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# Tax Alert

## Illinois Tax Rate Change



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Due to a sunset provision in 2011 state tax law, the Illinois Income Tax rate for individuals, trust and estates has decreased from 5% to 3.75% effective January 1, 2015. The new rate applies to Illinois taxable investment income, employee and unemployment compensation, gambling and lottery winnings.

For corporations (excluding S corporations), the Illinois Income Tax rate is decreasing from 7% to 5.25% effective January 1, 2015. Additionally, corporations may use their Illinois net loss deduction without limitation for tax years ending on or after December 31, 2014. This net loss deduction was limited to \$100,000 for tax years ending on or after December 31, 2012 and before December 31, 2014.

Corporate fiscal year filers must use one of two methods outlined by the Illinois Department of Revenue to allocate their revenue between the two rates and periods that overlap January 1, 2014.

We aren't back to the pre- 2011 income tax rates yet, but we are making progress. The personal income tax rate is scheduled to be lowered to 3.25% in 2025 and the corporate rate is scheduled to fall to the pre-2011 rate of 4.8%.

The replacement tax rates remain unchanged at 2.5% for corporations and 1.5% for trusts, S corporations and partnerships.

Any not-for-profit entity with unrelated business income is subject to the new rates as of January 1, 2015.

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Please contact your WeiserMazars tax professional for more information.

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