



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB1396

Introduced 1/28/2025, by Rep. Curtis J. Tarver, II

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/601

from Ch. 120, par. 6-601

Amends the Illinois Income Tax Act. Provides that provisions concerning a credit for foreign taxes shall be applied without regard to provisions concerning distributions of investment partnership income to nonresident partners. Effective immediately.

LRB104 08317 HLH 18368 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 601 as follows:

6 (35 ILCS 5/601) (from Ch. 120, par. 6-601)

7 Sec. 601. Payment on due date of return.

8 (a) In general. Every taxpayer required to file a return  
9 under this Act shall, without assessment, notice or demand,  
10 pay any tax due thereon to the Department, at the place fixed  
11 for filing, on or before the date fixed for filing such return  
12 (determined without regard to any extension of time for filing  
13 the return) pursuant to regulations prescribed by the  
14 Department. If, however, the due date for payment of a  
15 taxpayer's federal income tax liability for a tax year (as  
16 provided in the Internal Revenue Code or by Treasury  
17 regulation, or as extended by the Internal Revenue Service) is  
18 later than the date fixed for filing the taxpayer's Illinois  
19 income tax return for that tax year, the Department may, by  
20 rule, prescribe a due date for payment that is not later than  
21 the due date for payment of the taxpayer's federal income tax  
22 liability. For purposes of the Illinois Administrative  
23 Procedure Act, the adoption of rules to prescribe a later due

1 date for payment shall be deemed an emergency and necessary  
2 for the public interest, safety, and welfare.

3 (b) Amount payable. In making payment as provided in this  
4 section there shall remain payable only the balance of such  
5 tax remaining due after giving effect to the following:

6 (1) Withheld tax. Any amount withheld during any  
7 calendar year pursuant to Article 7 from compensation paid  
8 to a taxpayer shall be deemed to have been paid on account  
9 of any tax imposed by subsections 201(a) and (b) of this  
10 Act on such taxpayer for his taxable year beginning in  
11 such calendar year. If more than one taxable year begins  
12 in a calendar year, such amount shall be deemed to have  
13 been paid on account of such tax for the last taxable year  
14 so beginning.

15 (2) Estimated and tentative tax payments. Any amount  
16 of estimated tax paid by a taxpayer pursuant to Article 8  
17 for a taxable year shall be deemed to have been paid on  
18 account of the tax imposed by this Act for such taxable  
19 year.

20 (3) Foreign tax. The aggregate amount of tax which is  
21 imposed upon or measured by income and which is paid by a  
22 resident for a taxable year to another state or states on  
23 income which is also subject to the tax imposed by  
24 subsections 201(a) and (b) of this Act shall be credited  
25 against the tax imposed by subsections 201(a) and (b)  
26 otherwise due under this Act for such taxable year. For

1 taxable years ending prior to December 31, 2009, the  
2 aggregate credit provided under this paragraph shall not  
3 exceed that amount which bears the same ratio to the tax  
4 imposed by subsections 201(a) and (b) otherwise due under  
5 this Act as the amount of the taxpayer's base income  
6 subject to tax both by such other state or states and by  
7 this State bears to his total base income subject to tax by  
8 this State for the taxable year. For taxable years ending  
9 on or after December 31, 2009, the credit provided under  
10 this paragraph for tax paid to other states shall not  
11 exceed that amount which bears the same ratio to the tax  
12 imposed by subsections 201(a) and (b) otherwise due under  
13 this Act as the amount of the taxpayer's base income that  
14 would be allocated or apportioned to other states if all  
15 other states had adopted the provisions in Article 3 of  
16 this Act bears to the taxpayer's total base income subject  
17 to tax by this State for the taxable year. This subsection  
18 is exempt from the 30-day threshold set forth in  
19 subparagraph (iii) of paragraph (B) of item (2) of  
20 subsection (a) of Section 304. Beginning with tax years  
21 ending on or after December 31, 2025, this subsection  
22 shall be applied without regard to subsection (c-5) of  
23 Section 305. The credit provided by this paragraph shall  
24 not be allowed if any creditable tax was deducted in  
25 determining base income for the taxable year. Any person  
26 claiming such credit shall attach a statement in support

1           thereof and shall notify the Director of any refund or  
2           reductions in the amount of tax claimed as a credit  
3           hereunder all in such manner and at such time as the  
4           Department shall by regulations prescribe.

5           (4) Accumulation and capital gain distributions. If  
6           the net income of a taxpayer includes amounts included in  
7           his base income by reason of Section 667 of the Internal  
8           Revenue Code (relating to accumulation and capital gain  
9           distributions by a trust, respectively), the tax imposed  
10          on such taxpayer by this Act shall be credited with his pro  
11          rata portion of the taxes imposed by this Act on such trust  
12          for preceding taxable years which would not have been  
13          payable for such preceding years if the trust had in fact  
14          made distributions to its beneficiaries at the times and  
15          in the amounts specified in Sections 666 and 669 of the  
16          Internal Revenue Code. The credit provided by this  
17          paragraph shall not reduce the tax otherwise due from the  
18          taxpayer to an amount less than that which would be due if  
19          the amounts included by reason of Section 667 of the  
20          Internal Revenue Code were excluded from his or her base  
21          income.

22          (c) Cross reference. For application against tax due of  
23          overpayments of tax for a prior year, see Section 909.

24          (Source: P.A. 101-585, eff. 8-26-19.)

25          Section 99. Effective date. This Act takes effect upon  
26          becoming law.