



# Publication 108

February 2018

## *Illinois Property Tax Credit*

The information in this publication is current as of the date of the publication. Please visit our website at [tax.illinois.gov](http://tax.illinois.gov) to verify you have the most current revision.

This publication is written in the plain English style so the tax information is easier to understand. As a result, we do not directly quote Illinois statutes and the Illinois Administrative Code. The contents of this publication are informational only and do not take the place of statutes, rules, and court decisions. For many topics covered in this publication, we have provided a reference to the applicable section or part of the Illinois Administrative Code for further clarification or more detail. All of the sections and parts referenced can be found in Title 86 of the Illinois Administrative Code.

### ***About this publication***

Publication 108, Illinois Property Tax Credit, will help you figure your property tax credit on your Illinois Individual Income Tax Return.

The objectives of Publication 108 are to identify

- what you may and may not include when you figure a property tax credit.
- when you are eligible to take a property tax credit.
- what you may include when you figure a property tax credit if you are buying, building, or selling a house.

### ***Taxpayer Bill of Rights***

You have the right to call the Department of Revenue for help in resolving tax problems.

You have the right to privacy and confidentiality under most tax laws.

You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.

You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.

If you have overpaid your taxes, you have the right, within specified time periods, to a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other Department procedures, you may write us at the following address:

Problems Resolution Division  
Illinois Department of Revenue  
PO Box 19014  
Springfield, IL 62794-9014

**Get forms and other information faster and easier at [tax.illinois.gov](http://tax.illinois.gov)**

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# General Information

## What is the Illinois Property Tax Credit?

The Illinois Property Tax Credit is a credit on your individual income tax return equal to 5 percent of Illinois Property Tax (real estate tax) you paid on your principal residence.

**Note** → You must own your residence in order to take this credit. If you and your spouse each have a principal residence or if you had two principal residences during the tax year due to the sale of your home, you may claim the tax paid on both residences when figuring this credit. See “What if I sell my house?” for more information.

**Note** → For tax years beginning on or after January 1, 2017, the Illinois Property Tax Credit is not allowed if the taxpayer’s adjusted gross income for the taxable year exceeds \$500,000 for returns with a federal filing status of married filing jointly, or \$250,000 for all other returns.

For tax year

- 2009 and after, complete Schedule ICR, Illinois Credits, to figure your credit.
- **Note** → You must write your property number (sometimes called “property index number,” “parcel number,” or “permanent number”) on Schedule ICR when claiming an Illinois Property Tax Credit. See the Schedule ICR Instructions for more information.
- 2008, complete Schedule ICR to figure your credit.
- 2007 and earlier, complete the Homeowner’s Property Tax (PT) Worksheet to figure your credit. You will find a copy of this worksheet in the Form IL-1040 Instructions for the tax year you are filing.

## What property tax may I include when I figure a property tax credit?

You may include the following when figuring your property tax credit:

- Property tax you paid on your principal residence you owned if it is located in Illinois. Generally, you may figure a credit on the property tax you paid on your principal residence for the prior year. For example, you may use the property tax you paid in 2017 for your 2016 residence to figure your property tax credit on your 2017 Form IL-1040.

- Property tax you paid on an adjoining lot to your principal residence, if it is used for residential purposes.
- Prorated property tax you paid in the year you sold your Illinois residence.
- Illinois village tax you paid in the tax year.
- Multi-unit property tax you paid, but only if your principal residence is one of the units. Include only the tax assessed on the unit that is your Illinois residence.

## What may not be included when I figure a property tax credit?

You may not include the following when figuring your property tax credit:

- Property tax assessed on property that is not your principal residence. For example, you may not claim a tax credit on property that you do not live in or consider your principal residence. Examples would be a vacation home, a vacant lot, rental property, property outside of Illinois, and farm land.
- Property tax assessed on your principal residence that you do not own, even if you paid the tax. For example, if you live with relatives who own the residence and you paid the property tax but you do not own the property, you may not claim a tax credit.
- Interest penalties or fees you paid because your property tax installments were paid late.
- Any portion of the property tax due that you did not pay in the tax year. For example, if you did not pay one or both property tax installments on your 2016 taxes due in 2017, you may not include the portion of the 2016 taxes that you did not pay when figuring your property tax credit on your 2017 Form IL-1040.
- Accountant fees or lawyer fees paid in association with your property tax.
- Homeowner’s association dues or fees paid.
- Property tax paid on separately-deeded condominium parking spaces.
- Property tax paid on an out-of-state home.

### ***What if I bought a house?***

If you bought a house during the current tax year, you may not use the property tax on that house to figure your credit for that year.

For the period of time that the seller lived in the house, the tax was prorated and paid by the seller at the time of closing. The tax for the remainder of the year will be assessed to you and paid in the following year.

For example, you may not use the property tax paid on a house you bought in 2017 on your 2017 return. The seller was liable for the tax and will take the property tax credit.

If you bought a house during the previous tax year, you may use the property tax on that house to figure your credit providing you figure only that portion of your taxes that pertains to the time you owned and lived at the property during the tax year. For example, if you purchased and began living in a house in October 2016, you may use an amount equal to three months of your total 2016 property tax to figure your 2017 property tax credit.

### ***What if I built a house?***

If you built a house, you may not figure a property tax credit for tax you paid on the vacant lot or the new house before it became your principal residence.

For example, if you built a house in 2016 but did not move in until 2017, you may not include any property tax that you paid when figuring your property tax credit for your 2017 Form IL-1040, filed in 2018.

### ***What if I sell my house?***

If you sell your house, you may include

- the prior year's property tax you paid and
- the current year's prorated tax offset against the sales price at the time of closing

when figuring your property tax credit.

For example, if you sold your house during 2017, you may include the 2016 tax and the 2017 prorated tax you paid at the time of closing when figuring your 2017 property tax credit on your 2017 Form IL-1040, filed in 2018.

However, if the house you are selling is vacant for a period of time before it is sold, you may not figure credit for the period of time that it was vacant and not your principal residence.

If you moved into your new house in April 2017 but did not sell your other house until January 2018, you may not include the property tax assessed on the old house for the time it was vacant.

### ***May I include back property tax when I figure my property tax credit?***

You may only include back property tax if the tax was paid during the current tax year. However, you may not include interest penalties or fees when figuring this credit.

### ***May I include property tax if I am married and filing a separate return?***

If you and your spouse filed separate federal returns, each spouse must file a separate Form IL-1040. Each spouse may claim part of the property tax. The total may not exceed 100 percent of the total property tax paid.

If you filed a joint federal return and you are filing a separate Illinois return because one spouse is a resident and one is a nonresident or part-year resident, the spouse who is filing as an Illinois resident or part-year resident may figure a property tax credit for the tax paid on the principal residence located in Illinois.

### ***May I figure a property tax credit if I live in a mobile home?***

If you own a mobile home, that is your principal residence, and the land on which it is located, you may figure a property tax credit for the property tax you paid on the land during the tax year.

You may not figure a credit for mobile home privilege tax.

### ***May I figure a property tax credit if a portion of my residence is used for business?***

If a portion of your principal residence is used for business, you may figure a credit on only the portion of your tax that is not deductible as a business expense on your federal return. You must subtract federally deductible business expenses, whether or not you actually took the federal deduction, before you figure your credit.

For tax year

- 2009 and after, you must subtract this amount on Schedule ICR, Line 4e.
- 2008, you must subtract this amount on Schedule ICR, Line 4b.
- 2007 and earlier, you must subtract this amount on Line 2 of the Homeowner's Property Tax (PT) Worksheet found in the Form IL-1040 Instructions.

### ***May I figure a property tax credit if I own farm property?***

If you own farm property that includes your principal residence, you may figure a property tax credit on only the portion of the farm property that is used for your principal residence. You must subtract federally deductible business expenses, whether or not you actually took the federal deduction, before you figure your credit.

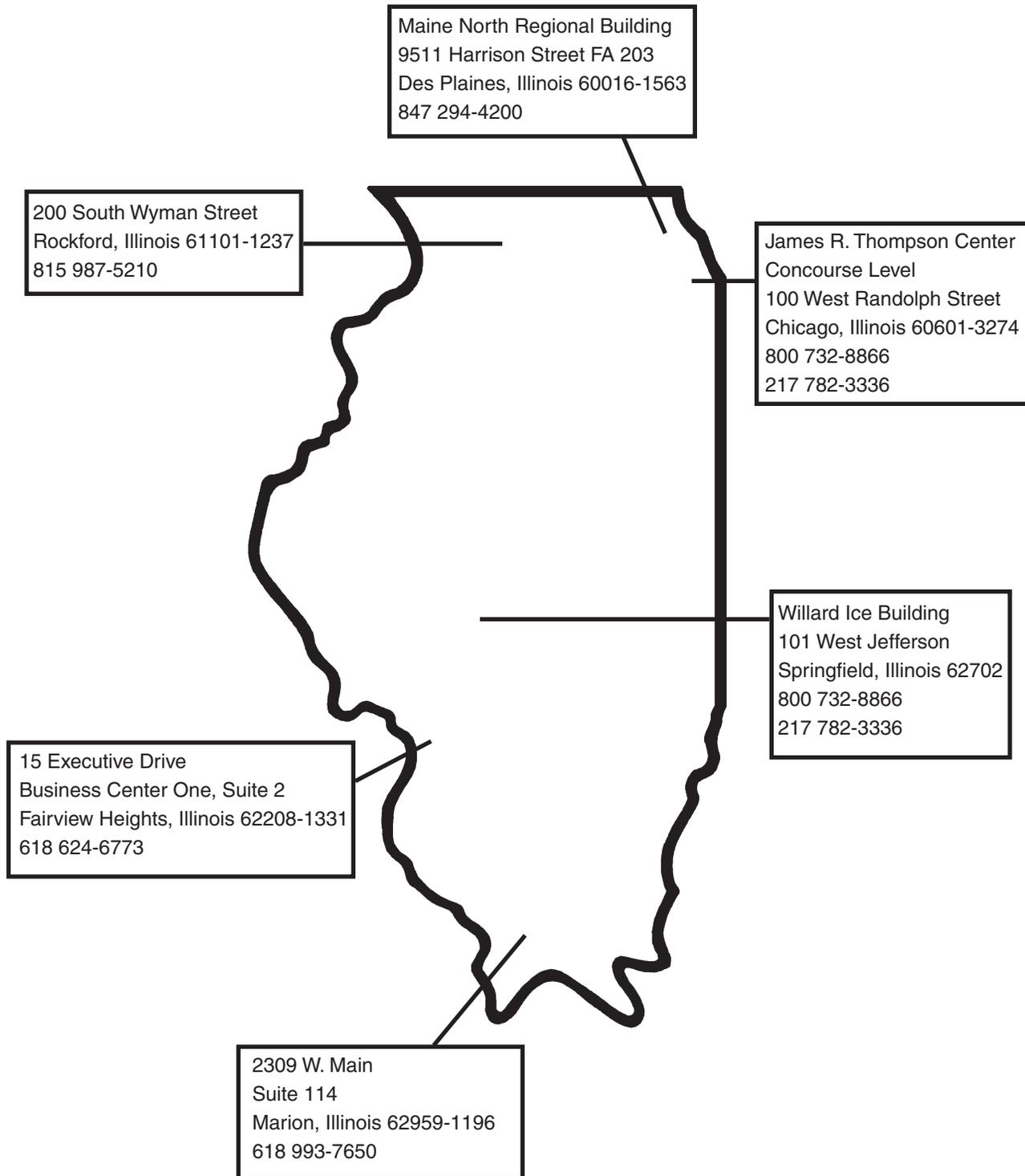
For tax year

- 2009 and after, you must subtract this amount on Schedule ICR, Line 4e.
- 2008, you must subtract this amount on Schedule ICR, Line 4b.
- 2007 and earlier, you must subtract this amount on Line 2 of the Homeowner's Property Tax (PT) Worksheet found in the Form IL-1040 instructions.

If you do not live on the farm property, you may not claim a property tax credit.

### ***May I receive a refund if my property tax credit exceeds the tax I owe?***

If your property tax credit exceeds the tax you owe, you may not receive a refund for that amount, and you may not carry unused credit to other years. Your property tax credit may only reduce the tax you owe to zero.



## For Information or Forms

Visit our website at [tax.illinois.gov](http://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**.

Write us at Illinois Department of Revenue, PO Box 19044, Springfield, IL 62794-9044.

Call our 24-hour Forms Order Line at **1 800 356-6302**.