



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 13-10, Illinois State Income Tax Withholding

Date: February 8, 2013

To: Subscribers of Tax Bulletins

Beginning with wages paid for Pay Period 06, 2013, the National Finance Center (NFC) will increase the exemption allowance from \$2,050 to \$2,100 for the State of Illinois.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the *NFC Home Page* (<http://www.nfc.usda.gov>) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate State from the map provided. Changes to the tax formula are identified by "▶◀".

For questions about NFC processing, authorized Servicing Personnel Office representatives should contact the NFC Contact Center at **1-855-NFC-4GOV (1-855-632-4468)** or via the Internet using the Requester Console.

RANDY L. SPEED, Director
Government Employees Services Division

Attachment

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Illinois State Income Tax Information

State Abbreviation:	IL
State Tax Withholding State Code:	17
Acceptable Exemption Form:	IL-W-4
Basis for Withholding:	State Exemptions
Acceptable Exemption Data:	0/Number of Regular Allowances/Number of Additional Exemptions
TSP Deferred:	Yes
Special Coding:	Determine the Total Number of Allowances field as follows: First Position - Enter 0 (zero). Second or Third Positions - Enter the number of exemptions claimed. Determine the Additional Exemptions Claimed field as follows: First and Second Positions - Enter the number of additional allowances claimed on Line 2 of the IL-W-4. Valid values are 00 through 99. If no allowances are claimed, enter 00.

Withholding Formula ▶(Effective Pay Period 06, 2013)◀

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program and Flexible Spending Account – health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (i.e., taxable life insurance) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages.

$$\text{Exemption Allowance} = \text{▶\$2,100◀} \times \text{Number of Exemptions}$$

6. Determine the additional allowance by applying the following guideline and subtract this amount from step 5 to compute the taxable income.

Additional Allowance = \$1,000 x Number of Additional Exemptions

7. Multiply the taxable income computed in step 6 times 5 percent to determine the amount of Illinois tax withholding.
8. Divide the annual Illinois tax withholding by 26 to obtain the biweekly Illinois tax withholding.