



**For Immediate Release**  
January 5, 2017

Contact: Terry Horstman  
Phone: 217-558-2953  
E-mail: Terry.Horstman@Illinois.gov

## Employer Withholding Tax Changes Increase Accuracy, Enhance Fraud Prevention Efforts

SPRINGFIELD – In an effort to reduce taxpayer filing and payment errors, and increase the detection of false income reporting and insolvent employers, the Illinois Department of Revenue (“IDOR”) will begin requiring all withholding taxpayers to file quarterly withholding income tax returns and report detailed payroll data beginning in 2017. The change impacts employers, payroll service providers, software developers and individuals that pay gambling and lottery winnings. IDOR believes the detailed reporting of amounts and dates of any tax withheld under the new quarterly filing will make it easier and more accurate for withholding filers.

“By transitioning to a detailed quarterly withholding filing, we can increase employer compliance and help employers avoid unnecessary interest and penalty charges,” said Connie Beard, IDOR Director. “Quarterly withholding filing also aids in Revenue’s ongoing efforts to detect and combat fraudulent filings that occur when instances of inflated withholding amounts or deceptive practices are utilized. By switching from an annual to quarterly system, we will be able to better identify individuals who report false income.”

Income taxes withheld from employees’ paychecks every pay period are collected by the employer and paid to IDOR. Withholding taxes are considered a trust tax. Most state income tax revenues come in through the withholding of taxes from employees paychecks and remitted by the employer to IDOR. In FY 2016, Withholding tax receipts totaled over \$12 billion, equating to approximately 80% of individual income taxes owed and approximately 60% of total income taxes, including individual, Business and Personal Property Replacement Tax revenues.

For more information on the [withholding tax changes](#) that took effect January 1, 2017, please review IDOR’s [informational bulletin](#) on their website: [tax.illinois.gov](http://tax.illinois.gov). A chart of the 2017 Withholding Income Tax Payment and Return Due Dates may be found [here](#).

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