

Chicago-Area Small Business Information on COVID-19:

Tax, State, and Local Initiatives^{1 2 3}

I. Tax Initiatives:

A. Federal Income Tax Deferral: *Updated as of 2:30 pm, March 20, 2020*

Individuals (including their pass-through entities) who owe money to the IRS can defer up to \$1 million of tax payments until July 15, 2020. Corporations can defer up to \$10 million.⁴ Individuals and corporations also have until July 15, 2020 to file their tax returns (or request a six-month extension by filing form [4868](#) for individuals or form [7002](#) for corporations).⁵

B. IL State Income Tax: *Updated as of 2:30 pm, March 20, 2020*

Illinois has not announced any deferrals, so IL state taxes are still due April 15th, but several other states have deferred their filing dates or payment due dates or have announced that they plan to implement the same deferral program that the federal government implements.⁶

C. IL State Sales Tax Payment Deferral: *Updated as of 2:30 pm, March 20, 2020*

The Illinois Department of Revenue is deferring the remittance of sales taxes for February, March, and April 2020 for small- and medium-sized restaurants and bars. *Establishments must have incurred less than \$75,000 in sales tax liabilities last year to be eligible for the deferral.* Establishments are still required to collect sales tax and to file Form ST-1 for each reporting period by the original due dates, but they are not required to start to remit their collections until May 20, 2020. Under the deferral program, one fourth of the total sale tax liability for February, March, and April 2020 will be due on each of the following dates: May 20, 2020, June 22, 2020, July 20, 2020, August 20, 2020.⁷

¹ Please note, (a) this is informational and not legal advice and (b) information is changing rapidly and may quickly become out of date.

² This information was prepared by the Institute for Justice Clinic on Entrepreneurship at the University of Chicago Law School, a legal clinic which assists low-income Chicago entrepreneurs with transactional and regulatory work.

³ Please visit <https://ij-clinic-on-entrepreneurship/information-for-local-businesses-covid-19-outbreak/> for other documents and further updates.

⁴ <https://www.irs.gov/newsroom/payment-deadline-extended-to-july-15-2020>

⁵ <http://www.irs.gov/forms-pubs/extension-of-time-to-file-your-tax-return>

⁶ <http://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/coronavirus-state-filing-relief.pdf>

⁷ <http://www2.illinois.gov/rev/research/publications/bulletins/Documents/2020/FY2020-23.pdf>

D. Chicago Tax Payment Deferral: *Updated as of 2:30 pm, March 20, 2020*

The City of Chicago has extended due dates for tax payments until April 30, 2020 for the following City taxes:

- Bottled Water tax
- Checkout Bag tax
- Amusement tax
- Hotel Accommodation tax
- Restaurant tax
- Parking tax

Businesses are still expected to collect these taxes, but they are not required to remit their collections until April 30, 2020.⁸

II. Other Illinois State Initiatives:

A. IL Unemployment Benefits: *Updated as of 12:00 pm, March 19, 2020*

Individuals who have become unemployed due to COVID-19 can in most cases qualify for unemployment benefits. Unemployment benefits are normally available to individuals who 1) become unemployed through no fault of their own, 2) who previously performed insured work, 3) who are able to work, 4) who are available to work, 5) who are actively seeking work, and 6) who register with the IL state employment service at [Illinois JobLink](#). *In the case of COVID-19, in many cases, Illinois is waiving the 6th requirement in this list (see below for further information).* Additionally, Illinois has expedited the process, meaning that anyone who files a claim and qualifies will become immediately eligible to receive benefits instead of experiencing a week-long waiting period.⁹

Individuals who become unemployed because they become confined to their home a) because a medical professional diagnoses them as having COVID-19, or b) because they must stay home to care for a spouse, parent, or child, whom a medical professional diagnoses as having COVID-19, or c) because of a government-imposed or government-recommended quarantine are considered to be unemployed through no fault of their own and are able to receive unemployment benefits if they meet the remaining requirements.¹⁰

⁸ http://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/march/SmallBusinessReliefPackage.html

⁹ <http://www2.illinois.gov/sites/coronavirus/Resources/Pages/EconomicAssistance.aspx>

¹⁰ <http://www2.illinois.gov/ides/Pages/COVID-19-and-Unemployment-Benefits.aspx>



Insured work is work performed for an employer who made payments under the Illinois Unemployment Insurance Act for the wages paid to the employee.¹¹ *Business owners who paid themselves salaries and paid unemployment insurance taxes on those salaries, would be eligible for unemployment benefits, but owners who did not pay unemployment insurance tax for themselves would not be eligible.*¹²

Individuals are able to work if they are mentally and physically capable of performing a job for which a labor market exists.

Individuals are available for work so long as they do not impose conditions on the acceptance of work that would essentially leave them with no reasonable prospect of work.

Individuals are traditionally viewed as actively seeking work if they are making an effort that is reasonably calculated to return them to work. Illinois provides resources for job searches including [JobLink](#) and [WorkNet](#). However, individuals temporarily laid off due to COVID-19 do not need to register with the IL state employment service (they are exempt from requirement 6) and would be considered actively seeking work as long as they are prepared to return to their job as soon the employer reopens.¹³ Individuals are considered temporarily laid off if their employer intends to reopen and they intend to return to work as soon as their employer reopens. If at any point an employer notifies individuals that the employer will not be reopening or that the individuals will not return to work with the employer, the individuals will still be eligible for unemployment benefits, but they will need to register at [Illinois JobLink](#) at that time.

Additionally, individuals may be eligible for partial benefits if they are not able to work full-time due to a lack of work.¹⁴ Individuals seeking partial benefits should follow the same procedures outlined below and ensure that they accurately report any wages they are earning.

Individuals can file a claim for unemployment benefits by logging in or creating an account with the Illinois Department of Employment Security [here](#). Individuals will need the following information to file a claim:

- Social Security Number
- Driver License/State ID

¹¹ <http://www.ides.illinois.gov/IDES%20Forms%20and%20Publications/CLI105L.pdf>

¹² <http://smallbusiness.chron.com/business-shuts-down-can-owner-unemployment-benefits-15832.html>

¹³ <http://www2.illinois.gov/ides/Pages/COVID-19-and-Unemployment-Benefits.aspx>

¹⁴ <http://www2.illinois.gov/ides/IDES%20Forms%20and%20Publications/Notice.pdf>

- Social Security Number, date of birth, and name of any dependents
- Name, mailing address, phone number, employment dates, and separation reason for all employers worked for in the last 18 months
 - Wage records (W-2 form, check stubs, etc.) from these employers may be necessary
- Gross wages earned this week
- Records of any pension payments received (not including Social Security)
- For Non-United States citizens, Alien Registration Information

Once a claim has been approved, individuals can certify for benefits by documenting their job searches for the current week [here](#).¹⁵ Individuals who are temporarily laid off should certify that they are actively seeking work as long as have been in contact with their employer within the past week and intend to return to work as soon as the employer reopens.

III. Other Local Initiatives:

A. Chicago Small Business Resiliency Fund: *Updated as of 2:30 pm, March 20, 2020*

The City of Chicago and its private partners will offer low-interest loans for up to \$50,000 with terms of up to five years. Loan proceeds must be used for working capital, and at least 50% of proceeds should be used for payroll as part of retaining a workforce. Businesses are eligible for the loans if they 1) experienced a more than 25% revenue decrease due to COVID-19, 2) employ fewer than 50 employees, 3) had gross revenues of less than \$3 million in 2019, 4) have a Chicago business address or Chicago business license, and 5) have no pre-existing tax liens or legal judgements.^{16 17}

Applications will begin to be accepted on March 31, 2020. Businesses interested in applying should complete the interest form [here](#) and they will be contacted by a representative of the Fund with more information.

B. Chicago Fine Collection Deferral: *Updated as of 2:30 pm, March 20, 2020*

The City of Chicago will temporarily defer all business fine collections, license renewal fees, late fees for businesses, and administrative hearings collections until April 30, 2020.¹⁸

¹⁵ <http://www2.illinois.gov/ides/individuals/UnemploymentInsurance/Pages/default.aspx>

¹⁶ <http://www.surveymonkey.com/r/COVID19Chicago>

¹⁷ At this time, we have not confirmed what levels of government pre-existing tax liens or legal judgments applies to.

¹⁸ http://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/march/SmallBusinessReliefPackage.html,
http://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/march/SuspensionTicketingDebtCollection.html

The City will also temporarily suspend non-public safety related business penalties until April 30, 2020.¹⁹ Enforcement of all city ticketing will be prioritized for safety-related violations, and enforcement on compliance-related violations will be suspended until April 30, 2020.²⁰

C. Chicago Utility Bill Payment Deferral: *Updated as of 2:30 pm, March 20, 2020*

The City of Chicago has extended due dates for utility bill payments until after April 30, 2020 and will not assess penalties until after April 30, 2020. The city will delay referrals to collection firms until after April 30, 2020 and will not issue defaults of payment plans until after April 30, 2020.²¹

D. Chicago's Paid Sick Leave Ordinance: *Updated as of 12:00 pm, March 19, 2020*

Under Chicago law, any employee who works for a Chicago employer for at least 80 hours within any 120-day period is eligible for paid sick leave. The employee accrues 1 hour of paid sick leave for every forty hours worked, starting on the 1st calendar day after starting work or on July 1, 2017 (whichever is later). An employee can start to claim paid sick leave no later than 180 calendar days after the first day of employment. An employee may claim up to 40 hours of paid sick leave per year at minimum (subject to higher limits where employers have provided more generous benefits). Employees can carryover up to 20 hours of unused accrued paid sick leave from one year to the next at minimum (employees of employers subject to the Family and Medical Leave Act may carry over up to 60 hours (40 of which are to be used for Family and Medical Leave Act eligible purposes)).

Employees can claim paid sick leave when 1) they are ill or injured, or need to receive medical care, treatment, diagnosis, or preventive medical care; 2) a member of their family is ill or injured, or needs to receive medical care, treatment, diagnosis, or preventive medical care; or 3) their place of business is closed by order of a public official due to a public health emergency, or they need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency. *Employees affected by IL Governor Pritzker's order that restaurants, bars, schools, and other businesses must close due to the COVID-19*

¹⁹ http://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/march/SmallBusinessReliefPackage.html

²⁰ http://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/march/SuspensionTicketingDebtCollection.html

²¹ http://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/march/SuspensionTicketingDebtCollection.html



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public health emergency would be eligible to claim paid sick leave. Employees claiming paid sick leave must be paid the same rate and the same benefits, including health care benefits, that they regularly earn during hours worked.²²

E. Cook County Commercial Evictions: *Updated as of 2:30 pm, March 20, 2020*

As of March 17, 2020, all court-ordered evictions will be under a moratorium until April 15, 2020. According to a press release issued by the Circuit Court of Cook County, the vast majority of court operations will be postponed for one month; this will include both criminal and civil proceedings. As a result, commercial and residential evictions will be halted during this period. The press release indicates that "[f]or the 30-day period, all civil matters not deemed an emergency by party agreement are postponed to a future date" but emergency requests in civil matters will be permitted. Judges will not sign orders for eviction or foreclosure during the 30-day period, nor will any jury trials commence during this period. Regular operations are expected to resume by April 15, at the earliest.²³

While this means that an eviction process cannot be started against a business during this time, *it does not protect your business from an eviction related to action or inaction during this time period that gives your landlord grounds to evict the business.* There may be federal, state, or municipal actions to provide more relief in the future, but there is not currently any protection in place for a failure to pay rent.

²² [http://library.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/title1generalprovisions/chapter1-24thechicagominimumwageandpaidsf?fn=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chicago_il\\$anc=JD_Ch.1-24](http://library.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/title1generalprovisions/chapter1-24thechicagominimumwageandpaidsf?fn=templates$fn=default.htm$3.0$vid=amlegal:chicago_il$anc=JD_Ch.1-24)

²³ <http://www.cookcountycourt.org/HOME/INFORMATIONREGARDINGCORONAVIRUS.aspx>