

Alert | State & Local Tax (SALT)



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Illinois General and Franchise Tax Amnesty Programs Set to Begin Oct. 1, 2025

The Illinois Department of Revenue is offering limited-time amnesty programs for general, franchise, and remote retailer taxes¹, waiving penalties and interest for eligible taxpayers. With just over a month before taxpayers can begin to file and pay, companies should review their Illinois exposure and evaluate if this program would provide a benefit. Similar to past state-run amnesties, the Department anticipates high traffic from the business community in all three amnesties, but companies should be aware that the remote retailer amnesty is not set to run until the fall of 2026.

General Amnesty Program (35 ILCS 745/10)

What Is It?

The Illinois Tax Delinquency Amnesty Act (Amnesty) provides taxpayers the opportunity to pay outstanding eligible tax liabilities and to have eligible penalties and interest waived. Illinois extended its general tax amnesty program from Oct. 1, 2025, to Nov. 17, 2025, that covers tax periods ending after June 30, 2018, and before July 1, 2024.

¹ Along with the addition of the general amnesty period, Illinois established a remote-retailer specific amnesty program that will run next year from Aug. 1, 2026, through Oct. 31, 2026 (Remote Retailer Amnesty Period), covering eligible periods of Jan. 1, 2021, through June 30, 2026. Details will follow closer to the date.

When Does It Run?

The amnesty program is running from Oct. 1, 2025, through Nov. 17, 2025 (Filing Period).

What Is an ‘Eligible’ Tax Liability?

“Eligible” liabilities include any tax liabilities (other than motor fuel) that the state of Illinois imposes, and the Department collects. The tax debt must stem from periods ending after June 30, 2018, and before July 1, 2024.

What Are the Terms?

Eligible liabilities must be paid and filed in full during the Filing Period in order to qualify for a waiver of penalty and interest.

Taxpayers may selectively participate in the program by paying all taxes due for an eligible tax liability (e.g., income tax but not sales tax) or for a particular tax period (e.g., 2020 but not 2022).

Taxpayers may also participate by making estimated payments of the taxes due, including additional Illinois taxes that would result from a federal change that has not become final².

What Are the Restrictions?

In order to be eligible for the amnesty, taxpayers cannot be a party to any criminal investigation or to any civil or criminal litigation that is pending in any state court, administrative hearing, or the Illinois Independent Tax Tribunal (Tribunal) for nonpayment, delinquency, or fraud in relation to any state tax imposed by any Illinois law.

Accordingly, amnesty may only be granted to taxpayers with civil cases pending in state courts, administrative hearings, or the Tribunal, provided the litigation is dismissed before the end of the amnesty period by an agreed order entering judgment in the Department’s favor.³

What Are the Benefits?

The benefits of the program include full waiver of penalties and interest.

What Is the Difference Between Amnesty and Voluntary Disclosure?

The biggest benefit for the amnesty program is the full waiver of penalties and interest. The voluntary disclosure program typically only provides penalty waivers; however, the voluntary disclosure program does offer a limited look-back period of four years, while the amnesty program goes back to Jan. 1, 2021. Taxpayers should evaluate which program would benefit them the most.

² Taxpayers participating in the amnesty program may claim a refund for an overpayment of an established liability based on an issue that is not an amnesty issue or of an estimated payment, including one based on an estimated federal change.

³ We expect the Department to publish additional guidance and forms on its website prior Oct. 1, 2025.

Franchise Tax Amnesty Program (805 ILCS 8/5-10)

When Does it Run?

The Illinois secretary of state will run a franchise tax amnesty program from Oct. 1, 2025, through Nov. 15, 2025.

What Is an Eligible Liability?

The program applies to franchise taxes or license fee liabilities for any tax period ending after June 30, 2019, and on or before June 30, 2025.

What Are the Terms?

Payment of all franchise taxes and license fees due for any taxable period will result in abatement of any associated interest or penalties.

What Are the Restrictions?

The Franchise Tax Amnesty Program has more limited eligibility than Department's General Amnesty Program. Taxpayers who have received interrogatories from the secretary's Department of Business Services or that are a party to any civil, administrative, or criminal investigation or litigation for nonpayment of franchise tax or license fees are not eligible to participate.

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