and
 - enter the amount of income tax you calculated on the corresponding line of your Illinois Income Tax Return.

BLENDED INCOME TAX RATE SCHEDULE For Full-Year Corporate Returns Only				
Tax Year Begin Date	Tax Year End Date	Days Before 07/01/2017	Days After 06/30/2017	Blended Rate For Corporations (corporate income tax only)
01/01/2017	12/31/2017	181	184	6.1322% (.061322)
02/01/2017	01/31/2018	150	215	6.2808% (.062808)
03/01/2017	02/28/2018	122	243	6.4151% (.064151)
04/01/2017	03/31/2018	91	274	6.5637% (.065637)
05/01/2017	04/30/2018	61	304	6.7075% (.067075)
06/01/2017	05/31/2018	30	335	6.8562% (.068562)

- **short-year corporate return (or you are a 52/53 week filer)**, use the Apportioned Income Tax Rate Formula below to calculate your blended income tax rate. To use this formula
 - follow the instructions for each line to calculate your blended rate,
 - multiply the blended rate you entered on Line 3 by the net income shown on your Illinois Income Tax return, and
 - enter the amount of income tax you calculated on the corresponding line of your Illinois Income Tax return.

APPORTIONED INCOME TAX RATE FORMULA For Corporations with Short-Year Returns or 52/53 Week Filers Only	
1 Number of days in tax year before 07/01/2017 ÷ total number of days in the tax year x 5.25% (.0525) =	1 _____
2 Number of days in tax year after 06/30/2017 ÷ total number of days in the tax year x 7% (.07) =	2 _____
3 Add Lines 1 and 2. Round the result to six decimal places. This is your blended income tax rate.	3 _____