Illinois

illinois.gov/rev/individuals

Reciprocal Agreements- Iowa, Kentucky, Michigan, and Wisconsin

* If you are a resident of Illinois and work in one of the states listed above you will receive a refund of all of the State withholdings from your nonresident state and pay all taxes to Illinois.

* If you are a resident of one of the states listed above and work in Illinois use RET IL 1040. Add the Schedule NR and check the box of the state you resided in while working in Illinois in order for you to claim your refund from Illinois to pay taxes in your state of Residence.

Common Forms and Schedules

Resident- RET IL 1040
Nonresident- RET IL 1040(Add SCH NR)
Part-Year Resident- - RET IL 1040(Add SCH NR)
Amended Return- Add the IL FRM-1040X before making the changes to the return.

Common Credits & Deductions

o **Credit for Taxes paid to another State**- a State Tax Credit to reduce tax liability from the taxpayer's state of residence, by giving them a credit for taxes paid to a nonresident/Part-Year Resident State.
  Add SCH CR->Credit will calculate upon form creation->Flows to IL 1040 line

o **Property Tax Credit-** Credit of equal to 5% of Illinois Property Tax (Real Estate Tax) you paid on your principal residence.
  Add SCH ICR->Enter the amount of Real Estate Tax paid on line 4a (if it has not carried forward from Federal SCHA)-> Enter County you Reside in and the property Index Number 4b

o **Education Expense Credit-** 25% for credit for K-12 Ed expenses over $250/Max Credit of $750. Expenses paid to a public or private school by the parent or legal guardian of students in grades K-12 for tuition, required books and lab fees. The parent and student must be legal residents of Illinois. The student must be under the age of 21 at the end of the Year.

Common Tax Situations

o **Retirement-** Illinois does not tax MOST Retirement Income.
  You must exempt on 1099-R by entering state use code "E".

o **Resident Military Pay-** An individual in the military who resides or has a legal domicile in Illinois Is considered a resident. Being stationed outside Illinois on active duty in the Armed Forces is considered a temporary absence.
  Exempt Income: *Use Code "M" on W-2 For Exempt Income.*
  *Pay for duty in the Armed Forces, including basic training
  *Pay for duty serving in the U.S. Armed Forces, Reserves, or a National
  *Guard Unit, Including Reserve Officers Training Corps.
  *Pay for Duty as a cadet at the U.S Military, Air Force or Coast Guard
  *Academy or a midshipman at the U.S. Naval Academy.

o **Nonresident Military Pay-** If you are a resident of another state and come to Illinois only because of a military assignment, you will remain a nonresident of Illinois unless you elect to become an Illinois Resident.