



Publication 103

Penalties and Interest for Illinois Taxes

The information in this publication is current as of the date of the publication. Please visit our website at tax.illinois.gov to verify you have the most current revision.

This publication is written in the plain English style so the tax information is easier to understand. As a result, we do not directly quote Illinois statutes or the Illinois Administrative Code. The contents of this publication are informational only and do not take the place of statutes, rules, and court decisions.

For information or forms

- Visit our website at tax.illinois.gov
- Call 1 800 732-8866 or 217 782-3336
- Call our TDD (telecommunications device for the deaf) at 1 800 544-5304

About this publication

The purpose of this publication is to explain penalties and interest assessed on returns due on or after January 1, 1994. If you need penalty or interest information for earlier liabilities, see the appropriate tax act. The objectives of this publication are to

- answer general questions about penalty and interest,
- identify and define each penalty,
- explain how each penalty is calculated and assessed,
- explain how interest is calculated, and
- provide penalty and interest rates.

We encourage you to let us calculate your penalties and interest and bill you. However, if you annualize your income to compute your estimated income tax installments, you must complete and attach to your return Form IL-2210, Computation of Penalties for Individuals, or Form IL-2220, Computation of Penalties for Businesses, to show when your income was earned.

This publication does not cover penalties and interest assessed through the Racing Privilege Tax Act, the Property Tax Code, or the Real Estate Transfer Tax Act. For information on these taxes, see the appropriate tax acts.

Taxpayer Bill of Rights

You have the right to call the Department of Revenue for help in resolving tax problems.

You have the right to privacy and confidentiality under most tax laws.

You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.

You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.

If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other Department procedures, you may write us at the following address:

Problems Resolution Office
Illinois Department of Revenue
PO Box 19014
Springfield, IL 62794-9014

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General Information

Definitions

Processable return

For a return to be considered “processable,” it must

- be signed by the person authorized by law to sign it,
- be in a format we have prescribed or approved, and
- contain all information, schedules, and supporting documents necessary to determine the correct tax and to make allocations.

Due dates

“Due dates” for filing returns mentioned in this publication are referred to as “original due date” and “extended due date.”

Original due date — This is the date the return is due without regard to extensions. Due dates differ depending on the tax type. The due date for each tax type can be found in the instructions for the corresponding tax return.

Extended due date (income tax only, except withholding tax) — Illinois Income Tax law provides for an automatic “extended due date” for **filing only**. All tax must be paid by the original due date even if the return has not been filed.

In some cases, the Internal Revenue Service (IRS) gives an additional extension of time to file income or withholding tax returns. If the IRS grants you this extension, we will grant you the same extension.

Tax shown due

This is the amount of tax you actually report on an original or amended return.

Tax required to be shown due

This is the tax amount that is required to be shown due on an original or amended return.

Unadmitted liability

Tax found due that a taxpayer does not admit to owing.

Trust tax

A trust tax is a tax you are required to collect from your employee or customer and remit to us, e.g., sales or withholding taxes.

Amnesty

The Illinois Tax Delinquency Amnesty Act has twice provided the opportunity for taxpayers to pay outstanding tax liabilities and to have penalties and interest for taxes paid during an amnesty period waived.

- 1) **For periods ending after June 30, 1983, and prior to July 1, 2002.** If your liability qualified for amnesty and you did not pay that liability during the amnesty period held October 1, 2003, through November 17, 2003, your penalty and interest amounts may be doubled.
- 2) **For periods ending after June 30, 2002, and prior to July 1, 2009.** If your liability qualified for amnesty and you did not pay that liability during the amnesty period held October 1, 2010, through November 8, 2010, your penalties and interest amounts may be doubled.

What penalties can be assessed?

If you do not file your return, pay your tax on time, fail to provide correct information by the date requested, or do not file a “processable” return, you may be assessed penalties. Reference “What are the most common penalties and when do they apply?”

How is interest calculated?

On January 1, 1994, a uniform interest rate was created. This allows us to charge interest on underpayments and pay interest on overpayments at the same rate for most taxes we administer. Interest is simple interest figured using a daily rate. The rate is reviewed twice each year — on January 1 and July 1 — and adjusted according to the “underpayment rate” or the “short term rate” established under the Internal Revenue Code (IRC Section 6621).

Prior to January 1, 2004, the rate of interest payable on overpayments and charged on underpayments was the “underpayment rate.” During the period from January 1, 2004 through December 31, 2013, interest accrued at the “short term federal rate” for the first year that the overpayment or underpayment accrued interest. This is 3 percent less than the “underpayment rate.” After one year, interest would accrue on any remaining balance at the “underpayment rate.” Interest accruing after December 31, 2013, on an overpayment or underpayment accrues at the “underpayment rate,” regardless when the overpayment or underpayment arose. The following formula is used to calculate interest

$$\text{tax (+ penalty, if applicable) due} \times \text{interest rate} \div 365 = \text{daily interest amount} \times \text{number of days} = \text{total interest due.}$$

Interest charged to you: Interest begins to accrue the day after the date the payment is due through the date you pay the tax.

Interest paid by us: Unless an overpayment is refunded or a credit is approved *within* 90 days after the return due date, interest will be paid to you from the due date of the original return, the date a processable return is filed, or the date of overpayment (whichever date is latest).

Returns due on or after January 1, 2001: Interest is no longer charged on penalties.

Note Interest is calculated using 366 days during leap years.

Penalty Information

What are the most common penalties and when do they apply?

Late-filing (or nonfiling) penalty

You owe this penalty if

- you do not file a return by the due date, including any extended due date; or
- you timely file a return that cannot be processed and you do not correct it within 30 days (for returns due on or after January 1, 1996) or 21 days (for returns due on or after January 1, 1994 through December 31, 1995) of the date we notify you that we cannot process your return.

Late-filing (or nonfiling) penalty for transaction return

You owe this penalty if

- you are a retailer required to file a transaction return (ST-556, Sales Tax Transaction Return, or ST-556-LSE, Transaction Return for Leases);
- you do not file the transaction return by the due date; and
- the transaction return, if it had been properly filed, would not have resulted in the imposition of a tax (e.g., exempt sale).

Note: If you owe this late-filing (or nonfiling) penalty for a zero liability transaction return, you are not subject to the standard late-filing (or nonfiling) penalty.

Late-payment penalty

Regular tax due

You owe this penalty if you do not pay the tax shown due on an original or amended return (except for a timely federal change income tax return) by the original due date.

Late-payment penalty for underpayment of estimated or accelerated tax due

You owe this penalty if you were required to make estimated or accelerated tax payments and failed to do so, or if you failed to pay the required amount by the payment due date.

Note: Estimated payments mean quarterly payments for business and individual income tax. Accelerated payments mean quarter-monthly payments for sales and excise tax and monthly or semi-weekly payments for withholding income tax.

Additional liability due

In general, this penalty is assessed on changes made due to audit functions and on unadmitted liabilities.

You owe this penalty if

- the amount of tax shown on the return is less than the correct amount of tax due, and you fail to pay the full amount due within 30 days of the date we send you a notice and demand, a notice of math error, or a notice of final assessment.
- an additional liability is determined in a hearing, and you do not pay the full amount due within 30 days after
 - all proceedings in court to review the final assessment have ended; or
 - the period for obtaining a court review of the final assessment has ended and the review proceedings were never instituted.
- we send you a notice of tax liability or a notice of deficiency that becomes a final assessment without a protest and hearing, and you do not pay the full amount due before the period for filing a protest expires.

Bad check penalty

You owe this penalty if you send any remittance to the Department that is not honored by your financial institution.

Cost of collection fee

You owe this fee if we send you a request for payment of final liability and you do not pay the full amount of tax, penalties, and interest shown on the bill within 30 days of the date of the bill.

Failure to file correct information return penalty

You owe this penalty if you do not file a correct information return by the original due date of the return.

Fraud penalty

You owe this penalty if you file a return, an amended return, or a claim for refund or credit with the intent to defraud.

Frivolous return penalty

You owe this penalty if you file Form IL-1040 and it does not contain information needed to figure the correct tax or shows a substantially incorrect tax because you are taking a frivolous position or are trying to delay or interfere with the collection of the tax.

Negligence penalty

You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.

Penalty Information

Personal liability penalty

You owe this penalty if you have control, supervision, or are responsible for filing returns and making payment of the amount of any trust tax we administer, and willfully do not file the return or make the payment, or willfully attempt to evade or defeat the tax.

What are the penalties for abusive tax avoidance transactions (abusive tax shelters)?

These penalties can be divided into two categories, participant penalties and material advisor penalties.

Participant penalties

Participant penalties are imposed on people or businesses who have participated in an abusive tax avoidance transaction. The following three penalties may apply:

1) Failure to disclose participation in a reportable transaction penalty

You owe this penalty if you fail to provide us with a copy of the disclosure statement that you were required to file with the IRS regarding your participation in a reportable transaction.

2) Reportable transaction understatement penalty

You owe this penalty on any deficiency of Illinois Income Tax that is caused by participating in any reportable transaction, if a significant purpose of the transaction is the avoidance or evasion of federal income tax, or by participating in any "listed transaction."

3) 100 percent interest penalty

You owe this penalty if you have been contacted by the IRS or us regarding the use of a potential tax avoidance transaction and you have a deficiency from that transaction. This penalty is equal to 100 percent of the amount of interest assessed on the deficiency from the payment due date through the date that a notice of deficiency is issued.

Material advisor penalties

Material advisor penalties are imposed on people or businesses who have organized, promoted, or sold a potentially abusive tax shelter. The following three penalties may apply:

1) Failure to register tax shelter penalty

You owe this penalty if you fail to register a listed transaction with us.

2) Failure to maintain a list of investors penalty

You owe this penalty if you fail to submit a copy of the list of your investors to us. As an organizer or material advisor, you are required to maintain and submit to us a list of your investors in a listed transaction.

3) Promoting tax shelters penalty

You owe this penalty if you are an organizer or seller of any plan or arrangement who has knowingly furnished a false statement about any tax deduction, credit, or other tax benefit that is obtainable by that plan or arrangement.

Note For more information about reportable transactions, listed transactions and tax shelters, visit the IRS website at www.irs.gov.

What if I believe I have a good reason for penalty abatement?

If you filed or paid late or your remittance was not honored by your financial institution, and you believe you made a good faith effort to comply with the law, you may be entitled to an abatement of late-filing penalty or late-payment penalty due to "reasonable cause." To request a waiver of late-filing penalty or late-payment penalty, you must provide us with a detailed explanation of the cause of the delay and any documentation you have to support your request.

Penalty rates for returns due on or after:

	January 1, 1994 — December 31, 1995	January 1, 1996 — December 31, 1997	January 1, 1998 — December 31, 2000
Late-filing (or nonfiling) penalty	<p>5% of tax required to be shown due on the return without regard to timely payments made. If the return is timely filed but cannot be processed, you will have 21 days to correct the return before penalty is due.</p> <p>Exceptions ↘</p> <p>Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.</p> <p>Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.</p>	<p>Tier 1 — the lesser of \$250 or 2% of the tax required to be shown due on the return without regard to timely payments or credits. If the return is timely filed but cannot be processed, you will have 30 days to correct the return before penalty is due.</p> <p>Tier 2 — If you do not file a return within 30 days after receiving a notice of nonfiling, an additional penalty will be imposed equal to the greater of \$250 or 2% of the tax shown due on the return without regard to timely payments. The additional penalty may not exceed \$5,000. The penalty will be assessed even if there is no tax due.</p> <p>Exceptions ↘</p> <p>Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.</p> <p>Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.</p>	<p>Tier 1 — the lesser of \$250 or 2% of the tax required to be shown due on the return without regard to timely payments or credits. If the return is timely filed but cannot be processed, you will have 30 days to correct the return before penalty is due.</p> <p>Tier 2 — If you do not file a return within 30 days after receiving a notice of nonfiling, an additional penalty will be imposed equal to the greater of \$250 or 2% of the tax shown due on the return without regard to timely payments. The additional penalty may not exceed \$5,000. The penalty will be assessed even if there is no tax due.</p> <p>Exceptions ↘</p> <p>Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.</p> <p>Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.</p>
Late-payment penalty (for unpaid tax shown due on an original or amended return)	<p>15% of tax shown due on the return or required to be shown due on the return and not paid by the due date.</p> <p>Note: If penalty for underpayment of estimated or accelerated tax payments is assessed, the tax amount that this penalty is assessed on is subtracted from the total tax. The remainder is the tax base on which the late-payment penalty may be assessed.</p> <p>Exceptions ↘</p> <p>Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.</p> <p>Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.</p>	<p>15% of tax shown due on the return or required to be shown due on the return and not paid by the due date.</p> <p>Note: If penalty for underpayment of estimated or accelerated tax payments is assessed, the tax amount that this penalty is assessed on is subtracted from the total tax. The remainder is the tax base on which the late-payment penalty may be assessed.</p> <p>Exceptions ↘</p> <p>Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.</p> <p>Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.</p>	<p>20% of tax shown due on the return or required to be shown due on the return and not paid by the due date.</p> <p>Note: If penalty for underpayment of estimated or accelerated tax payments is assessed, the tax amount that this penalty is assessed on is subtracted from the total tax. The remainder is the tax base on which the late-payment penalty may be assessed.</p> <p>Exceptions ↘</p> <p>Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.</p> <p>Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.</p>

Penalty rates for returns due on or after:

**January 1, 2001 —
December 31, 2003**

**January 1, 2004 —
December 31, 2004**

Late-filing (or nonfiling) penalty

Tier 1 — the lesser of \$250 or 2% of the tax required to be shown due on the return and reduced by timely payments or credits. If the return is timely filed but cannot be processed, you will have 30 days to correct the return before penalty is due.

Tier 2 — If you do not file a return within 30 days after receiving a notice of nonfiling, an additional penalty will be imposed equal to the greater of \$250 or 2% of the tax shown due on the return without regard to timely payments. The additional penalty may not exceed \$5,000. The penalty will be assessed even if there is no tax due.

Exceptions ↘

Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.

Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.

Tier 1 — the lesser of \$250 or 2% of the tax required to be shown due on the return and reduced by timely payments or credits. If the return is timely filed but cannot be processed, you will have 30 days to correct the return before penalty is due.

Tier 2 — If you do not file a return within 30 days after receiving a notice of nonfiling, an additional penalty will be imposed equal to the greater of \$250 or 2% of the tax shown due on the return without regard to timely payments. The additional penalty may not exceed \$5,000. The penalty will be assessed even if there is no tax due.

Exceptions ↘

Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.

Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.

Late-payment penalty (for unpaid tax shown due on an original or amended return)

Penalty is based on the number of days the tax required to be shown due on the return is late.

1 -	30 days:	2%
31 -	90 days:	5%
91 -	180 days:	10%
181 +	days:	15%

Note: If penalty for underpayment of estimated or accelerated tax payments is assessed, the tax amount that this penalty is assessed on is subtracted from the total tax. The remainder is the tax base on which the late-payment penalty may be assessed.

Exceptions ↘

Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.

Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.

Penalty is based on the number of days the tax required to be shown due on the return is late.

1 -	30 days:	2%
31 -	90 days:	10%
91 -	180 days:	15%
181 +	days:	20%

Note: If penalty for underpayment of estimated or accelerated tax payments is assessed, the tax amount that this penalty is assessed on is subtracted from the total tax. The remainder is the tax base on which the late-payment penalty may be assessed.

Exceptions ↘

Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.

Coin-Operated Amusement Device Tax— 30% for failure to obtain a decal.

Penalty rates for returns due on or after:

**January 1, 2005 —
to current**

Late-filing (or nonfiling) penalty

Tier 1 — the lesser of \$250 or 2% of the tax required to be shown due on the return and reduced by timely payments or credits. If the return is timely filed but cannot be processed, you will have 30 days to correct the return before penalty is due.

Tier 2 — If you do not file a return within 30 days after receiving a notice of nonfiling, an additional penalty will be imposed equal to the greater of \$250 or 2% of the tax shown due on the return without regard to timely payments. The additional penalty may not exceed \$5,000. The penalty will be assessed even if there is no tax due.

Exceptions ↘

Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.

Coin-Operated Amusement Device Tax — 30% for failure to obtain a decal.

Late-payment penalty (for unpaid tax shown due on an original or amended return)

Penalty is based on the number of days the tax required to be shown due on the return is late.

1 -	30 days:	2%
31 +	days:	10%

However, the penalty is 15% of any amount that is not paid until after the initiation of an audit or investigation of your liability and 20% of any amount that is not paid within 30 days after the issuance of an audit-prepared amended return or Form IL-870, Waiver of Restrictions, at the conclusion of the audit or investigation. The 20% penalty rate also applies to any amount paid within the 30-day period if you fail to sign and return the amended return within that period or if you pay the liability under protest or subsequently file a claim or refund of the payment.

Note: If penalty for underpayment of estimated or accelerated tax payments is assessed, the tax amount that this penalty is assessed on is subtracted from the total tax. The remainder is the tax base on which the late-payment penalty may be assessed.

Exceptions ↘

Motor Fuel Use Tax — 10% of the tax or \$50, whichever is greater.

Coin-Operated Amusement Device Tax — 30% for failure to obtain a decal.

Penalty rates for returns due on or after:

	January 1, 1994 — December 31, 1997	January 1, 1998 — December 31, 2000	January 1, 2001 — December 31, 2003
Late-payment penalty - additional liability due	15% of additional tax required to be shown due on the return not paid within 30 days of the date of a notice and demand for payment or notice of tax liability.	15% of additional tax required to be shown due on the return not paid within 30 days of the date of a notice and demand for payment or notice of tax liability.	20% of additional tax required to be shown due on the return not paid within 30 days of the date of a notice and demand for payment or notice of tax liability.
Late-payment penalty - estimated or accelerated tax due	15% of any amount that is not timely paid.	20% of any amount that is not timely paid.	Penalty is based on the number of days the payment is late. 1 - 30 days: 2% 31 - 90 days: 5% 91 - 180 days: 10% 181 + days: 15%
Penalty for failure to file correct information return	\$5 for each return or statement not timely filed up to a total of \$25,000 during any calendar year. If a return is filed within 60 days of the due date, the penalty may be reduced by 50 percent.	\$5 for each return or statement not timely filed up to a total of \$25,000 during any calendar year. If a return is filed within 60 days of the due date, the penalty may be reduced by 50 percent.	\$5 for each return or statement not timely filed up to a total of \$25,000 during any calendar year. If a return is filed within 60 days of the due date, the penalty may be reduced by 50 percent.
Penalty for negligence	20% of the deficiency attributable to the negligent act or omission.	20% of the deficiency attributable to the negligent act or omission.	20% of the deficiency attributable to the negligent act or omission.
Penalty for fraud	50% of the deficiency attributable to the fraudulent act or omission.	50% of the deficiency attributable to the fraudulent act or omission.	50% of the deficiency attributable to the fraudulent act or omission.
Penalty for personal liability	An amount equal to the total amount of unpaid tax, penalties, and interest.	An amount equal to the total amount of unpaid tax, penalties, and interest.	An amount equal to the total amount of unpaid tax, penalties, and interest.
Penalty for bad check	Not applicable.	Not applicable.	\$25 for each remittance not honored by the financial institution.
Cost of collection fee	Not applicable.	Not applicable.	Returns due on or after July 1, 2003 — if the total unpaid amount is • less than \$1,000, penalty is \$30 • \$1,000 or more, penalty is \$100
Penalty for frivolous return	\$500	\$500	\$500
Late-filing (or nonfiling) penalty for transaction return	Not applicable.	Not applicable.	Not applicable.

Penalty rates for returns due on or after:

	January 1, 2004 — December 31, 2004	January 1, 2005 — August 15, 2013	August 16, 2013 — to August 9, 2015
Late-payment penalty - additional liability due	Not applicable.	Not applicable.	Not applicable.
Late-payment penalty - estimated or accelerated tax	Penalty is based on the number of days the payment is late. 1 - 30 days: 2% 31 - 90 days: 10% 91 - 180 days: 15% 181 + days: 20%	Penalty is based on the number of days the payment is late. 1 - 30 days: 2% 31 + days: 10%	Penalty is based on the number of days the payment is late. 1 - 30 days: 2% 31 + days: 10%
Penalty for failure to file correct information return	\$5 for each return or statement not timely filed up to a total of \$25,000 during any calendar year. If a return is filed within 60 days of the due date, the penalty may be reduced by 50 percent.	\$5 for each return or statement not timely filed up to a total of \$25,000 during any calendar year. If a return is filed within 60 days of the due date, the penalty may be reduced by 50 percent.	\$5 for each return or statement not timely filed up to a total of \$25,000 during any calendar year. If a return is filed within 60 days of the due date, the penalty may be reduced by 50 percent.
Penalty for negligence	20% of the deficiency attributable to the negligent act or omission.	20% of the deficiency attributable to the negligent act or omission.	20% of the deficiency attributable to the negligent act or omission.
Penalty for fraud	50% of the deficiency attributable to the fraudulent act or omission.	50% of the deficiency attributable to the fraudulent act or omission.	50% of the deficiency attributable to the fraudulent act or omission.
Penalty for personal liability	An amount equal to the total amount of unpaid tax, penalties, and interest.	An amount equal to the total amount of unpaid tax, penalties, and interest.	An amount equal to the total amount of unpaid tax, penalties, and interest.
Penalty for bad check	\$25 for each remittance not honored by the financial institution.	\$25 for each remittance not honored by the financial institution.	\$25 for each remittance not honored by the financial institution.
Cost of collection fee	If the total unpaid amount is • less than \$1,000, penalty is \$30 • \$1,000 or more, penalty is \$100	If the total unpaid amount is • less than \$1,000, penalty is \$30 • \$1,000 or more, penalty is \$100	If the total unpaid amount is • less than \$1,000, penalty is \$30 • \$1,000 or more, penalty is \$100
Penalty for frivolous return	\$500	\$500	\$500
Late-filing (or nonfiling) penalty for transaction return	Not applicable.	Not applicable.	\$100

Penalty rates for returns due on or after:

**August 10, 2015 —
to current**

Late-payment penalty - additional liability due	Not applicable.
Late-payment penalty - estimated or accelerated tax	Penalty is based on the number of days the payment is late. 1 - 30 days: 2% 31 + days: 10%
Penalty for failure to file correct information return	\$5 for each return or statement not timely filed up to a total of \$25,000 during any calendar year. If a return is filed within 60 days of the due date, the penalty may be reduced by 50 percent.
Penalty for negligence	20% of the deficiency attributable to the negligent act or omission.
Penalty for fraud	50% of the deficiency attributable to the fraudulent act or omission.
Penalty for personal liability	An amount equal to the total amount of unpaid tax, penalties, and interest.
Penalty for bad check	\$25 for each remittance not honored by the financial institution.
Cost of collection fee	If the total unpaid amount is • less than \$1,000, penalty is \$30 • \$1,000 or more, penalty is \$100
Penalty for frivolous return	\$500
Late-filing (or nonfiling) penalty for transaction return	\$100, when the return, if it had been properly filed, would not have resulted in the imposition of a tax. Note: If you owe this late-filing (or nonfiling) penalty for a zero liability transaction return, you are not subject to the standard late-filing (or nonfiling) penalty.

Penalties for Tax Avoidance Transactions

Participant Penalties

Failure to disclose participation in a reportable transaction penalty

\$15,000 for each undisclosed reportable transaction or \$30,000 for each "listed transaction." The total penalty imposed shall not exceed 10% of the increase in net income or reduction in loss that would result if the taxpayer had not participated in the reportable transaction.

Reportable transaction understatement penalty

20% of deficiency or 30% if the transaction was not disclosed.

100 percent interest penalty

100% of interest assessed on the tax avoidance transaction deficiency from payment due date through date a notice of deficiency is issued.

Material Advisor Penalties

Failure to register tax shelter penalty

\$15,000 for each transaction or \$100,000 for each unregistered "listed transaction."

Failure to maintain a list of investors penalty

\$15,000 for each failure or \$100,000 if the failure involves a "listed transaction."

Promoting tax shelters penalty

The greater of \$10,000 or 50% of the gross income received (or to be received) from anyone required to file an Illinois return and to whom you furnished a false statement.

Interest Rates

After December 31, 2013, interest accrues at the “underpayment rate,” regardless of when the underpayment arose.

During the period covering January 1, 2004 through December 31, 2013, interest accrued on the “short term federal rate” for the first year. This is 3 percent less than the “underpayment rate.” After one year, interest would accrue on any remaining balance at the “underpayment rate.”

Prior to January 1, 2004, interest accrued at the “underpayment rate.”

Interest rates are available on our website at **tax.illinois.gov**.

Abusive Tax Shelter —

If you are found to have participated in an abusive tax shelter transaction and did not report and pay any liability associated with that transaction before you were contacted by the IRS or us, interest on that liability will be assessed at 150 percent of the rate in effect at that time.

Office locations

Maine North Regional Building
9511 Harrison Avenue
Des Plaines, Illinois 60016-1563
847 294-4200

200 South Wyman Street
Rockford, Illinois 61101-1237
815 987-5210

James R. Thompson Center
Concourse Level
100 West Randolph Street
Chicago, Illinois 60601-3274
800 732-8866

Willard Ice Building
101 West Jefferson
Springfield, Illinois 62702
800 732-8866
217 782-3336

15 Executive Drive
Business Center One, Suite 2
Fairview Heights, Illinois 62208-1331
618 624-6773

2309 W. Main
Suite 114
Marion, Illinois 62959-1196
618 993-7650

For information or forms

Visit our website at tax.illinois.gov.

Call us at **1 800 732-8866** or **217 782-3336**.

Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**.

Write us at Illinois Department of Revenue, P. O. Box 19044, Springfield, IL 62794-9044.