Insights: Publications

Common Problems and Simple Solutions

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This is the fourth and last in a series of articles intended to provide a deep dive into the Illinois State Franchise Tax (the "Franchise Tax") and should be read sequentially to be best understood. The first article covered the businesses and entities required to pay the Franchise Tax and the mechanics of the Franchise Tax system. The second article defined the essential terms to understand the Franchise Tax and its calculation and covered some significant differences between the Franchise Tax and the state Income and Corporate Income Tax. The third article provided specific resources and examples on correctly calculating your Allocation Factor for the Franchise Tax.

At Kilpatrick, we see five common problems with franchise tax filings. These issues relate to improper Allocation Factor calculation, increases in Paid-In Capital, timely reporting to the Illinois Secretary of State, and so-called "push-down accounting" being used on reports following successful mergers and acquisitions.

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