

Employer's Expense Tax Relief Ordinance FAQs

1) What is the effective date of the ordinance?

The ordinance was effective upon passage and approval by the Chicago City Council, which took place on Wednesday, January 13, 2010.

2) When will tax filers first need to take action on their new employer's expense tax return filing and paying obligations?

Not until they file tax returns covering the annual tax year covering July 1, 2009 through June 30, 2010, which will be distributed in late June 2010 and are due to be filed by August 16, 2010.

3) Does the amendment allow filers to adjust periodic tax payments for covered periods in anticipation of the relief granted under this amendment?

No. None of the municipal code mandated employer's expense tax payment obligations were revised. The relief granted by this amendment is computed and reported on applicable tax returns as they are filed, if applicable. Any amount of tax relieved due to this ordinance that are overpaid as a result of this ordinance, will be refunded or credited to future tax periods as directed by tax filers on applicable tax returns.

4) What specific relief was granted to tax filers in this amendment?

1) Employers, located in whole or in part in Chicago throughout the tax year ending June 30, 2009 and who had no obligation to file returns or pay employers expense tax in the tax year ending June 30, 2009 will have no obligation to file returns or pay tax for the tax years ending June 30, 2010 or June 30, 2011

2) Employers, located in whole or in part in Chicago throughout 2009 whose liabilities for tax to be computed due for the current tax year ending June 30, 2010, will be limited to the lower amount due for the current year or the prior tax year ending June 30, 2009. Once this lower amount is determined for the tax return period ending June 30, 2010, it will be used in the comparison on the tax return due for the period ending June 30, 2011. In other words, no present tax filers tax liability will increase in the current tax year ending June 30, 2010, or in the tax year ending June 30, 2011

5) Section 5 of the ordinance discusses the hypothetical prior year liability of entities, that are merged or consolidated in a current tax year. This would be necessary to conduct an apples to apples comparison of annual tax year liabilities and avoid an unintentional loss of revenue to the city. In computing the hypothetical liability for a prior year on what date does a taxpayer assume the hypothetical merger took place?

On the exact same calendar day and month the actual merger took place in the current year.

6) This ordinance includes a repeal date of August 16, 2011. Does that mean relief granted in this ordinance is available to employers for a portion of the tax year ending June 30, 2012? (More specifically the period July 1, 2011 through August 16, 2011)

No. Sections three and four of the ordinance limit relief to the tax years ending June 30, 2010 and June 30, 2011.

7) Is this ordinance an amendment of the Employers Expense Tax in the municipal code?

No, it is a stand alone relief ordinance that will require no further consideration by city council on the August 16, 2011 date of repeal