

PETER J. ROSKAM

6TH DISTRICT, ILLINOIS

COMMITTEE ON WAYS AND MEANS

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After a lengthy battle with the Internal Revenue Service (IRS), I am pleased to inform you that **I have secured fair treatment for Illinois taxpayers and prepaid property taxes will be fully deductible when you file your 2017 taxes this year.**

In December of 2017 the Internal Revenue Service (IRS) issued IRS Guidance IR-2017-210 which stated that prepaid property taxes were only deductible if they were assessed in 2017. This would have likely denied the full value of the deduction for taxpayers in Illinois. When 2018 taxes are due in April of 2019, these limitations won't be a problem as taxpayers will still be coming out ahead thanks to the lower rates, increased threshold for the Alternative Minimum Tax (AMT) (which affects over 30,000 people in our district and denies the benefits of the state and local deductions), a doubled child tax credit along with a dramatic increase in its phase out, and other benefits provided by the Tax Cuts and Jobs Act. But under the old tax code being used this April, this IRS guidance presented a significant inequity for Illinois.

This inequity exists because as taxpayers in the State of Illinois, we pay our property taxes in arrears, meaning our property tax payments made each year are actually paying for the previous year. As a result, prepaid property taxes made at the end of 2017 were actually prepaying 2017 property taxes, not 2018. Upon researching this unique circumstance, I immediately began to engage with the IRS and the United States Treasury to inform them of our state's situation. I personally engaged in multiple meetings with Treasury, IRS and local tax officials. Most notably I demanded a response from Treasury Secretary Mnuchin at a public hearing in front of the Ways & Means Committee on February 15th.

As a result of these efforts, we have recently received confirmation from the Treasury Secretary that **the IRS guidance does not apply to the State of Illinois, and as a result property taxes prepaid in 2017 are, in fact, allowed to be deducted on your 2017 tax filing.**

As your representative, I need to hear from you. If you have any questions on this or if you would like to learn more about how the Tax Cuts and Jobs Act will help your family, please call my office at 202-225-4561 or visit www.Roskam.House.Gov/Tax-Cuts-and-Jobs-Act.

Very truly yours,

A handwritten signature in blue ink that reads "Peter J. Roskam".

Peter J. Roskam
Member of Congress