



TAX ALERT

October 4, 2011

Illinois Tax Amnesty for Individuals Failing to Pay Use Tax is Expiring

An individual must pay Illinois a use tax on purchases of general merchandise, food or drugs if the seller does not charge Illinois Sales Tax and the purchased items are used or consumed in Illinois. The most common purchases on which the seller does not collect Illinois Sales Tax are purchases from catalogs, TV advertisements, magazines and the Internet. The Illinois Use Tax is the difference between the amount that would have been due utilizing the Illinois Sales Tax Rate (6.25% for general merchandise and 1% for food and drugs) and the actual amount of sales tax paid to another state. If no sales tax was paid, the full amount of use tax is due utilizing the Illinois Sales Tax Rate.

If you do not file your return or pay the use tax on time you will be charged a late filing penalty, late payment penalty, and interest in addition to the tax liability. However, Illinois has created an amnesty program which waives all penalties and interest for the amnesty period if you pay your delinquent Illinois Use Tax by October 15, 2011. The Illinois Use Tax amnesty program covers purchases you made from July 1, 2004 through December 31, 2010.

If you did not make any major purchases during the amnesty period and do not have any records, you may estimate your purchases and tax for each year using the chart below:

<u>If your AGI (IL-1040, Line 1) is:</u>	<u>Your estimated purchases</u>	<u>Your estimated use tax</u>
\$0-\$10,000	\$ 48	\$ 3
\$10,001-\$20,000	\$144	\$ 9
\$20,001-\$30,000	\$240	\$15
\$30,001-\$40,000	\$336	\$21
\$40,001-\$50,000	\$432	\$27
\$50,001-\$75,000	\$608	\$38
\$75,001-\$100,000	\$832	\$52
> \$100,000	Multiply AGI by .0096	Multiply estimated purchases by .0625

You can pay this tax by filing Form ST-44 for each year that you have a liability. Write the word "Amnesty" in red on the top of the form. Please note that the program is for individual taxpayers only. If you are responsible for the Illinois Use Tax and wish to utilize this program, please call us to discuss.

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