

## Income/Franchise:

### Illinois DOR Explains New Law Limiting NOL Deduction to \$500K and Resulting Estimated Payment Implications

*Informational Bulletin FY 2025-01: Guidance for Corporations Affected by Changes to Net Loss Deduction Limitation for Tax Years Ending On or After December 31, 2024*, Ill. Dept. of Rev. (7/24). An informational bulletin issued by the Illinois Department of Revenue (Department) addresses recently enacted legislation [see H.B. 4951, signed by gov. 6/7/24, and previously issued Multistate Tax Alert for more details on this new law] that limits Illinois net loss deductions (NLDs) for corporations filing Illinois Form IL-1120 to \$500,000 for tax years ending on or after December 31, 2024, and before December 31, 2027. The bulletin provides information to “help these taxpayers determine if they must start paying estimated payments or modify their estimated tax payments,” as well as “ways to minimize or avoid late-payment penalties.” The bulletin explains that because of this recent statutory change, “certain taxpayers may have an increase in their current tax year liabilities and may be subject to increased late-payment penalties.” The bulletin also states that taxpayers that calculated their estimated payments without considering a NLD limitation may need to:

**URL:** <https://tax.illinois.gov/research/publications/bulletins/fy-2025-01.html>

**URL:** <https://www.ilga.gov/legislation/BillStatus.asp?DocNum=4951&GAID=17&DocTypeID=HB&LegId=152864&SessionID=112&GA=103>

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-illinois-fiscal-year-2025-state-budget-tax-highlights.pdf>

- Begin making estimated tax payments, or
- Increase their estimated tax payments for the remainder of the tax year to avoid or minimize the late-payment penalty for underpayment of estimated tax due.

According to the Department, “in both cases, taxpayers should make up the difference from the missed estimated payments with the next payment.” Please contact us with any questions.

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