

ILLINOIS

Sales Taxes

State Sales Tax: 6.25% (1% on qualifying food, prescription & non-prescription drugs, medical appliances). Local government taxes can raise the total to a high of 10.5%.

Gasoline Tax: 57.5 cents/gallon (Includes all taxes)

Diesel Fuel Tax: 68.9 cents/gallon (Includes all taxes)

Cigarette Tax: \$1.98 /pack of 20 (In Chicago, the state and local rate is \$6.15)

Personal Income Taxes

Tax Rate Range: Flat rate of 5 percent received in 2013.

Personal Exemptions: Single – \$2,100; Married – \$4,200; Dependents – \$2,100

Standard Deduction: None

Medical/Dental Deduction: health insurance and long-term care insurance premiums are deductible.

Federal Income Tax Deduction: None

Retirement Income Taxes: Illinois does not tax distributions received from qualified employee benefit plans, including 401(K) plans; an Individual Retirement Account, (IRA) or a self-employee retirement plan; a traditional IRA that has been converted to a Roth IRA; the redemption of U.S. retirement bonds; state and local government deferred compensation plans; a government retirement or government disability plan, including military plans; railroad retirement income; retirement payments to retired partners; a lump sum distribution of appreciated employer securities; and the federally taxed portion of Social Security benefits. For more information, [click here](#).

Retired Military Pay: Not taxed.

Military Disability Retired Pay: Retirees who entered the military before Sept. 24, 1975, and members receiving disability retirements based on combat injuries or who could receive disability payments from the VA are covered by laws giving disability broad exemption from federal income tax. Most military retired pay based on service-related disabilities also is free from federal income tax, but there is no guarantee of total protection.

VA Disability Dependency and Indemnity Compensation: VA benefits are not taxable because they generally are for disabilities and are not subject to federal or state taxes.

Military SBP/SSBP/RCSBP/RSFPP: Generally subject to state taxes for those states with income tax. Check with state department of revenue office.

Property Taxes

Taxes are imposed by local government taxing districts (counties, townships, municipalities, school districts, and special taxing districts. Most property in the state is assessed at 33.33% of its market value, except farmland which is based on its ability to produce income. Cook County has different criteria. Single family residences are assessed at 16%. More information

– <http://tax.illinois.gov/Publications/PIOs/PIO-16pdf>

There are seven major homestead exemptions and some that are limited in the application ([Click here for details](#)).

General Homestead Exemption is available annually for owner-occupied residential property. The amount of exemption is the increase in the current year's equalized assessed value (EAV), above the 1977 EAV, up to a maximum of 6,000.

Senior Citizens Assessment Freeze Homestead Exemption allows senior citizens who have a total household income of less than \$55,000, and meet certain other qualifications to elect to maintain the equalized assessed value (EAV) of their homes at the base year EAV thereby preventing any increase in that value due to inflation.

Homestead Improvement Exemption is limited to the fair cash value that was added to the homestead property by any new improvement, up to an annual maximum of \$55,000. The exemption continues for four years from the date the improvement is completed and occupied.

Senior Citizens Homestead Exemption allows a \$4,000 reduction in the EAV of the property that a person 65 years of age or older is obligated to pay taxes on, and owns and occupies, or leases and occupies as a residence. Exemption is limited to the fair cash value that was added to the homestead property by any new improvement, up to an annual maximum of \$45,000. The exemption continues for four years from the date the improvement is completed and occupied.

Disabled Veterans' Homestead Exemption may be up to \$70,000 of the assessed value for certain types of housing owned and used by a disabled veteran or his or her unmarried surviving spouse. The Illinois Department of Veterans' Affairs determines the eligibility for this exemption, which must be reestablished annually.

Senior Citizens Real Estate Tax Deferral Program allows persons age 65 or older, who have a total household income of less than \$50,000 and meet certain other qualifications, to defer all or part of their real estate taxes and special assessments. The deferral is similar to a loan against the property's market value and a lien is filed on the property in order to ensure repayment to the deferral. The state pays the property taxes and then recovers the money, plus 6 percent annual interest, when the property is sold or transferred.

Disabled Persons' Homestead Exemption provides a \$2,000 reduction in a property's equalized assessed value to a qualifying property owned by a disabled person. An application must be filed annually for this exemption.

Information on the state's Circuit Breaker and Pharmaceutical Assistance programs can be found in the state's Web site. [Click here.](#)

[Inheritance and Estate Taxes](#)

Illinois saw its estate tax disappear on January 1, 2010 due to repeal of the federal estate tax, and despite the retroactive reinstatement of the federal estate tax, Illinois' tax did not come back automatically. Nonetheless, the Illinois legislature acted quickly at the beginning of 2011 to reinstate the Illinois estate tax for the 2011 tax year with a \$2,000,000 exemption. However, in December 2011 the Illinois legislature acted to increase the exemption to \$3,500,000 in 2012 and \$4,000,000 in 2013.

For further information, visit the [Illinois Department of Revenue](#) site or call 800-732-8866.