2013 Illinois Update & Reference Material

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Illinois Update

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Please note. Corrections for all of the chapters are available at **www.TaxSchool.illinois.edu.** For clarification about acronyms used throughout this chapter, see the Acronym Glossary at the end of the Index.

ESTIMATED TAXES

The state of Illinois requires both individuals and C corporations to make estimated tax payments. Partnerships, S corporations, estates, and trusts are not required to make estimated tax payments.[1]

Taxpayers who do not pay enough tax during the year may have to pay a penalty for failure to make estimated tax payments. Tax practitioners should review their client's anticipated tax situation for the coming year to help the client avoid unnecessary penalties. In general, Illinois follows the federal rules, but there are some exceptions.

Note. For information about federal estimated tax requirements, see the 2013 *University of Illinois Federal Tax Workbook,* Volume C, Chapter 4: Estimated Taxes.

REQUIREMENTS FOR INDIVIDUALS[2]

General Rule

An individual taxpayer must generally make estimated income tax payments to the state of Illinois if they reasonably expect to owe over **$500** after subtracting withholding and tax credits. The following individuals are exempt from this requirement.

1. Taxpayers who are 65 years or older **and** permanently living in a nursing home (This exception applies if either taxpayer on a joint return qualifies.)
2. Taxpayers who qualify as farmers because at least two-thirds of their total federal gross income is from farming

Note. Illinois follows the federal rules to determine whether a taxpayer is a qualified farmer. For information on how to determine whether a taxpayer meets the gross income rule, see the "Farmers and Fishermen" section in the 2013 *University of Illinois Federal Tax Workbook,* Volume C, Chapter 4: Estimated Taxes.

3. Taxpayers who were not required to file an Illinois income tax return for the prior year
4. Taxpayers whose prior year tax liability was zero

1. Instructions to 2012 Form IL-2220, *Computation of Penalties for Businesses.*
2. Instructions to 2012 Form IL-2210, *Computation of Penalties for Individuals.*

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If exceptions 1, 2, or 3 apply, the taxpayer must check one of the applicable boxes on Form IL-1040, *Individual Income Tax Return.*

Safe Harbor

The general rule does not apply if the taxpayer's withholding and refundable credits will be at least the lesser of:

1. 90% of the taxes shown on the current year's return, **or**
2. 100% of the taxes shown on the previous year's return.

Example 1. Jane realized a large capital gain from a stock sale in March 2013. She mentions the gain to her tax preparer, Frank, while she is having her 2012 return prepared. She also tells him that she expects the rest of her 2013 income and expenses to be comparable to 2012. Frank uses this information to prepare the following projection.

Total tax liability	$3,000
Tax withholding	(1,750)
Tax due	$1,250

Because Jane's projected balance due is over $500, she may need to make estimated tax payments for 2013. However, Frank also compares her actual 2012 and projected 2013 taxes to the amount of her 2013 withholding to see whether she meets one of the safe harbor exceptions.

	2012 Actual	2013 Projected
Total tax liability	$1,500	$3,000
Applicable percentage	× 100%	× 90%
Safe harbor threshold	$1,500	$2,700
Lowest threshold		$1,500
2013 withholding		$1,750

Because Jane's projected 2013 withholding is greater than 100% of her 2012 taxes, she is not required to make estimated tax payments for 2013.

Married Taxpayers

Taxpayers who file married filing jointly (MFJ) each year complete the calculations for estimated tax payments and any related penalties in the same manner as other taxpayers. However, taxpayers who file MFJ for one year but separately in the previous year or following year must perform additional calculations to determine the proper amount to use as their prior year's tax.

Couples with Alternating MFJ and MFS Returns. For purposes of determining the required amount of any estimated tax payments, a return with any filing status other than MFJ is considered a separate return. If a couple files MFJ for the current year but filed married filing separately (MFS) for the prior year, the total tax amount is added together from each of the prior year MFS returns to arrive at the prior year total tax amount.

Conversely, couples who file MFS for the current year but filed MFJ for the prior year must use their respective portions of the prior year tax from the MFJ return for estimated tax calculation purposes.

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Paying Estimated Taxes[3]

Due Dates. Generally, for most individuals, the first three estimated payments are due the 15th of April, June, and September of the current tax year. The fourth payment is due January 15 of the following year. For individuals using fiscal year reporting, payments are due on the 15th day of the fourth, sixth, and ninth months of the fiscal year and of the first month after the end of the fiscal year.

Payment Methods. There are five ways for individuals to pay estimated tax.

1. Credit an overpayment on the prior year's return to the current year's estimated tax.
2. Mail the payment (check or money order) with Form IL-1040-ES, *Estimated Income Tax Payment for Individuals.*
3. Pay by electronic debit using the WebPay feature found at **http://tax.illinois.gov.** A personal identification number (PIN) is required, which can be obtained via the website using the taxpayer's social security number **and one** of the following.[4]
   a. Adjusted gross income from most recently filed return
   b. 9-digit zip code
   c. Driver's license number
   d. Illinois identification number
4. Pay by electronic funds transfer by completing Form EFT-1, *Authorization Agreement for Certain Electronic Payments.*
5. Pay by credit or debit card for an additional fee via the website at **http://tax.illinois.gov/Individuals/Pay/CreditCard.htm.** To pay by **credit card without using the Internet**, the taxpayer may call one of the following.
   a. Official Payments Corporation at 1-800-272-9829 (Jurisdiction Code 2300)
   b. Value Payments Systems at 1-888-972-9457
   c. Link2Gov/FIS at 1-877-578-2937

REQUIREMENTS FOR CORPORATIONS

General Rule

A corporate taxpayer must make estimated income tax payments if it reasonably expects to owe over **$400** after subtracting withholding and tax credits.[5] S corporations and corporations that did not file Form IL-1120, *Corporation Income and Replacement Tax Return,* for the prior year are exempt from this requirement.[6]

Safe Harbor

Although the safe harbor for corporations is similar to the one for individuals, it does **not apply** under the following conditions.

1. The corporation's prior year tax was zero.
2. The corporation's prior year return was for a short tax year.

> **Note.** This is important because accountants at corporations that historically owe no Illinois income and replacement tax may think that they can rely on the safe harbor of 100% of the previous year's taxes. Practitioners should ensure clients use mid-year reviews when they anticipate realizing a profit.

3. Form IL-1040-ES, *Estimated Income Tax Payments for Individuals.*
4. *IL-PIN Inquiry.* Illinois Department of Revenue. [www.revenue.state.il.us/app/pini/servlet/PINInquiry] Accessed on May 30, 2013.
5. Instructions to Form IL-1120-ES, *Estimated Income and Replacement Tax Payments for Corporations.*
6. Instructions to 2012 Form IL-2220, *Computation of Penalties for Businesses.*

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Even if the net tax due is greater than $400, corporations are not required to make estimates if their pass-through payments, credits, and withholding are greater than the lesser of:

1. 90% of the taxes to be shown on the current year's return, **or**
2. 100% of the taxes shown on the previous year's return.

Paying Estimated Taxes[7]

Due Dates. For corporations using calendar year reporting, the estimated payments are due the 15th of April, June, September, **and December** of the current tax year. For corporations using fiscal year reporting, payments are due on the 15th day of the fourth, sixth, ninth, and twelfth months of the fiscal year.

> **Observation.** It is important to note that the fourth payment is due during the last month of the current year for corporations even though individuals have until the first month of the following year to make their final estimated tax payment.

Payment Methods. There are four ways for corporations to pay estimated tax.

1. Credit an overpayment on the prior year's return to the current year's estimated tax.
2. Mail a check or money order with Form IL-1120-ES, *Estimated Tax Payments for Corporations.*
3. Pay by electronic debit using the WebPay feature found at **http://tax.illinois.gov.**
4. Pay by electronic funds transfer by completing Form EFT-1.

DETERMINING THE REQUIRED ESTIMATED TAX PAYMENTS

Taxpayers may use any one of three methods for determining the amount of estimated tax payments they should make during the year. If the taxpayer pays at least the amount that is calculated under the method that produces the lowest result, they will not be subject to estimated tax penalties.

The Prior Year 25% Method

The simplest way to determine the amounts to pay each quarter is by using the calculation under the safe harbor explained earlier in this chapter. Under a provision of the safe harbor, the taxpayer avoids an estimated tax penalty if they pay at least 100% of the liability shown on their prior year return. The minimum amount of the payment each quarter must be at least 25% of the amount that is not paid by withholding or applied refunds. However, this method cannot be used by **corporations** that had no tax liability in the prior year.

The Current Year 25% Method

Taxpayers who are reasonably certain that their current year tax liability will be less than their prior year liability may want to use the current year 25% method. Under this method, the taxpayer must pay at least 90% of the current year tax using estimated tax payments and/or tax withholding in order to avoid penalties. The minimum amount of the payment each quarter must be at least 25% of the amount that is not paid by withholding or applied refunds.

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7. Instructions to IL-1120-ES.

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The Annualized Method

The annualized method is typically used by taxpayers whose income fluctuates during the year. This method matches the estimated tax payments more closely with the time that the income is earned and expenses are paid. This may be beneficial for taxpayers who receive a significant portion of their income in the last months of the tax year.

> **Note.** Illinois follows the federal rules for **individuals** using the annualized method. For information on the annualized method for individuals, see the "Determining the Required Estimated Tax Payments" section in the 2013 *University of Illinois Federal Tax Workbook,* Volume C, Chapter 4: Estimated Taxes.

The annualized method for **corporations** requires that income be calculated for six different periods (the first 3, 5, 6, 8, 9, and 11 months of the tax year). This is most easily explained by showing how the annualization worksheet of Form IL-2220 is completed.

Example 2. Taupe Holdings of Illinois, Inc., receives the bulk of its income in October, and its net income fluctuates significantly from year to year. It files its Illinois return on the calendar-year basis. None of its Illinois taxes are paid via credits from flow-through entities or tax withholding.

To calculate the required estimated tax payment each quarter, it uses the annualized method and the worksheet from step 6 of Form IL-2220. The completed worksheet used to determine its fourth installment follows. From line 38 of the worksheet, it subtracts the payments made for the first three installments.

on Line 28 if you wish to pay your pe... at this time. Otherwise, we w... end you a bill.

Step 6: Complete the annualization worksheet for Step 2, Line 10

Note → ***Complete this worksheet only if*** your income was not received evenly throughout the year and you choose to annualize your income. **Beginning with Column A, complete Lines 29 through 45 of each column.**

			A	B First 3 months	C First 6 months	D First 9 months
29	Write your Illinois **net** income for each period.	29	For Column A only: Go directly to Line 32	3,000 .00	6,000 .00	9,000 .00
30	Annualization factors	30		4	2	1.33333
31	Multiply Line 29 by Line 30.	31		12,000 .00	12,000 .00	12,000 .00
			First 3 months	**First 5 months**	**First 8 months**	**First 11 months**
32	Write your Illinois **net** income for each period.	32	3,000 .00	2,000 .00	8,000 .00	25,000 .00
33	Annualization factors	33	4	2.4	1.5	1.09091
34	Multiply Line 32 by Line 33.	34	12,000 .00	4,800 .00	12,000 .00	27,273 .00
35	In Column A, write the amount from Line 34, Column A. In Columns B, C, and D, write the lesser of Line 31 or 34 for each period.	35	12,000 .00	4,800 .00	12,000 .00	12,000 .00
36	Net income and replacement tax for the period. See instructions.	36	1,140 .00	456 .00	1,140 .00	1,140 .00
37	Applicable percentage	37	22.5% (.225)	45% (.45)	67.5% (.675)	90% (.9)
38	Multiply Line 36 by Line 37. This is your annualized installment.	38	257 .00	205 .00	770 .00	1,026 .00

...nts on Line 45 of

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Observations for Example 2.

1. The net income from the first five months of the year (shown on line 32 of column B) is less than the net income from the first three months (shown on line 29 of column B). Therefore, the corporation uses the net income from the first five months to determine the amount of the second required estimate.
2. The net income from the first six months (shown on line 29 of column C) is less than the net income from the first eight months (shown on line 32 of column C). Therefore, the corporation uses the net income from the first six months to determine the amount of the third required estimate.
3. Even though it is known by the end of the eleventh month that the corporation's tax liability will be significantly higher than the tax computed based on the first nine months, its fourth payment is still based on the lower amount.

UNDERPAYMENT PENALTY

When taxpayers file their tax returns, they may include the applicable estimated tax penalty with the return. However, they are not required to do so. For those who want to include the penalty with the return, **individual taxpayers file Form IL-2210,** *Computation of Penalties for Individuals*, and **corporations file Form IL-2220,** *Computation of Penalties for Businesses*.

If the penalty is not included with the return, the Illinois Department of Revenue (IDOR) calculates it and assesses the balance due.

The penalty is calculated separately for each payment period. Taxpayers may owe a penalty for an earlier payment period even if they later paid enough to make up the underpayment. This is true even if they are due a refund when they file their income tax return.

> **Note.** For individuals, Form IL-2210 is completed using the same methodology as the federal Form 2210. For more information about Form 2210, see the 2013 *University of Illinois Federal Tax Workbook,* Volume C, Chapter 4: Estimated Taxes.

Changes to Illinois Tax Law

If the Illinois Income Tax Act is amended during the tax year and the change affects how taxpayers calculate their net income or credits, the underpayment penalty may be calculated using a modified annualized method. IDOR allows taxpayers to calculate their estimated tax penalties for each period based on the law in effect at the end of that period.

Example 3. A law passes on May 30, 2013, that disallows certain deductions that were allowed under prior law. The law goes into effect for taxpayers whose tax year ends on or after July 31, 2013.

Scott is an individual who files on a calendar-year basis. Based on the law effective in 2012, Scott did not expect to owe any Illinois income taxes for 2013. However, because of the law change, he owes $700 when he completes his 2013 return. To reduce his penalty, he completes Form IL-2210, using the annualization worksheet in step 6 of the form.

On the Form IL-2210 worksheet, he uses the **old law** to calculate the Illinois base income for the periods ending March 31 and May 31, which ended prior to the effective date of the new law. He uses the new law to calculate his income for the last two periods.

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RESIDENCY ISSUES

In general, taxpayers who move into or out of Illinois during the year are required to pay Illinois income taxes on only the income they earned while they were residents of Illinois. However, certain deductions and credits may not be allowed for taxpayers who were only part-year residents. To allocate their income and deductions, part-year residents must complete Schedule NR, *Nonresident and Part-Year Resident Computation of Illinois Tax.*

DETERMINING RESIDENCY[8]

An individual's residency status is determined by the facts and circumstances of each situation. According to the Illinois Administrative Code, the intent of the Illinois tax code is for all persons who benefit from Illinois government to help pay for its services.

To this purpose, the law defines a resident as an individual who:

1. Is in the state for **other than** a temporary or transitory purpose during the tax year, **or**
2. Lives in the state **except for** a temporary or transitory purpose during the tax year.

This means that a person is considered an Illinois resident if they live in the state without plans to leave. A person is also a resident if they maintain a home in the state but leave with the intent to come back.

Special rules apply to a married couple who files a joint federal tax return but one spouse is a full-year resident of Illinois while the other spouse is a nonresident or part-year resident. In this case, each spouse must file a separate return for the state of Illinois.

AMENDED REGULATIONS TARGETING "SNOW BIRDS"[9]

In July 2012, the Illinois Appellate Court (First District, First Division) issued an important decision in *Cain v. Hamer*[10] concerning the residency status of a couple who resided in both Illinois and Florida. In 2006, the Illinois Department of Revenue (IDOR) sent the plaintiffs a notice of tax deficiency, which asserted that the plaintiffs owed over $1.8 million in unpaid income taxes and penalties for the years 1996 through 2004. The court ruled that the taxpayers had met the Illinois regulatory requirements to be considered nonresidents for income tax purposes and therefore did not owe any of the taxes or related penalties.

In response, IDOR has amended its regulations. Effective April 19, 2013, taxpayers will be **presumed to be Illinois residents** if either of the following two conditions exist.

1. They receive an owner-occupied homestead exemption for Illinois property.
2. They were Illinois residents in the prior year and they spend more days in Illinois in the current year than they did in any other state.

However, even if taxpayers do meet one of these conditions, they may rebut the presumption that they are Illinois residents by providing "clear and convincing evidence" that they are residents of another state. The regulations list a variety of evidence and facts that may be used to establish residency.

- Location of spouse and dependents
- Voter registration
- Automobile registration

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8. IITA Section 301.
9. 86 Ill. Adm. Code §100.3020.
10. *Cain v. Hamer,* 2012 IL App 112833 (1st Dist. Jul. 16, 2012), 975 N.E.2d 321.

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- Driver's license
- Filing an income tax return as a resident of another state
- Home ownership or rental agreements
- The permanent or temporary nature of work assignments in a state
- Location of professional licenses
- Location of medical professionals, other healthcare providers, accountants, and attorneys
- Club and/or organizational memberships and participation
- Telephone and/or other utility usage over a period of time

If taxpayers believe that they are not Illinois residents despite the fact that one of the two presumptive conditions exist, the regulations suggest that the taxpayers should file an Illinois return to avoid being penalized for failure to file if the state later determines that they were Illinois residents. There are two methods outlined in the regulations: one for taxpayers who have no Illinois income and one for taxpayers who have income that is taxable for Illinois purposes.

The following method should be used for **nonresidents who have no Illinois income.**

1. Mark the return as a nonresident return.
2. Do **not** include Schedule NR with the return.
3. Show the computation of net income as though the taxpayer were a resident.
4. Note on the line of the return provided for entering the tax liability: "No liability — nonresident."
5. Attach a signed statement indicating the following.
   a. Which presumption of residence applies to the taxpayer
   b. Specific detail explaining the reasons why the individual believes that they were a nonresident for the tax year
6. Attach any evidence (such as certificates or affidavits) that shows the taxpayer was a nonresident for the tax year.

The following method should be used for **nonresidents who have Illinois income.**

1. File a return as a nonresident.
2. Include Schedule NR with the return.
3. Attach a signed statement indicating the following.
   a. Which presumption of residence applies to the taxpayer
   b. Specific detail explaining the reasons why the individual believes that they were a nonresident for the tax year
4. Attach any evidence (such as certificates or affidavits) that shows the taxpayer was a nonresident for the tax year.

Under both of the preceding methods, IDOR may request additional information supporting the taxpayer's contention that they are not an Illinois resident. If the taxpayer fails to submit additional information or if the additional information submitted does not convince IDOR that the taxpayer was a nonresident, a notice of deficiency will be issued to the taxpayer.

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PREPARATION OF SCHEDULE NR

Schedule NR is used to allocate a part-year resident's income between that which is taxable by Illinois and that earned while a taxpayer was a resident of another state.

Example 4. Wayne was a resident of Illinois from his birth until October 15, 2012. On that date, he packed all of his belongings and moved to Florida to take a new job. Prior to moving, he worked in Florida for two months for a different employer. During those months, he maintained his Illinois home and rented a place in Florida. His Illinois home was sold on November 1, 2012. He excludes the gain from the sale of his main home under the IRC §121 rules.

Wayne is single with no children. The following is a summary of his 2012 income and applicable expenses.

	Jan. 1–Oct. 15	Oct. 15–Dec. 31
Wages earned while working in Illinois	$10,000	
Wages earned in Florida before moving	2,000	
Wages earned in Florida after moving		$5,000
Interest income earned on savings at IL First Bank	175	25
Net farm rental income received on IL farmland	5,000	1,000
Qualified moving expenses	(3,000)	(600)

Wayne's completed 2012 Schedule NR follows.

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For Example 4

Illinois Department of Revenue
2012 Schedule NR
Attach to your Form IL–1040

Nonresident and Part-Year Resident Computation of Illinois Tax

IL Attachment No. 2

Wayne
Your name as shown on your Form IL-1040

3 2 1 - 4 4 - 4 4 4 4
Your Social Security number

Step 1: Provide the following information

1 Were you, or your spouse if "married filing jointly," a full-year resident of Illinois during the tax year?

☐ Yes ☒ No If you answered "Yes," STOP you cannot use this form (see instructions).

2 If you, or your spouse if "married filing jointly," were a part-year resident during the tax year, tell us your residency dates for 2012.

a I lived in **Illinois** from 01 / 01 / 12 (Month Day Year) to 10 / 14 / 12 (Month Day Year) I lived in FL (State) from 10 / 15 / 12 (Month Day Year) to 12 / 31 / 12 (Month Day Year)

b My spouse lived in **Illinois** from __ / __ / 12 (Month Day Year) to __ / __ / 12 (Month Day Year), and _____ (State) from __ / __ / 12 (Month Day Year) to __ / __ / 12 (Month Day Year)

3 If you were a resident of any of the states listed below during the tax year or if you were in Illinois only to accompany your spouse who was in the military, check the appropriate box.

☐ Iowa ☐ Kentucky ☐ Michigan ☐ Wisconsin ☐ Military Spouse

4 If you earned income or filed a tax return for the tax year in a state other than those listed above, write the two-letter abbreviation of that state.

_____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____

Step 2: Complete Form IL-1040

Complete Lines 1 through 10 of your Form IL-1040, Individual Income Tax Return, as if you were a full-year Illinois resident. Then, complete the remainder of this schedule following the instructions for your residency. **Attach Schedule NR to your Form IL-1040.**

Step 3: Figure the Illinois portion of your federal adjusted gross income

Write the amounts from your federal return in Column A. Before completing Column B, read the Column B instructions.

			Column A Federal Total	Column B Illinois Portion
Income	5	Wages, salaries, tips, etc. (federal Form 1040 or 1040A, Line 7; 1040EZ, Line 1)	5 17,000.00	12,000.00
	6	Taxable interest (federal Form 1040 or 1040A, Line 8a; 1040EZ, Line 2)	6 200.00	175.00
	7	Ordinary dividends (federal Form 1040 or 1040A, Line 9a)	7 .00	.00
	8	Taxable refunds, credits, or offsets of state and local income taxes (federal Form 1040, Line 10)	8 .00	.00
	9	Alimony received (federal Form 1040, Line 11)	9 .00	.00
	10	Business income or loss (federal Form 1040, Line 12)	10 .00	.00
	11	Capital gain or loss (federal Form 1040, Line 13 or 1040A, Line 10)	11 .00	.00
	12	Other gains or losses (federal Form 1040, Line 14)	12 .00	.00
	13	Taxable IRA distributions (federal Form 1040, Line 15b; or 1040A, Line 11b)	13 .00	.00
	14	Taxable pensions and annuities (federal Form 1040, Line 16b; or 1040A, Line 12b)	14 .00	.00
	15	Rents, royalties, partnerships, S corporations, trusts, and estates (federal Form 1040, Line 17)	15 6,000.00	6,000.00
	16	Farm income or loss (federal Form 1040, Line 18)	16 .00	.00
	17	Unemployment compensation and Alaska Permanent Fund dividends (federal Form 1040, Line 19; 1040A, Line 13; 1040EZ, Line 3)	17 .00	.00
	18	Taxable Social Security benefits (federal Form 1040, Line 20b; or 1040A, Line 14b)	18 .00	.00
	19	Other income (federal Form 1040, Line 21) Include winnings from the **Illinois State Lottery** as Illinois income in Column B.	19 .00	.00
	20	Add Column B, Lines 5 through 19. This is the Illinois portion of your federal total income.	20	18,175.00

Continue with Step 3 on Page 2 →

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For Example 4

Step 3: Continued

			Column A Federal Total		Column B Illinois Portion
Adjustments to Income	21	Write the Illinois portion of your federal total income from Page 1, Step 3, Line 20.		21	18,175.00
	22	Educator expenses (federal Form 1040, Line 23; or 1040A, Line 16)	22 .00		.00
	23	Certain business expenses of reservists, performing artists, and fee-based government officials (federal Form 1040, Line 24)	23 .00		.00
	24	Health savings account deduction (federal Form 1040, Line 25)	24 .00		.00
	25	Moving expenses (federal Form 1040, Line 26)	25 3,600.00		3,000.00
	26	Deductible part of self-employment tax (federal Form 1040, Line 27)	26 .00		.00
	27	Self-employed SEP, SIMPLE, and qualified plans (federal Form 1040, Line 28)	27 .00		.00
	28	Self-employed health insurance deduction (federal Form 1040, Line 29)	28 .00		.00
	29	Penalty on early withdrawal of savings (federal Form 1040, Line 30)	29 .00		.00
	30	Alimony paid (federal Form 1040, Line 31a)	30 .00		.00
	31	IRA deduction (federal Form 1040, Line 32; or 1040A, Line 17)	31 .00		.00
	32	Student loan interest deduction (federal Form 1040, Line 33; or 1040A, Line 18)	32 .00		.00
	33	Tuition and fees (federal Form 1040, Line 34; or 1040A, Line 19)	33 .00		.00
	34	Domestic production activities deduction (federal Form 1040, Line 35)	34 .00		.00
	35	Other adjustments (see instructions)	35 .00		.00
	36	Add Column B, Lines 22 through 35. This is the Illinois portion of your federal adjustments to income.		36	3,000.00
	37	Write your adjusted gross income as reported on your federal Form 1040, Line 37; 1040A, Line 21; 1040EZ, Line 4.	37 19,600.00		
	38	Subtract Line 36 from Line 21. This is the Illinois portion of your federal adjusted gross income.		38	15,175.00

Step 4: Figure your Illinois additions and subtractions

			Column A Form IL-1040 Total		Column B Illinois Portion
		In Column A, write the total amounts from your Form IL-1040. You must read the instructions for Column B to properly complete this step.			
Illinois Adjustments	39	Federally tax-exempt interest income (Form IL-1040, Line 2)	39 .00		.00
	40	Other additions (Form IL-1040, Line 3)	40 .00		.00
	41	Add Column B, Lines 38, 39, and 40. This is the Illinois portion of your total income.		41	15,175.00
	42	Federally taxed Social Security and retirement income (Form IL-1040, Line 5)	42 .00		.00
	43	Illinois Income Tax overpayment included on your U.S. 1040, Line 10. (Form IL-1040, Line 6)	43 .00		.00
	44	Other subtractions (Form IL-1040, Line 7)	44 .00		.00
	45	Add Column B, Lines 42 through 44. This is the total of your Illinois subtractions.		45	.00

Step 5: Figure your Illinois income and tax

Tax Calculations	46	Subtract Line 45 from Line 41. If Line 45 is larger than Line 41, write zero. This is your **Illinois base income**. Write this amount on your Form IL-1040, Line 12. →		46	15,175.00
		If Line 46 is zero, skip Lines 47 through 51, and write "0" on Line 52.			
	47	Write the base income from Form IL-1040, Line 9.	47 19,600.00		
	48	Divide Line 46 by Line 47 (carry to three decimal places). Write the appropriate decimal. If Line 46 is greater than Line 47, write 1.000.	48 0 • 774		
	49	Write your exemption allowance from your Form IL-1040, Line 10.	49 2,050.00		
	50	Multiply Line 49 by the decimal on Line 48. This is your Illinois exemption allowance.		50	1,587.00
	51	Subtract Line 50 from Line 46. This is your Illinois net income.		51	13,588.00
	52	Multiply the amount on Line 51 by 5% (.05). This amount may not be less than zero. This is your **tax.** Write this amount on your Form IL-1040, Line 13. →		52	679.00

This form is authorized as outlined under the Illinois Income Tax Act. Disclosure of this information is required. Failure to provide information could result in a penalty.

IL–1040 Schedule NR Back (R-12/12)

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Observations for Example 4.

1. The wages Wayne earned in Florida before he moved were subject to Illinois income tax because he was still an Illinois resident when he earned those wages. Florida does not have an income tax. If Wayne had worked in a different state that had a state income tax, he would have to file Schedule CR, *Credit for Tax Paid to Other States,* to claim a credit for the tax paid to another state on the $2,000 of wages earned while he was an Illinois resident.
2. Although all of Wayne's interest was earned on savings at a bank located in Illinois, interest is allocated based on residency at the time the interest is earned.
3. Net rental income on property located in Illinois is taxed by Illinois regardless of residency. In future years, Wayne should file an Illinois nonresident return to report the net rental income received on his farmland and to pay the tax due.
4. Wayne must provide receipts proving that the moving expenses were paid while he was an Illinois resident.

PASS-THROUGH ADJUSTMENTS TO INCOME

Partnerships, S corporations, trusts, and estates with operations in Illinois are required to issue Illinois versions of the Schedules K-1 to the taxpayers who receive federal Schedules K-1. These schedules give the recipients information needed to properly report income and deductions specific to the state. The following schedules may be issued.

1. Schedule K-1-T, *Beneficiary's Share of Income and Deductions*, completed by trusts or estates filing Form IL-1041, *Fiduciary Income and Replacement Tax Return*
2. Schedule K-1-P, *Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture,* completed by partnerships filing Form IL-1065, *Partnership Replacement Tax Return,* or S corporations filing Form IL-1120-ST, *Small Business Corporation Replacement Tax Return*

> **Note.** The state of Illinois does **not** require that the Schedules K-1 be included with the **entities'** Illinois returns. Instead it requires that the taxpayers who receive a Schedule K-1-T or K-1-P attach the form to their returns. Some tax software includes input forms that the preparer can complete to substitute for mailing the schedules to the state.

It may be difficult to determine how the numbers reported on the Schedules K-1-T or K-1-P should be reported on the taxpayers' Illinois returns. Even with the assistance of software, **tax preparers may be required to make manual adjustments on Form IL-1040 to properly report the entities' activities.** This section explains a few of the adjustments commonly reported on the Illinois schedules.

SCHEDULE K-1-T EXAMPLE

Example 5. Cari is an Illinois resident. In 2012, her great-aunt Peg passed away, leaving Cari as the sole beneficiary of her estate. Peg was also an Illinois resident. The assets of the estate consisted entirely of CDs, U.S. savings bonds, IRAs, and Illinois college savings bonds (which are exempt from both federal and Illinois taxation[11]).

For illustration purposes, assume that Cari has no other 2012 income. The federal and state K-1 forms that she receives are shown next, followed by select portions of her 2012 Form IL-1040.

---

11. Illinois Pub. 101, *Income Exempt from Tax.*

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For Example 5

661112

[X] Final K-1 [ ] Amended K-1 OMB No. 1545-0092

Schedule K-1 (Form 1041)
Department of the Treasury
Internal Revenue Service

2012

For calendar year 2012,
or tax year beginning _____, 2012,
and ending _____, 20 _____

Beneficiary's Share of Income, Deductions, Credits, etc.

▶ See back of form and instructions.

Part I Information About the Estate or Trust

A Estate's or trust's employer identification number

26-5555555

B Estate's or trust's name

Peg Estate

C Fiduciary's name, address, city, state, and ZIP code

Trustee Bank
PO Box 55
Warrenville IL 60555

D [ ] Check if Form 1041-T was filed and enter the date it was filed

E [X] Check if this is the final Form 1041 for the estate or trust

Part II Information About the Beneficiary

F Beneficiary's identifying number

355-55-5555

G Beneficiary's name, address, city, state, and ZIP code

Cari

Easy Street
Morton IL 61550

H [X] Domestic beneficiary [ ] Foreign beneficiary

Part III Beneficiary's Share of Current Year Income, Deductions, Credits, and Other Items

1	Interest income: 52,000.	11	Final year deductions
2a	Ordinary dividends		
2b	Qualified dividends		
3	Net short-term capital gain		
4a	Net long-term capital gain		
4b	28% rate gain	12	Alternative minimum tax adjustment
		A	0.
4c	Unrecaptured section 1250 gain		
5	Other portfolio and nonbusiness income: 250,000.		
6	Ordinary business income		
7	Net rental real estate income	13	Credits and credit recapture
8	Other rental income		
9	Directly apportioned deductions		
		14	Other information
		A	6,000.
10	Estate tax deduction	E	52,000.

*See attached statement for additional information.

Note. A statement must be attached showing the beneficiary's share of income and directly apportioned deductions from each business, rental real estate, and other rental activity.

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For Example 5

Illinois Department of Revenue

Schedule K-1-T

Beneficiary's Share of Income and Deductions

Year ending 12 (Month) 2012 (Year)

To be completed by trusts or estates filing Form IL-1041

Beneficiaries receiving Schedule K-1-T should attach this form to their Illinois Tax Return

IL Attachment No. 10

Step 1: Identify your trust or estate

1 Check the appropriate box ☐ trust ☒ estate

2 **Peg Estate**
Write your name as shown on your Form IL-1041.

3 **26-5555555**
Write your federal employer identification number (FEIN).

4 Write the apportionment factor from Step 6, Line 3, of Schedule NR, Form IL-1041; otherwise, write "1." **1**

Step 2: Identify your beneficiary

5 **Cari**
Name

6 **Easy Street**
Mailing address

Morton | **IL** | **61550**
City | State | ZIP

7 **355-55-5555**
Social Security number or FEIN

8a Check the appropriate box. See instructions.
☒ individual ☐ corporation ☐ trust
☐ partnership ☐ S corporation ☐ estate

8b **To be completed by the recipient on Line 5 only.**
I am a: ☐ grantor trust ☐ disregarded entity
and the amounts on this Schedule will be reported by:
Name:
SSN or FEIN:

Step 3: Figure your beneficiary's share of your nonbusiness income

			A Beneficiary's share (see instructions)	B Illinois share
9	Interest	9	52,000.00	
10	Dividends	10		
11	Rental income	11		
12	Patent royalties	12		
13	Copyright royalties	13		
14	Other royalty income	14		
15	Capital gain or loss from real property	15		
16	Capital gain or loss from tangible personal property	16		
17	Capital gain or loss from intangible personal property	17		
18	Other income (Specify)	18		

Step 4: Figure your beneficiary's share of your business income (See instructions.)

			A Beneficiary's share from U.S. Schedule K-1, less nonbusiness income	B Illinois share
19	Interest	19	0.00	
20	Dividends	20		
21	Net short-term capital gain	21		
22	Net long-term capital gain (total for year)	22		
23	Annuities, royalties, and other nonpassive income before directly apportioned deductions	23	250,000.00	
24	**Directly apportioned deductions —** Depreciation, depletion, and amortization	24		
25	Total annuities, royalties, and other nonpassive income. Subtract Column A, Line 24 from Line 23. See Instructions.	25	250,000.00	
26	Trade or business, rental real estate, and other rental income before directly apportioned deductions	26		
27	**Directly apportioned deductions —** Depreciation, depletion, and amortization	27		
28	Total trade or business, rental real estate, and other rental income. Subtract Column A, Line 27 from Line 26.	28		
29	Other income (Specify)	29		

Schedule K-1-T front (R-12/12)

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For Example 5

Write the beneficiary's identification number from Line 7. **355-55-5555**

Step 5: Figure your beneficiary's share of your Illinois additions and subtractions

			A Beneficiary's share from Form IL-1041	B Illinois share
	Additions			
30	Federally tax-exempt interest income	**30**	**6,000.00**	
31	Illinois income and replacement tax deducted	**31**		
32	Illinois Bonus Depreciation addition	**32**		
33	Related-Party Expenses addition	**33**		
34	Distributive share of additions	**34**		
35	Other additions from Illinois Schedule M (for businesses)	**35**		
	Subtractions			
36	**a** Interest from U.S. Treasury obligations included as business income	**36a**	**0.00**	
	b Interest from U.S. Treasury obligations included as nonbusiness income	**36b**	**50,000.00**	
37	Payment from certain retirement plans	**37**	**250,000.00**	
38	Retirement payments to retired partners	**38**		
39	**a** Enterprise Zone Dividend Subtraction	**39a**		
	b River Edge Redevelopment Zone Dividend Subtraction	**39b**		
40	High Impact Business within a Foreign Trade Zone Dividend Subtraction	**40**		
41	Contributions to certain job training projects	**41**		
42	Illinois Bonus Depreciation subtraction	**42**		
43	Related-Party Expenses subtraction	**43**		
44	Distributive share of subtractions	**44**		
45	ESBT loss	**45**		
46	Other subtractions from Illinois Schedule M (for businesses)	**46**	**6,000.00**	

Step 6: Figure your beneficiary's (except a corporate beneficiary) share of your Illinois August 1, 1969, appreciation amounts

			A Beneficiary's share from Illinois Schedule F (Form IL-1041)	B Illinois share
47	Section 1245 and 1250 gain	**47**		
48	Section 1231 gain	**48**		
49	Capital gain	**49**		

Step 7: Figure your beneficiary's share of pass-through entity payments

50	Pass-through entity payments made on behalf of nonresident beneficiary from Form IL-1000.	**50**	

Schedule K-1-T back (R-12/12)

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For Example 5

WebFile
tax.illinois.gov

Illinois Department of Revenue

2012 Form IL-1040

Individual Income Tax Return or for fiscal year ending __ __/__ __

Do not write above this line.

Step 1: Personal Information

A Social Security numbers in the order they appear on your federal return

3 5 5 - 5 5 - 5 5 5 5
Your Social Security number

__ __ __ - __ __ - __ __ __ __
Spouse's Social Security number

B Personal information

Cari
Your first name and initial

Your last name

Spouse's first name and initial

Spouse's last name

Easy Street
Mailing address (See instructions if foreign address)

Apartment number

Morton
City

IL
State

61550
ZIP or Postal Code

Foreign Nation, if not United States (do not abbreviate)

C Filing status (see instructions)

☒ Single or head of household ☐ Married filing jointly ☐ Married filing separately ☐ Widowed

D Check if same-sex civil union return (see instructions) ☐

Staple W-2 and 1099 forms here

Staple your check and IL-1040-V

Step 2: Income

		(Whole dollars only)
1	Federal adjusted gross income from your U.S. 1040, Line 37; U.S. 1040A, Line 21; or U.S. 1040EZ, Line 4	1 302,000 .00
2	Federally tax-exempt interest and dividend income from your U.S. 1040 or 1040A, Line 8b; or U.S. 1040EZ	2 0 .00
3	Other additions. **Attach** Schedule M.	3 6,000 .00
4	**Total income**. Add Lines 1 through 3.	4 308,000 .00

Step 3: Base Income

5	Social Security benefits and certain retirement plan income received if included in Line 1. **Attach** Page 1 of federal return.	5 .00	
6	Illinois Income Tax overpayment included in U.S. 1040, Line 10	6 .00	
7	Other subtractions. **Attach** Schedule M.	7 306,000 .00	
	Check if Line 7 includes any amount from Schedule 1299-C. ☐		
8	Add Lines 5, 6, and 7. This is the total of your subtractions.		8 306,000 .00
9	**Illinois base income**. Subtract Line 8 from Line 4.		9 2,000 .00

Step 4: Exemptions

10 a	Number of exemptions from your federal return	1 X $2,050 a	2,050 .00
b	If someone can claim you as a dependent, see instructions.	__ X $2,050 b	.00
c	Check if 65 or older: ☒ You + ☐ Spouse =	1 X $1,000 c	1,000 .00
d	Check if legally blind: ☐ You + ☐ Spouse =	__ X $1,000 d	.00
	Exemption allowance. Add Lines a through d.		10 3,050 .00

Step 5: Net Income

11	***Residents:*** **Net income**. Subtract Line 10 from Line 9. *Skip* Line 12.	11 0 .00
12	***Nonresidents and part-year residents:*** Check the box that applies to you during 2012 ☐ Nonresident ☐ Part-year resident, and write the **Illinois base income** from Schedule NR. **Attach** Schedule NR.	12 .00

Step 6: Tax

13	***Residents:*** Multiply Line 11 by 5% (.05). ***Nonresidents and part-year residents:*** Write the tax from Schedule NR.	13 0 .00
14	Recapture of investment tax credits. **Attach** Schedule 4255.	14 .00
15	**Income tax.** Add Lines 13 and 14. Cannot be less than zero.	15 0 .00

Step 7: Tax After Non-refundable Credits

16	Income tax paid to another state while an Illinois resident. **Attach** Schedule CR.	16 .00	
17	Property tax and K-12 education expense credit amount from Schedule ICR. **Attach** Schedule ICR.	17 .00	
18	Credit amount from Schedule 1299-C. **Attach** Schedule 1299-C.	18 .00	
19	Add Lines 16, 17, and 18. This is the total of your credits. Cannot exceed the tax amount on Line 15.		19 0 .00
20	**Tax after nonrefundable credits.** Subtract Line 19 from Line 15.		20 0 .00

IL-1040 front (R-12/12)

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For Example 5

Illinois Department of Revenue

2012 Schedule M Other Additions and Subtractions for Individuals

Attach to your Form IL-1040

IL Attachment No. 15

Read this information first

Complete this schedule if you are required to add certain income on Form IL-1040, Line 3, or if you are entitled to take subtractions on Form IL-1040, Line 7.

Note If you are required to complete Schedule 1299-C, Schedule F, or Form IL-4562, you must do so before you complete this schedule.

Step 1: Provide the following information

Cari	355 – 55 – 5555
Your name as shown on Form IL-1040.	Your Social Security number.

Step 2: Figure your additions for Form IL-1040, Line 3

Write the amount of (Whole dollars only)

1	Your child's federally tax-exempt interest and dividend income as reported on U.S. Form 8814	1	.00
2	Distributive share of additions you received from a partnership, S corporation, trust, or estate. **Attach** Illinois Schedule K-1-P or Schedule K-1-T.	2	6,000 .00
3	Lloyds plan of operations loss, if reported on your behalf on Form IL-1023-C and included in your adjusted gross income	3	.00
4	Earnings distributed from IRC Section 529 college savings and tuition programs if not included in your adjusted gross income (Do not include distributions from "Bright Start," "Bright Directions," or "College Illinois" programs or programs that meet certain disclosure requirements - see instructions.)	4	.00
5	Illinois special depreciation addition amount from Form IL-4562, Step 2, Line 4. **Attach** Form IL-4562.	5	.00
6	Business expense recapture (nonresidents only)	6	.00
7	Recapture of deductions for contributions to Illinois college savings plans transferred to an out-of-state plan	7	.00
8	Credit taken on Schedule 1299-C for student-assistance contributions you made as an employer	8	.00
9	Recapture of deductions for contributions to college savings plans withdrawn for nonqualified expenses or refunded	9	.00
10	Other income - Identify each item _____	10	.00
11	**Total Additions.** Add Lines 1 through 10. Write the amount here and on Form IL-1040, Line 3.	11	6,000 .00

Step 3: Figure your subtractions for Form IL-1040, Line 7

Write the amount of

12	Contributions made to the following college savings plans:		
a	"Bright Start" College Savings Pool	12a	.00
b	"College Illinois" Prepaid Tuition Program	12b	.00
c	"Bright Directions" College Savings Pool	12c	.00
13	Distributive share of subtractions from a partnership, S corporation, trust, or estate. (Do not include any amounts contained in Lines 20 or 22 of this schedule.) **Attach** Illinois Schedule K-1-P or K-1-T identifying you as the partner, shareholder, or beneficiary and listing your Social Security number.	13	306,000 .00
14	Restoration of amounts held under claim of right under Internal Revenue Code, Section 1341	14	.00
15	Contributions to a job training project	15	.00
16	Expenses related to federal credits or federally tax-exempt income	16	.00
17	Interest earned on investments through the Home Ownership Made Easy Program	17	.00
18	Illinois special depreciation subtraction amount from Form IL-4562, Step 3, Line 10. **Attach** Form IL-4562.	18	.00

Write the following only if included in Form IL-1040, Lines 1, 2, or 3:

19	Military pay earned. **Attach** military W-2.	19	.00
20	U.S. Treasury bonds, bills, notes, savings bonds, and U.S. agency interest from U.S. 1040A or 1040. **Attach** a copy of U.S. 1040A or 1040, Schedule B, if required federally.	20	.00
21	August 1, 1969, valuation limitation amount from your Schedule F, Line 17. **Attach** Schedule F and required federal forms.	21	.00
22	Enterprise or river edge redevelopment zone and high impact business dividend subtraction amount from your Schedule 1299-C, Step 2, Line 10. **Attach** Schedule 1299-C.	22	.00
23	Add Lines 12a through 22 and write the amount here and on Page 2, Line 24.	23	306,000 .00

IL-1040 Schedule M front (R-12/12)

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Observations for Example 5.

1. Because Cari is an Illinois resident, Column B (Illinois share) of the Schedule K-1-T is blank.
2. The information reported on page 1 of the Schedule K-1-T summarizes the amounts reported on the federal Schedule K-1. Therefore, these amounts are already included in Cari's adjusted gross income (AGI) on Form 1040 and do not need to be entered separately on the Form IL-1040.
3. Page 2 of Schedule K-1-T reports the amounts that are required to be shown as adjustments on Cari's Form IL-1040.
4. The amount of tax-exempt interest income received by the estate was $6,000. This amount is shown as an addition on line 30 of the Schedule K-1-T. Cari reports this amount on line 2 in step 2 of Schedule M. The step 2 totals flow to line 3 of Form IL-1040.
5. The amount of interest income received from redeeming the U.S. savings bonds was $50,000. Note that the **federal 2012 Schedule K-1** for Form 1041 did not include any indication that the interest income on line 1 included U.S. government interest.
6. All of the subtractions reported separately on step 5 of the Schedule K-1-T are totaled and reported on line 13 of Schedule M. Although there are specific lines on the Schedule M for the U.S. government interest and the other exempt interest, these amounts are not reported separately on Cari's Schedule M.
7. It is the responsibility of the preparer of the entity return to properly complete the Schedule K-1-T that is given to the taxpayer. However, practitioners may want to ask their clients about the source of income reported on the Schedule K-1-T. In this example, if the estate's return preparer had not prepared the Schedule K-1-T or had not reported the subtractions on the K-1-T, Cari would have paid over $15,000 of Illinois income taxes on income that is not taxable by the state.

Note. The $250,000 of IRA distributions qualified as a subtraction on Schedule M because it was from a retirement plan. Nonqualified annuities should **not** be included in the amount reported on line 37 of Schedule K-1-T.

SCHEDULE K-1-P EXAMPLE

Example 6. Larry and Darrel are brothers who share ownership of an Illinois LLC, which is named Partnership LLC. The company specializes in maintenance for commercial properties. As part of their business philosophy, the brothers make a point of hiring disabled veterans. The wages paid to the employee-veterans in 2012 qualify for both federal and state tax credits.

In 2012, the LLC made adjustments on its Form IL-1065 for the following items.

1. Illinois replacement tax of $150 deducted on the federal return (Schedule K-1-P, line 33)
2. Bonus depreciation of $5,000 deducted on the federal return (Schedule K-1-P, line 34)
3. The federal tax credit of $6,000 for employing disabled veterans (Schedule K-1-P, line 47)

The Illinois tax credits for hiring qualified veterans[12] are calculated on Form IL-1065. For 2012, the partnership qualified for a total credit of $4,500. This credit flows through to the LLC members and is claimed on their individual Forms IL-1040.

Darrel received the following Schedule K-1-P for 2012. Excerpts from his Form IL-1040 are shown next. Darrel did not have any other income or reportable items in 2012.

12. *Resources for Job-Seeking Veterans.* [www2.illinois.gov/veterans/benefits/Pages/employment.aspx] Accessed on Aug. 9, 2013.

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For Example 6

Illinois Department of Revenue

Schedule K-1-P

Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture

To be completed by partnerships filing Form IL-1065 or S corporations filing Form IL-1120-ST

Partners and Shareholders receiving Schedule K-1-P should attach this to their Illinois tax return.

Year ending 12 (Month) 2012 (Year)

IL Attachment No. 10

Step 1: Identify your partnership or S corporation

1 Check your business type ☒ partnership ☐ S corporation

3 2 6 - 6 6 6 6 6 6 6 6 6
Write your federal employer identification number (FEIN).

2 **Partnership LLC**
Write your name as shown on your Form IL-1065 or Form IL-1120-ST.

4 Write the apportionment factor from Form IL-1065 or Form IL-1120-ST, Line 42. Otherwise, write "1." **1**

Step 2: Identify your partner or shareholder

5 **Darrel**
Name

7 **321-66-6666**
Social Security number or FEIN

6 **123 Vermont St**
Mailing address

8 **50**
Share (%)

Middletown | **IL** | **62666**
City | State | ZIP

9a Check the appropriate box. See instructions.
☒ individual ☐ corporation ☐ trust
☐ partnership ☐ S corporation ☐ estate

9b **To be completed by the recipient on Line 5 only.**
I am a: ☐ grantor trust ☐ disregarded entity
and the amounts on this Schedule will be reported by:
Name: _____
SSN or FEIN: _____

Step 3: Figure your partner's or shareholder's share of your nonbusiness income

		A Member's share (See instructions.)	B Member's share allocable to Illinois
10	Interest	10	
11	Dividends	11	
12	Rental income	12	
13	Patent royalties	13	
14	Copyright royalties	14	
15	Other royalty income	15	
16	Capital gain or loss from real property	16	
17	Capital gain or loss from tangible personal property	17	
18	Capital gain or loss from intangible personal property	18	
19	Other income and expense _____ Specify	19	

Step 4: Figure your partner's or shareholder's share of your business income (loss)

		A Member's share from U.S. Schedule K-1, less nonbusiness income	B Member's share apportioned to Illinois
20	Ordinary income (loss) from trade or business activity	20 **5,135.00**	
21	Net income (loss) from rental real estate activities	21	
22	Net income (loss) from other rental activities	22	
23	Interest	23	
24	Dividends	24	
25	Royalties	25	
26	Net short-term capital gain (loss)	26	
27	Net long-term capital gain (loss). Total for year.	27	
28	Unrecaptured Section 1250 gain	28	
29	Guaranteed payments to partner (U.S. Form 1065 only)	29 **15,000.00**	
30	Net Section 1231 gain (loss) (other than casualty or theft). Total for year.	30	
31	Other income and expense _____ Specify	31	

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is REQUIRED. Failure to provide this information could result in a penalty.

Schedule K-1-P Front (R-12/12)

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For Example 6

Write the partner's or shareholder's identification number from Line 7. _____

Step 5: Figure your partner's or shareholder's share of Illinois additions and subtractions

			A Member's share from Form IL-1065 or IL-1120-ST	B Member's share apportioned or allocated to Illinois
	Additions			
32	Federally tax-exempt interest income	32		
33	Illinois replacement tax deducted	33	150.00	
34	Illinois Special Depreciation addition	34	5,000.00	
35	Related-Party Expenses addition	35		
36	Distributive share of additions	36		
37	Other additions (from Illinois Schedule M for businesses)	37		
	Subtractions			
38 a	Interest from U.S. Treasury obligations (business income)	38a		
b	Interest from U.S. Treasury obligations (nonbusiness income)	38b		
39 a	Enterprise Zone Dividend Subtraction	39a		
b	River Edge Redevelopment Zone Dividend Subtraction	39b		
40	High Impact Business Dividend subtraction	40		
41	Contribution subtraction (Form IL-1120-ST filers only)	41		
42	Form IL-1120-ST financial organizations only:			
a	Enterprise Zone Interest Subtraction	42a		
b	River Edge Redevelopment Zone Interest Subtraction	42b		
43	Interest subtraction - High Impact Business within a Foreign Trade Zone (Form IL-1120-ST financial organizations only)	43		
44	Illinois Special Depreciation subtraction	44	714.00	
45	Related-Party Expenses subtraction	45		
46	Distributive share of subtractions	46		
47	Other subtractions (from Illinois Schedule M for businesses)	47	6,000.00	

Step 6: Figure your partner's or shareholder's (except a corporate partner or shareholder) share of your Illinois August 1, 1969, appreciation amounts

			A Member's share from Illinois Schedule F (Form IL-1065 or IL-1120-ST)	B Member's share apportioned or allocated to Illinois
48	Section 1245 and 1250 gain	48		
49	Section 1231 gain	49		
50	Section 1231 gain less casualty and theft gain. See instructions.	50		
51	Capital gain	51		

Step 7: Figure your partner's or shareholder's share of your Illinois credits, recapture, and pass-through entity payments

52 Illinois credits		Member's or nonresident member's share from Illinois tax return
a Film Production Services Tax Credit	52a	
b Enterprise Zone Investment Credit	52b	
c River Edge Redevelopment Zone Investment Credit	52c	
d Tax Credit for Affordable Housing Donations	52d	
e EDGE Tax Credit	52e	
f Research and Development Credit	52f	
g Ex-felons Jobs Credit	52g	
h Veterans Jobs Credit	52h	4,500.00
i Student-Assistance Contribution Credit	52i	
j Angel Investment Credit	52j	
k New Markets Credit	52k	
l River Edge Historic Preservation Credit	52l	

52 Illinois credits (cont.)		Member's or nonresident member's share from Illinois tax return
m Live Theater Production Credit	52m	
n Hospital Credit	52n	0.00
o Historic Preservation Credit	52o	
p Replacement Tax Investment Credits. See instructions.	52p	
53 Recapture		
a Enterprise Zone or River Edge Redevelopment Zone Investment Credit	53a	
b Replacement Tax Investment Credit recapture	53b	
54 Payments (See instructions.)		
a Pass-through entity payment.	54a	
b Composite return payment.	54b	

Schedule K-1-P Back (R-12/12)

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For Example 6

WebFile
tax.illinois.gov

Illinois Department of Revenue

2012 Form IL-1040

Individual Income Tax Return or for fiscal year ending __ __/__ __

Do not write above this line.

Step 1: Personal Information

A Social Security numbers in the order they appear on your federal return

Your Social Security number: 3 2 1 - 6 6 - 6 6 6 6

Spouse's Social Security number: __ __ __ - __ __ - __ __ __ __

B Personal information

Your first name and initial: Darrel	Your last name:
Spouse's first name and initial:	Spouse's last name:
Mailing address (See instructions if foreign address): 123 Vermont St	Apartment number:
City: Middletown	State: IL — ZIP or Postal Code: 62666
Foreign Nation, if not United States (do not abbreviate):	

C Filing status (see instructions)

☒ Single or head of household ☐ Married filing jointly ☐ Married filing separately ☐ Widowed

D Check if same-sex civil union return (see instructions) ☐

Staple W-2 and 1099 forms here

Staple your check and IL-1040-V

Step 2: Income

(Whole dollars only)

1	Federal adjusted gross income from your U.S. 1040, Line 37; U.S. 1040A, Line 21; or U.S. 1040EZ, Line 4	1 18,713 .00
2	Federally tax-exempt interest and dividend income from your U.S. 1040 or 1040A, Line 8b; or U.S. 1040EZ	2 .00
3	Other additions. **Attach** Schedule M.	3 5,150 .00
4	**Total income**. Add Lines 1 through 3.	4 23,863 .00

Step 3: Base Income

5	Social Security benefits and certain retirement plan income received if included in Line 1. **Attach** Page 1 of federal return.	5 .00	
6	Illinois Income Tax overpayment included in U.S. 1040, Line 10	6 .00	
7	Other subtractions. **Attach** Schedule M. Check if Line 7 includes any amount from Schedule 1299-C. ☐	7 6,714 .00	
8	Add Lines 5, 6, and 7. This is the total of your subtractions.		8 6,714 .00
9	**Illinois base income**. Subtract Line 8 from Line 4.		9 17,149 .00

Step 4: Exemptions

10	**a** Number of exemptions from your federal return	1 X $2,050	**a** 2,050 .00	
	b If someone can claim you as a dependent, see instructions.	__ X $2,050	**b** .00	
	c Check if 65 or older: ☐ You + ☐ Spouse =	__ X $1,000	**c** .00	
	d Check if legally blind: ☐ You + ☐ Spouse =	__ X $1,000	**d** .00	
	Exemption allowance. Add Lines a through d.			10 2,050 .00

Step 5: Net Income

11	***Residents:*** **Net income**. Subtract Line 10 from Line 9. *Skip* Line 12.	11 15,099 .00
12	***Nonresidents and part-year residents:*** Check the box that applies to you during 2012 ☐ Nonresident ☐ Part-year resident, and write the **Illinois base income** from Schedule NR. **Attach** Schedule NR.	12 .00

Step 6: Tax

13	***Residents:*** Multiply Line 11 by 5% (.05). ***Nonresidents and part-year residents:*** Write the tax from Schedule NR.	13 755 .00
14	Recapture of investment tax credits. **Attach** Schedule 4255.	14 .00
15	**Income tax.** Add Lines 13 and 14. Cannot be less than zero.	15 755 .00

Step 7: Tax After Non-refundable Credits

16	Income tax paid to another state while an Illinois resident. **Attach** Schedule CR.	16 .00	
17	Property tax and K-12 education expense credit amount from Schedule ICR. **Attach** Schedule ICR.	17 .00	
18	Credit amount from Schedule 1299-C. **Attach** Schedule 1299-C.	18 755 .00	
19	Add Lines 16, 17, and 18. This is the total of your credits. Cannot exceed the tax amount on Line 15.		19 755 .00
20	**Tax after nonrefundable credits.** Subtract Line 19 from Line 15.		20 0 .00

IL-1040 front (R-12/12)

This form is authorized as outlined under the Illinois Income Tax Act. Disclosure of this information is required. Failure to provide information could result in a penalty.

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For Example 6

Illinois Department of Revenue

2012 Schedule M Other Additions and Subtractions for Individuals

Attach to your Form IL-1040

IL Attachment No. 15

Read this information first

Complete this schedule if you are required to add certain income on Form IL-1040, Line 3, or if you are entitled to take subtractions on Form IL-1040, Line 7.

Note If you are required to complete Schedule 1299-C, Schedule F, or Form IL-4562, you must do so before you complete this schedule.

Step 1: Provide the following information

Darrel	**3 2 1 – 6 6 – 6 6 6 6**
Your name as shown on Form IL-1040.	Your Social Security number.

Step 2: Figure your additions for Form IL-1040, Line 3

Write the amount of (Whole dollars only)

1	Your child's federally tax-exempt interest and dividend income as reported on U.S. Form 8814	**1**	.00
2	Distributive share of additions you received from a partnership, S corporation, trust, or estate. **Attach** Illinois Schedule K-1-P or Schedule K-1-T.	**2**	5,150 .00
3	Lloyds plan of operations loss, if reported on your behalf on Form IL-1023-C and included in your adjusted gross income	**3**	.00
4	Earnings distributed from IRC Section 529 college savings and tuition programs if not included in your adjusted gross income (Do not include distributions from "Bright Start," "Bright Directions," or "College Illinois" programs or programs that meet certain disclosure requirements - see instructions.)	**4**	.00
5	Illinois special depreciation addition amount from Form IL-4562, Step 2, Line 4. **Attach** Form IL-4562.	**5**	.00
6	Business expense recapture (nonresidents only)	**6**	.00
7	Recapture of deductions for contributions to Illinois college savings plans transferred to an out-of-state plan	**7**	.00
8	Credit taken on Schedule 1299-C for student-assistance contributions you made as an employer	**8**	.00
9	Recapture of deductions for contributions to college savings plans withdrawn for nonqualified expenses or refunded	**9**	.00
10	Other income - Identify each item _____	**10**	.00
11	**Total Additions.** Add Lines 1 through 10. Write the amount here and on Form IL-1040, Line 3.	**11**	5,150 .00

Step 3: Figure your subtractions for Form IL-1040, Line 7

Write the amount of

12	Contributions made to the following college savings plans:		
a	"Bright Start" College Savings Pool	**12a**	.00
b	"College Illinois" Prepaid Tuition Program	**12b**	.00
c	"Bright Directions" College Savings Pool	**12c**	.00
13	Distributive share of subtractions from a partnership, S corporation, trust, or estate. (Do not include any amounts contained in Lines 20 or 22 of this schedule.) **Attach** Illinois Schedule K-1-P or K-1-T identifying you as the partner, shareholder, or beneficiary and listing your Social Security number.	**13**	6,714 .00
14	Restoration of amounts held under claim of right under Internal Revenue Code, Section 1341	**14**	.00
15	Contributions to a job training project	**15**	.00
16	Expenses related to federal credits or federally tax-exempt income	**16**	.00
17	Interest earned on investments through the Home Ownership Made Easy Program	**17**	.00
18	Illinois special depreciation subtraction amount from Form IL-4562, Step 3, Line 10. **Attach** Form IL-4562.	**18**	.00

Write the following only if included in Form IL-1040, Lines 1, 2, or 3:

19	Military pay earned. **Attach** military W-2.	**19**	.00
20	U.S. Treasury bonds, bills, notes, savings bonds, and U.S. agency interest from U.S. 1040A or 1040. **Attach** a copy of U.S. 1040A or 1040, Schedule B, if required federally.	**20**	.00
21	August 1, 1969, valuation limitation amount from your Schedule F, Line 17. **Attach** Schedule F and required federal forms.	**21**	.00
22	Enterprise or river edge redevelopment zone and high impact business dividend subtraction amount from your Schedule 1299-C, Step 2, Line 10. **Attach** Schedule 1299-C.	**22**	.00
23	Add Lines 12a through 22 and write the amount here and on Page 2, Line 24.	**23**	6,714 .00

IL-1040 Schedule M front (R-12/12)

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For Example 6

Illinois Department of Revenue

2012 Schedule 1299-C

Income Tax Subtractions and Credits (for individuals)

Attach to your Form IL-1040. **IL Attachment No. 3**

Read this information before completing this form:

General Information

To correctly complete your 2012 Schedule 1299-C, you must refer to your 2011 Schedule 1299-C, Step 5 to determine the amount of available credit carryforward that you may use on this 2012 Schedule 1299-C.

Step 1: Provide the following information

Darrel	321-66-6666
Your name as shown on Form IL-1040	Your Social Security number

36 Add Lines [illegible] ◆36

Veterans Jobs Credit

	A Name	B SSN	C Qualified wages	D Column C x percentage *See instructions for Columns D and E.*	E Maximum credit	F Write the lesser of Column D or E
37 a						a
b						b
c						c

38 Write any distributive share of Veterans Jobs Credit from partnerships and S corporations. 38 4,500.00

39 Add Step 3, Column F, Lines 37a through 37c and Line 38. This is your **Veterans Jobs Credit**. ◆39 4,500.00

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For Example 6

Step 4: Figure your credit (See instructions before completing this step.)

Figure your credit

1	Write your total tax from Form IL-1040, Line 15.	1	755.00
2	Add the credit amounts from Form IL-1040, Lines 16 and 17, and write here.	2	
3	Subtract Line 2 from Line 1.	3	755.00
4	Write the amount from your 2011 Schedule 1299-C, Step 5, Line 1.	4	
5	Subtract Line 4 from Line 3. This amount may be negative.	5	755.00
6	Write the amount from your 2011 Schedule 1299-C, Step 5, Line 2.	6	
7	If Line 5 is negative, write the amount from Line 6 as a negative number. Otherwise, subtract Line 6 from Line 5.	7	755.00
8	Write the amount from your 2011 Schedule 1299-C, Step 5, Line 3.	8	
9	If Line 7 is negative, write the amount from Line 8 as a negative number. Otherwise, subtract Line 8 from Line 7.	9	755.00
10	Write the amount from your 2011 Schedule 1299-C, Step 5, Line 4.	10	
11	If Line 9 is negative, write the amount from Line 10 as a negative number. Otherwise, subtract Line 10 from Line 9.	11	755.00
12	Write the amount from Step 3, Line 3, from this Schedule 1299-C.	12	
13	If Line 11 is negative, write the amount from Line 12 as a negative number. Otherwise, subtract Line 12 from Line 11.	13	755.00
14	Write the amount from your 2011 Schedule 1299-C, Step 5, Line 5.	14	
15	If Line 13 is negative, write the amount from Line 14 as a negative number. Otherwise, subtract Line 14 from Line 13.	15	755.00
16	Write the amount from your 2011 Schedule 1299-C, Step 5, Line 6.	16	
17	If Line 15 is negative, write the amount from Line 16 as a negative number. Otherwise, subtract Line 16 from Line 15.	17	755.00
18	Write the amount from your 2011 Schedule 1299-C, Step 5, Line 7.	18	
19	If Line 17 is negative, write the amount from Line 18 as a negative number. Otherwise, subtract Line 18 from Line 17.	19	755.00
20	Write the amount from Step 3, Line 62, from this Schedule 1299-C.	20	4,500.00
21	If Line 19 is negative, write the amount from Line 20 as a negative number. Otherwise subtract Line 20 from Line 19.	21	-3,745.00
22	Write the amount from your 2011 Schedule 1299-C, Step 5, Line 8.	22	
23	If Line 21 is negative, write the amount from Line 22 as a negative number. Otherwise, subtract Line 22 from Line 21.	23	
24	Write the amount from Step 3, Line 65, from this Schedule 1299-C.	24	
25	If Line 23 is negative, write the amount from Line 24 as a negative number. Otherwise subtract Line 24 from Line 23.	25	

26 Figure the amount of credit to use this year.

Note If the lesser number is negative, write zero.

a	Write the lesser of Line 3 or 4.	a	0.00
b	Write the lesser of Line 5 or 6.	b	0.00
c	Write the lesser of Line 7 or 8.	c	0.00
d	Write the lesser of Line 9 or 10.	d	0.00
e	Write the lesser of Line 11 or 12.	e	0.00
f	Write the lesser of Line 13 or 14.	f	0.00
g	Write the lesser of Line 15 or 16.	g	0.00
h	Write the lesser of Line 17 or 18.	h	0.00
i	Write the lesser of Line 19 or 20.	i	755.00
j	Write the lesser of Line 21 or 22.	j	0.00
k	Write the lesser of Line 23 or 24.	k	

Add Lines 26a through 26k. Write the result here and on Form IL-1040, Line 18 (round to whole dollars). → 26 755.00

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For Example 6

Step 5: Figure your credit available to be carried forward (Keep a copy of this page in your files. You will need it to complete next year's Schedule 1299-C.)

To figure each credit amount, STOP at the first applicable line for each credit.

Note All line references in this Step refer to Step 4 of this schedule.

1 *Two-year credit carryforward* that is available for **one** more tax year
- If Line 9 is positive or zero, write zero here. You do not have any credit from this year to carry.
- If Line 7 is negative, write the amount from Line 8 here.
- If Line 9 is negative, write the amount as a positive number here. **1** 0.00

2 *Five-year credit carryforward* that is available for **one** more tax year
- If Line 11 is positive or zero, write zero here. You do not have any credit from this year to carry.
- If Line 9 is negative, write the amount from Line 10 here.
- If Line 11 is negative, write the amount as a positive number here. **2** 0.00

3 *Two-year credit carryforward* that is available for the next **two** tax years
- If Line 13 is positive or zero, write zero here. You do not have any credit from this year to carry.
- If Line 11 is negative, write the amount from Line 12 here.
- If Line 13 is negative, write the amount as a positive number here. **3** 0.00

4 *Five-year credit carryforward* that is available for the next **two** tax years
- If Line 15 is positive or zero, write zero here. You do not have any credit from this year to carry.
- If Line 13 is negative, write the amount from Line 14 here.
- If Line 15 is negative, write the amount as a positive number here. **4** 0.00

5 *Five-year credit carryforward* that is available for the next **three** tax years
- If Line 17 is positive or zero, write zero here. You do not have any credit from this year to carry.
- If Line 15 is negative, write the amount from Line 16 here.
- If Line 17 is negative, write the amount as a positive number here. **5** 0.00

6 *Five-year credit carryforward* that is available for the next **four** tax years
- If Line 19 is positive or zero, write zero here. You do not have any credit from this year to carry.
- If Line 17 is negative, write the amount from Line 18 here.
- If Line 19 is negative, write the amount as a positive number here. **6** 0.00

7 *Five-year credit carryforward* that is available for the next **five** tax years
- If Line 21 is positive or zero, write zero here. You do not have any credit from this year to carry.
- If Line 19 is negative, write the amount from Line 20 here.
- If Line 21 is negative, write the amount as a positive number here. **7** 3,745.00

8 *Ten-year credit carryforward* that is available for the next **nine** tax years
- If Line 23 is positive or zero, write zero here. You do not have any credit from this year to carry.
- If Line 21 is negative, write the amount from Line 22 here.
- If Line 23 is negative, write the amount as a positive number here. **8** 0.00

9 *Ten-year credit carryforward* that is available for the next **ten** tax years
- If Line 25 is positive or zero, write zero here. You do not have any credit from this year to carry.
- If Line 23 is negative, write the amount from Line 24 here.
- If Line 25 is negative, write the amount as a positive number here. **9** 0.00

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Observations for Example 6

1. Because Darrel is an Illinois resident, Column B (Illinois share) of the Schedule K-1-P is blank.
2. The information reported on page 1 of the Schedule K-1-P summarizes the amounts reported on the federal Schedule K-1. These amounts are already included in Darrel's AGI on Form 1040 and do not need to be entered separately on the Form IL-1040.
3. Page 2 of Schedule K-1-P reports the amounts that are required to be shown as adjustments on Darrel's Form IL-1040.
4. The additions of $150 and $5,000 for Illinois replacement tax and special (bonus) depreciation are shown on lines 33 and 34, respectively, of the Schedule K-1-P. These are totaled together, reported on line 2 of Schedule M, and then included on line 3 of Form IL-1040.
5. The subtraction of $714 for Illinois special depreciation is reported on line 44 of Schedule K-1-P. The other subtraction of $6,000 on line 47 is derived from the amount that the deductible wages on Form 1065 were reduced by the federal tax credit claimed for wages paid to disabled veterans.[13] These amounts are totaled together, reported on Schedule M line 13, and included on line 7 of Form IL-1040.
6. The Illinois veterans job credit of $4,500 is reported on line 38 of the Schedule 1299-C. The amount used in 2012 is limited to Darrel's 2012 income tax liability of $755. The excess $3,745 carries forward for five years.

ILLINOIS ESTATE TAX

In general, Illinois estate tax laws follow the federal estate tax laws. However, there are four significant areas in which they differ.

1. For people dying in 2013 or later, the **Illinois exemption is equal to $4 million.**[14] The **federal exemption is $5.25 million** for 2013 and will be adjusted annually for inflation thereafter.
2. The maximum Illinois qualified terminable interest property (QTIP) election for passing assets to surviving spouses is $1.25 million for 2013.[15]
3. Illinois does not have any provisions for portability of the deceased spousal unused exclusion (DSUE). Under federal law, an election can be made that allows the unused portion of a deceased person's exemption to pass to the surviving spouse.
4. Individuals who were partners in a civil union under Illinois law are given the same treatment as surviving spouses for Illinois estate tax purposes, regardless of the couple's status under federal law.

> **Note.** This fourth difference applies to both same-sex couples and opposite-sex couples joined in Illinois civil unions. Some opposite-sex couples have chosen to enter into a civil union under Illinois law instead of a marriage in order to avoid federal obligations imposed by marriage.

13. 35 ILCS 5/203(a)(2)(M).
14. *2013 Important Notice Regarding Illinois Estate Tax and Fact Sheet.* Illinois Attorney General. [http://illinoisattorneygeneral.gov/publications/pdf/Instruction_Fact_Sheet2013.pdf] Accessed on May 31, 2013.
15. Ibid.

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GROSS ESTATE

The gross estate for Illinois estate tax purposes includes all assets includable under federal estate tax law.[16] Such assets include, but are not limited to the following.[17]

- Real estate
- Stocks and bonds
- Cash, notes, and mortgages receivable
- Insurance on the decedent's life
- Works of art or collections valued in excess of $3,000
- Certain property transferred during the decedent's life
- Most annuities, retirement plans, and IRAs

QTIP ELECTION

An executor of an estate has an option to deduct the value of assets transferred to a qualified trust.[18] In general, trusts established under this provision pay the surviving spouse the income earned by the transferred assets for the lifetime of the survivor. After the death of the survivor, the assets in the trust pass to the remainder beneficiaries. This type of trust is called a QTIP.

For Illinois estate tax purposes, a separate QTIP may be established that is independent of any QTIP election for federal estate tax purposes.[19] At the executor's election, an additional deduction may be taken on the Illinois estate return for the value transferred to this trust. The maximum amount of the election for 2013 is $1.25 million.[20] This maximum election is equal to the difference between the federal and Illinois exemption amounts and changes accordingly each year.

> **Note.** Under both state and federal provisions, the QTIP assets previously deducted are added back into the **survivor's estate** at their current value upon the death of the survivor.

16. 35 ILCS 405/2.
17. Instructions to Form 706, *United States Estate (and Generation-Skipping Transfer) Tax Return.*
18. IRC §2056(b)(7).
19. 35 ILCS 405/2(b-1).
20. *2013 Important Notice Regarding Illinois Estate Tax and Fact Sheet.* Illinois Attorney General. [http://illinoisattorneygeneral.gov/publications/pdf/Instruction_Fact_Sheet2013.pdf] Accessed on May 31, 2013.

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Example 7. At the time of his death in October 2013, Thurston, an Illinois resident, had an estate valued at $6 million. His wife Eunice has her own assets, which are currently valued at $5 million. Thurston had three children from a previous marriage who inherited the bulk of his estate. However, his will included a provision for his estate to transfer to a QTIP enough to reduce his estate tax liability to zero.

To accomplish this on the federal level, his executor transfers $750,000 to a QTIP for the lifetime benefit of Eunice, with Thurston's children as the remainder beneficiaries. This reduces his **federal taxable estate** to zero as follows.

Value of estate at time of death	$6,000,000
Transfer to QTIP	(750,000)
2013 federal estate exemption	(5,250,000)
Federal taxable estate	$ 0

However, this is not sufficient to reduce the Illinois estate to zero, as shown below.

Value of estate at time of death	$6,000,000
Transfer to QTIP	(750,000)
Illinois estate exemption	(4,000,000)
Illinois taxable estate	$1,250,000

To reduce the Illinois estate to zero, the executor transfers $1.25 million to another QTIP. The executor does not adjust the federal estate return for this transfer, but she does show the election on the Illinois return.

GIFTS

Illinois does not impose a gift tax. However, certain gifts are included in the federal estate and, therefore, in the Illinois estate. These gifts include the following transfers made within three years of the date of death.

1. Life insurance policies[21]
2. Retained life estates[22]
3. Reversionary interests[23]
4. Gifts involving the power to revoke[24]

ILLINOIS ESTATE TAX REPORTING AND CALCULATION

Prior to preparing the Illinois Form 700, *State of Illinois Estate & Generation Skipping Transfer Tax Return*, the practitioner must prepare the federal Form 706, *United States Estate (and Generation-Skipping Transfer) Tax Return*. If the estate is not required to file Form 706, a pro-forma version (or substantially similar report) must still be completed to be filed with the Illinois Form 700.[25]

The maximum marginal tax rate for assets in an Illinois estate is 16%. The estate exemption amount does not appear on Form 700. The exemption is applied via the formula that calculates the amount of tax due. For both federal and state purposes, Illinois estate taxes are deducted in determining the net taxable value of the estate. This creates a circular reference in the formula for calculating the tax due. To aid practitioners, the Illinois Attorney General's office provides a calculator at **www.illinoisattorneygeneral.gov/publications/estatetax.html.**

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21. IRC §2035.
22. IRC §2036.
23. IRC §2037.
24. IRC §2038.
25. *2013 Important Notice Regarding Illinois Estate Tax and Fact Sheet.* Illinois Attorney General. [http://illinoisattorneygeneral.gov/publications/pdf/Instruction_Fact_Sheet2013.pdf] Accessed on May 31, 2013.

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Example 8. Assume the same facts as **Example 7.** Page 1 of the federal Form 706 filed for Thurston's estate is shown next, followed by the Illinois Form 700.

Form **706**
(Rev. August 2013)
Department of the Treasury
Internal Revenue Service

United States Estate (and Generation-Skipping Transfer) Tax Return

▶ Estate of a citizen or resident of the United States (see instructions). To be filed for decedents dying after December 31, 2012.
▶ Information about Form 706 and its separate instructions is at *www.irs.gov/form706.*

OMB No. 1545-0015

DRAFT AS OF May 9, 2013 DO NOT FILE

Part 1—Decedent and Executor

1a Decedent's first name and middle initial (and maiden name, if any): **Thurston**	1b Decedent's last name		2 Decedent's social security no.: **359 99 9999**
3a City, town, or post office; county; state or province; country; and ZIP or foreign postal code: **Carol Stream, IL 60199**	3b Year domicile established: **1979**	4 Date of birth: **09/26/1914**	5 Date of death: **10/15/2013**
6a Name of executor (see instructions): **Mary Jane Summers**	6b Executor's address (number and street including apartment or suite no.; city, town, or post office; state or province; country; and ZIP or foreign postal code) and phone no.: **99 Kansas St. Carol Stream, IL 60199** Phone no. **(708) 555-9999**		
6c Executor's social security number (see instructions): **333 44 5555**			

6d If there are multiple executors, check here ☐ and attach a list showing the names, addresses, telephone numbers, and SSNs of the additional executors.

7a Name and location of court where will was probated or estate administered: **DuPage County** — 7b Case number

8 If decedent died testate, check here ▶ ☑ and attach a certified copy of the will. — 9 If you extended the time to file this Form 706, check here ▶ ☐

10 If Schedule R-1 is attached, check here ▶ ☐ — 11 If you are estimating the value of assets included in the gross estate on line 1 pursuant to the special rule of Reg. section 20.2010-2T(a)(7)(ii), check here ▶ ☐

Part 2—Tax Computation

1	Total gross estate less exclusion (from Part 5—Recapitulation, item 13)			1	6,000,000
2	Tentative total allowable deductions (from Part 5—Recapitulation, item 24)			2	750,000
3a	Tentative taxable estate (subtract line 2 from line 1)			3a	5,250,000
b	State death tax deduction			3b	
c	Taxable estate (subtract line 3b from line 3a)			3c	5,250,000
4	Adjusted taxable gifts (see instructions)			4	
5	Add lines 3c and 4			5	5,250,000
6	Tentative tax on the amount on line 5 from Table A in the instructions			6	2,095,800
7	Total gift tax paid or payable (see instructions)			7	
8	Gross estate tax (subtract line 7 from line 6)			8	2,045,800
9a	Basic exclusion amount	9a	5,250,000		
9b	Deceased spousal unused exclusion (DSUE) amount from predeceased spouse(s), if any (from Section D, Part 6—Portability of Deceased Spousal Unused Exclusion)	9b	0		
9c	Applicable exclusion amount (add lines 9a and 9b)	9c	5,250,000		
9d	Applicable credit amount (tentative tax on the amount in 9c from Table A in the instructions)	9d	2,045,800		
10	Adjustment to applicable credit amount (May not exceed $6,000. See instructions.)	10			
11	Allowable applicable credit amount (subtract line 10 from line 9d)			11	2,045,800
12	Subtract line 11 from line 8 (but do not enter less than zero)			12	0
13	Credit for foreign death taxes (from Schedule P). (Attach Form(s) 706-CE.)	13			
14	Credit for tax on prior transfers (from Schedule Q)	14			
15	Total credits (add lines 13 and 14)			15	
16	Net estate tax (subtract line 15 from line 12)			16	0
17	Generation-skipping transfer (GST) taxes payable (from Schedule R, Part 2, line 10)			17	
18	Total transfer taxes (add lines 16 and 17)			18	0
19	Prior payments (explain in an attached statement)			19	
20	Balance due (or overpayment) (subtract line 19 from line 18)			20	0

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer other than the executor is based on all information of which preparer has any knowledge.

Sign Here

Signature of executor — Date

Signature of executor — Date

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 20548R Form **706** (Rev. 8-2013)

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For Example 8

FORM 700

STATE OF ILLINOIS
ESTATE & GENERATION SKIPPING TRANSFER TAX RETURN

FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 2013

Estate of: **Thurston**		Date of Death **10/15/2013**
Decedent's Address (No. & Street): **929 River Island Way**		
City **Carol Stream**	State **Illinois**	Zip Code **60199**
Decedent's Social Security Number: **359-99-9999**	Name of Illinois County with Jurisdiction over Estate: **DuPage County**	
Name of Personal Representative or Person Filing Return: **Mary Jane Summers**		Telephone: **708-555-9999**
Address (No. & Street): **99 Kansas St**		
City **Carol Stream**	State **Illinois**	Zip Code **60199**
Name of Preparer:		Telephone:
Address (No. & Street):		
City	State	Zip Code

Indicate which of the following SIX is applicable:

☐ 1. Neither a Federal Estate Tax Return nor Illinois Estate Tax Return is required to be filed, but a Certificate of Discharge is requested.

a) Assets with taxable situs in Illinois	$
b) Assets with taxable situs in another state or states	$
c) TOTAL Gross Value of Decedent's Assets	$

Attach itemized schedule of assets wherever located. Gross value means the total of the assets undiminished by mortgages, liens or other encumbrances upon such assets for which decedent was personally liable.

☐ 2. A Federal Estate Tax Return is attached, but **no** Illinois Estate Tax is due. A Certificate of Discharge is requested.

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For Example 8

☐ 3. A Federal Estate Tax Return or any other form containing the same information is attached (whether or not a Federal Estate Tax is due), and an Illinois Estate Tax is due. A Certificate of Discharge is requested. *(Complete Recapitulation and Schedule A or B, whichever is applicable.)*

☑ 4. An Illinois QTIP election is made for this estate.
Amount of Illinois QTIP election . . . . . $ **1,250,000**

Social Security Number of surviving spouse **359-99-1000**

☐ 5. This is an Amended or Supplemental Return.
(Complete Recapitulation and Schedule A or B, whichever is applicable, and attach copy of amended Federal Estate Tax Return or other applicable documents.)

Decedent was:	
☑ a) a resident of Illinois, Year residency established	a) **1979**
☐ b) a non-resident of Illinois, Year residency established	b)
☐ c) an alien, State of residence	c)

Due date of this Return: **July 15, 2014**

☐ 6. If an extension of time to file is being requested or if due date determined by extension of time to file Federal Estate Tax Return, check box and attach explanation for extension request or a copy of the Federal extension request. If based upon a Federal extension request, file a copy of approved extension request when available. This extension request should be filed within 9 months of date of death.

The undersigned declare, under penalties of perjury, that they have examined this return, including any and all accompanying schedules or attachments, and that they believe the same to be true and correct as to every material matter and further verify that any attached Federal Estate Tax Return and any other applicable Federal tax documents are true and corrected copies of the originals filed with the Internal Revenue Service.

The undersigned further certify that the attached Will (if decedent died testate) is a true and correct copy of the Will of the decedent.

Signature of decedent's personal representative Title Date

Signature of preparer Title Date

NOTE: *The original return wihth all attachments must be filed with the Attorney General. If a Certificate of Discharge is requested, a copy of the Form 700 must be filed with the State Treasurer.*

STATE OF ILLINOIS ESTATE & GENERATION SKIPPING TRANSFER TAX RETURN - PAGE 2

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For Example 8

SCHEDULE A – Resident Decedent's Estate (Instructions on page 5.)

1.	Tentative Taxable Estate from Federal Return (Line 3a, Form 706), or other form containing the same information	1. $ **5,250,000**
2.	Illinois QTIP election *(Additional amount in excess of Federal QTIP included in Line 2, Form 706, from this estate or from the previous QTIP election in the Spouse's estate.)*	2. $ **1,250,000**
3.	Illinois Tentative Taxable Estate *(Line 1 minus Line 2 if the QTIP is elected in this estate; or line 1 plus line 2 if the QTIP was previously elected in the Spouse's estate.)*	3. $ **4,000,000**
4.	Adjusted taxable gifts *(Line 4, Form706, or any other form containing the same information.)*	4. $ **0**
5.	Illinois Tentative Taxable Estate plus adjusted taxable gifts *(Add Line 3 and Line 4.)*	5. $ **4,000,000**
6.	Full amount computed for Illinois Estate Tax from website calculator before apportionment *(Lines 3 & 5 from this Form 700 and applied to website calculator for interrelated calculation.)*	6. $ **0**
7.	Gross value for Federal Estate Tax purposes of decedent's estate having taxable situs in Illinois	7. $ **6,000,000**
8.	Gross value of decedent's estate for Federal Estate Tax purposes wherever located	8. $ **6,000,000**
9.	Percent of estate having taxable situs in Illinois *(Line 7 divided by Line 8.)*	9. **100** %
10.	Amount of tax attributable to Illinois *(Line 6 multiplied by Line 9. Also enter on Line 1 in Recapitulation.)*	10. $ **0**

With respect to the estate of a deceased resident of this State, all property included in the gross estate of the decedent for Federal Estate Tax purposes shall have a taxable situs in this State for purposes of this Section, excepting real estate and tangible personal property physically situated in another state (including any such property held in trust).

SCHEDULE B – Non-Resident or Alien Decedent's Estate (Instructions on page 5.)

1.	Tentative Taxable Estate from Federal Return, or other equivalent form	1. $
2.	Illinois QTIP election *(Additional amount in excess of Federal QTIP included in Line 2, Form 706, from this estate or from the previous QTIP election in the Spouse's estate.)*	2. $
3.	Illinois Tentative Taxable Estate *(Line 1 minus Line 2 if the QTIP is elected in this estate; or line 1 plus line 2 if the QTIP was previously elected in the Spouse's estate.)*	3 $
4.	Adjusted taxable gifts *(Line 4, Form706, or any other form containing the same information.)*	4. $

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For Example 8

SCHEDULE B – Non-Resident or Alien Decedent's Estate (Continued.)

5.	Illinois Tentative Taxable Estate plus adjusted taxable gifts *(Add Line 3 and Line 4.)*	5. $
6.	Full amount computed for Illinois Estate Tax from website calculator before apportionment *(Lines 3 & 5 from this Form 700 and applied to website calculator for interrelated calculation.)*	6. $
7.	Gross value for Federal Estate Tax purposes of decedent's estate having taxable situs in Illinois	7. $
8.	Gross value of decedent's estate for Federal Estate Tax purposes wherever located	8. $
9.	Percent of estate having taxable situs in Illinois *(Line 7 divided by Line 8.)*	9. %
10.	Amount of tax attributable to Illinois *(Line 6 multiplied by Line 9. Also enter on Line 1 in Recapitulation.)*	10. $

With respect to the estate of a decedent not a resident of this State but a resident of another state or territory of the United States, the property having a taxable situs in this state for purposes of this Section is only real estate and tangible personal property physically situated in this State (including any such property held in trust.)

With respect to the estate of a decedent who is not a resident of a state or territory of the United States, the property having taxable situs in this State for purposes of this Section is real estate and tangible personal property situated or having a business situs in this State (including any such property held in trust) and intangible personal property having a business situs in or evidenced by instruments physically situated in this State.

RECAPITULATION

1.	Amount of tax payable to Illinois *(Schedule A Line 10 or Schedule B Line 10.)*	1. $ **0**
2.	Late filing penalty *(5% of tax for each month or portion thereof - maximum penalty 25%.)*	2. $ **0**
3.	Late payment penalty *(1/2 of 1% of tax for each month or portion thereof - maximum penalty 25%.)*	3. $ **0**
4.	Interest at 10% per annum from 9 months after death until date of payment	4. $ **0**
5.	Total Tax, penalties and interest payable *(Total of Lines 1, 2, 3 and 4.)*	5. $ **0**
6.	Prior Payment *(Attach explanation.)*	6. $ **0**
7.	Balance due *(Line 5 minus Line 6.)*	7. $ **0**

The estate elects to pay $ _____ of Line 1 in installments under 35 ILCS 405/6
(supply proof of acceptance by Internal Revenue Service when available of Sec. 6166 election and file IL-4350a).

STATE OF ILLINOIS ESTATE & GENERATION SKIPPING TRANSFER TAX RETURN - PAGE 4

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For Example 8

FILING AND PAYMENT INSTRUCTIONS

For decedents dying prior to 2013, see the Returns previously posted on this website covering the specific year of death at issue subject to taxation.

For persons dying in 2013, the Federal exemption for Federal estate tax purposes is $5,250,000. However, the exemption equivalent for Illinois estate tax purposes is $4,000,000. Therefore, tentative taxable estates with adjusted taxable gifts between $4,000,000 and $5,250,000 will owe an Illinois estate tax without any corresponding Federal estate tax liability. In such situations, the estate representative is to prepare and file the Illinois Estate Tax Return, Form 700, together with a Federal Form 706, Federal Estate Tax Return, or any other form containing the same information, even though the Federal return is not required to be filed with the Internal Revenue Service. The Federal Form 706 must include all schedules, appraisals, wills, trusts, attachments, etc. as the Federal Form 706 would have for a 2012 decedent with a tentative taxable estate plus adjusted taxable gifts over $3,500,000. The Illinois estate tax will be determined by using the inter-related calculations from the 2013 Calculator available at www.illinoisattorneygeneral.gov. The computations are based upon using the amounts of the Illinois Tentative Taxable Estate (Line 3, Form 700) and the Illinois Tentative Taxable Estate plus Adjusted Taxable Gifts (Line 5, Form 700).

When the tentative taxable estate plus adjusted taxable gifts exceeds $5,250,000 the Illinois Estate Tax Return, Form 700, is to be prepared and filed in the same manner for 2013 as for 2012, and must therefore include a copy of the Federal Form 706 with all attachments.

For both resident and non-resident decedents, the tax base will be calculated assuming all assets are located within Illinois. (Line 6, Schedule A or B, Form 700). The percentage of Illinois assets to total assets is then computed with the percentage applied to the tax base for apportionment purposes to determine the amount of Illinois estate tax due.

Illinois QTIP election (Qualified Terminable Interest Property):

For persons dying January 1, 2009 and after, the estate may make a QTIP election for Illinois purposes which is larger than the Federal QTIP election. The Illinois QTIP must be elected on the Illinois Return. The Illinois QTIP election will follow Federal statutes and rules for treatment of such elected property as passing to the surviving spouse and inclusion for Illinois purposes on any Illinois Estate Tax Return of the surviving spouse. The maximum Illinois QTIP election allowable for decedents dying in 2013 is $1,250,000.

This return must be filed within nine (9) months of the date of death. For Cook, DuPage, Lake and McHenry Counties, file the original return with the Office of the Attorney General, Revenue Litigation Bureau, 100 West Randolph Street, 13th Floor, Chicago, Illinois 60601. For all other counties, file the original return with the Office of the Attorney General, Revenue Litigation Bureau, 500 South Second Street, Springfield, Illinois 62706. An additional copy of the return without attachments must also be filed with the State Treasurer.

PAYMENT OF ALL TAXES, INTEREST AND PENALTIES IS NOW PAYABLE TO THE ILLINOIS STATE TREASURER WITH THE "ILLINOIS STATE TREASURER ESTATE TAX PAYMENT FORM" AT THE ADDRESSES DESIGNATED THEREIN.

ALL PAYMENTS MUST BE MAILED TO OR DEPOSITED WITH THE STATE TREASURER IN ORDER TO BE CREDITED WITH TIMELY PAYMENT. Please send a copy of the State Treasurer's receipt to: Office of the Attorney General, Revenue Litigation Bureau, 100 West Randolph Street, 13th Floor, Chicago, Illinois 60601, or the Office of the Attorney General, Revenue Litigation Bureau, 500 South Second Street, Springfield, Illinois 62706, as appropriate.

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MULTISTATE BUSINESS AND ILLINOIS NEXUS RULES[26]

INTRODUCTION

Illinois imposes income taxes **and** replacement taxes on corporations, partnerships, and trusts for the privilege of earning or receiving income in the state. Individuals are not subject to replacement taxes, but they may be subject to income taxes if they are residents of the state or earn income in the state.

The link between a business and a state is often called **nexus.** There are three different bodies of law used to determine whether a business has sufficient activity in the state to create a taxable nexus.

1. Federal statutes regulating interstate commerce
2. U.S. and state constitutional jurisprudence
3. Illinois tax statutes

Federal law prohibits states and their political subdivisions from imposing income taxes on nonresident businesses if the only activities of the business are solicitation of orders of **tangible personal property** in which the orders are:

1. Sent outside the state for approval, **and**
2. Filled for delivery from a point outside the state.

ACTIVITIES CREATING NEXUS

When a business's activity exceeds "mere" solicitation, the business is subject to income and replacement taxes, if applicable. The determination of the extent of activity is based on the facts and circumstances in each case.

The federal law only covers sales of tangible personal property. Solicitation to sell **services and other intangibles** is **not** covered under federal law. Intangibles include franchises, patents, copyrights, trademarks, and service marks.

Any of the following activities conducted within the state causes a nonresident taxpayer to become subject to taxation by Illinois.

1. Making repairs or providing maintenance
2. Collecting current or delinquent accounts
3. Investigating creditworthiness
4. Installation or supervision of installation after shipment or delivery
5. Conducting training courses, seminars, or lectures for anyone other than the salespersons
6. Providing any kind of technical assistance or services except those for the purpose of soliciting orders
7. Investigation, handling, or otherwise assisting in resolving customer complaints, other than mediating direct customer complaints by the salesperson
8. Approving or accepting orders
9. Repossessing property
10. Securing deposits on sales
11. Picking up or replacing damaged or returned property

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26. 86 Ill. Administrative Code 100.9720.

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12. Hiring, training, or supervising personnel except salespersons
13. Maintaining a sample or display room for more than 14 days at any one location within the state during the tax year
14. Carrying samples for sale, exchange, or distribution (not merely for demonstration)
15. Owning, leasing, or maintaining facilities in the state
16. Consigning tangible personal property to any person for sale in the state
17. Maintaining any office in the state except an "in-home" office (does not apply to independent contractors who represent multiple sellers)
18. Representing to the public that the business has a location in the state
19. Conducting any activity that is not de minimis or not purely ancillary to the sale of personal property

The determination of whether a nonresident business has conducted business within the state **is made on an annual basis** for each tax year. Simply registering to do business in the state does not mean that the taxpayer has created a taxable nexus.

If sufficient, activities of flow-through entities create nexus for their owners. For example, a nonresident of the state who is a shareholder of an Illinois S corporation is required to file an Illinois return to report their share of the corporation's net income attributable to Illinois.

ALLOCATION OF INCOME

Each state has its own method of determining how much of a business's net income is subject to taxes in that state. The state of Illinois bases the allocation solely on the proportion of sales occurring in Illinois.[27]

Not all income is included in sales for purposes of making the allocation. Gross receipts from the following activities **are** included.[28]

1. Sales of inventory in the ordinary course of business, including sales taxes paid by the buyers
2. Services and sales performed under cost plus fixed fee contracts, including all administrative charges added into the contract
3. Sales of services in the ordinary course of business
4. Rentals, leases, or licensing the use of property in the ordinary course of the taxpayer's business
5. Sales, assignments, or licensing of intangible personal property in the ordinary course of the taxpayer's business
6. Gross receipts from sales of equipment **used** in the taxpayer's business
7. Items or activities excluded from federal income but added back into the computation of Illinois base income, unless the item is subsequently subtracted in the same computation

27. 35 ILCS 5/304(h)(3).

28. 86 Ill. Administrative Code 100.3370.

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The following items are **not included** in sales for apportioning purposes.

1. Dividends
2. IRC §78 and Subpart F income related to certain foreign corporations
3. Gross receipts excluded from or deducted in the computation of federal taxable income or federal AGI that are not added back in the computation of Illinois base income
4. Gross receipts that are subtracted from federal taxable income or federal AGI in the computation of Illinois base income (such as interest on federal obligations)

Example 9. Memphis Multistate Services is a consulting business located in Memphis, Missouri. The business is taxed as a C corporation. In 2012, the company did a special project for the city of Quincy, Illinois, as well as consulting for various Missouri municipalities. The following information was used to complete the company's tax returns.

	Illinois	Missouri	Total
Services income	$100,000	$200,000	$300,000
Capital gain from disposition of equipment	0	20,000	20,000
Interest on U.S. Treasury bonds	0	2,000	2,000
Total income	$100,000	$222,000	$322,000

Total sales for apportionment purposes:

	Illinois	Total
Services income	$100,000	$300,000
Capital gain from disposition of equipment	0	20,000
Interest on U.S. Treasury bonds (excluded)	0	0
Total income	$100,000	$320,000

Page 1 of the company's federal Form 1120 and pages 1–3 of its Form IL-1120 follow.

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For Example 9

Form 1120 — Department of the Treasury, Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2012 or tax year beginning _____, 2012, ending _____, 20 ____

▶ Information about Form 1120 and its separate instructions is at *www.irs.gov/form1120.*

OMB No. 1545-0123

2012

A Check if:
1a Consolidated return (attach Form 851) ☐
b Life/nonlife consolidated return ☐
2 Personal holding co. (attach Sch. PH) ☐
3 Personal service corp. (see instructions) ☐
4 Schedule M-3 attached ☐

TYPE OR PRINT

Name: **Memphis Multistate Services**

Number, street, and room or suite no. If a P.O. box, see instructions.: **201 S 10th St**

City or town, state, and ZIP code: **Memphis, MO 63555**

B Employer identification number: **27-1010101**

C Date incorporated: **06/01/2003**

D Total assets (see instructions): $ **18,000 00**

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income	1a	Gross receipts or sales	1a	300,000		
	b	Returns and allowances	1b			
	c	Balance. Subtract line 1b from line 1a			1c	300,000
	2	Cost of goods sold (attach Form 1125-A)			2	
	3	Gross profit. Subtract line 2 from line 1c			3	300,000
	4	Dividends (Schedule C, line 19)			4	
	5	Interest			5	2,000
	6	Gross rents			6	
	7	Gross royalties			7	
	8	Capital gain net income (attach Schedule D (Form 1120))			8	
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	20,000
	10	Other income (see instructions—attach statement)			10	
	11	**Total income.** Add lines 3 through 10 ▶			11	322,000
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions—attach Form 1125-E) ▶			12	
	13	Salaries and wages (less employment credits)			13	300,000
	14	Repairs and maintenance			14	
	15	Bad debts			15	
	16	Rents			16	
	17	Taxes and licenses			17	
	18	Interest			18	
	19	Charitable contributions			19	
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			20	
	21	Depletion			21	
	22	Advertising			22	
	23	Pension, profit-sharing, etc., plans			23	
	24	Employee benefit programs			24	
	25	Domestic production activities deduction (attach Form 8903)			25	
	26	Other deductions (attach statement)			26	5,000
	27	**Total deductions.** Add lines 12 through 26 ▶			27	305,000
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28	17,000
	29a	Net operating loss deduction (see instructions)	29a			
	b	Special deductions (Schedule C, line 20)	29b			
	c	Add lines 29a and 29b			29c	
Tax, Refundable Credits, and Payments	30	**Taxable income.** Subtract line 29c from line 28 (see instructions)			30	17,000
	31	Total tax (Schedule J, Part I, line 11)			31	2,550
	32	Total payments and refundable credits (Schedule J, Part II, line 21)			32	3,000
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐			33	
	34	**Amount owed.** If line 32 is smaller than the total of lines 31 and 33, enter amount owed			34	
	35	**Overpayment.** If line 32 is larger than the total of lines 31 and 33, enter amount overpaid			35	450
	36	Enter amount from line 35 you want: **Credited to 2013 estimated tax** ▶ **Refunded** ▶			36	450

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ ▶ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11450Q Form **1120** (2012)

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For Example 9

Illinois Department of Revenue

2012 Form IL-1120

Corporation Income and Replacement Tax Return

Due on or before the 15th day of the 3rd month following the close of the tax year.

If this return is not for calendar year 2012, write your fiscal tax year here.

Tax year beginning ____ (month) ____ (day) 2012, ending ____ (month) ____ (day) 20____ (year)

Write the amount you are paying.

$ 445.00

Step 1: Identify your corporation

A Write your complete legal business name. If you have a name change, check this box. ☐

Name: **Memphis Multistate Services**

B Write your mailing address. If you have an address change or this is a first return, check this box. ☐

C/O:

Mailing address: **201 S 10th St**

City: **Memphis** State: **MO** ZIP: **63555**

C Check the applicable box if one of the following applies.

☒ First return ☐ Final return (If final, write the date. ___ (mm) ___ (dd) _____ (yyyy))

D If this is a final return because you sold this business, write the date sold (mm dd yy) ____ ____ ____, and the new owner's FEIN.

____ ____ - ____ ____ ____ ____ ____ ____ ____

E Check the box if your business is

☐ Combined return (unitary) ☐ Foreign insurer

F If you completed the following federal forms, check the box and **attach** them to this return.

☐ Federal Form 8886 ☐ Federal Schedule M-3

G **Special Apportionment Formulas**. If you use a special apportionment formula, mark the appropriate box and see Special Apportionment Formula instructions.

☐ Insurance companies ☐ Financial organizations

☐ Transportation companies ☐ Federally regulated exchanges

H Check this box if you attached Illinois Schedule UB. ☐

I Check this box if you attached Illinois Schedule 1299-D. ☐

J Check this box if you attached Form IL-4562. ☐

K Check this box if you attached Illinois Schedule M (for businesses). ☐

L Check this box if you attached Schedule 80/20. ☐

M Write your federal employer identification no. (FEIN).

2 7 - 1 0 1 0 1 0 1

N If you are a member of a group filing a federal consolidated return, write the FEIN of the parent.

____ ____ - ____ ____ ____ ____ ____ ____ ____

O Write your North American Industry Classification System Code (NAICS). See instructions.

5 4 1 9 9 0

P Write your corporate file (charter) number assigned to you by the Secretary of State.

63555000

Q Write the city, state, and zip code where your accounting records are kept. (Use the two-letter postal abbreviation, ***e.g.***, IL, GA, etc.)

Memphis	MO	63555
City	State	Zip

R If you are making the business income election to treat all nonbusiness income as business income, check this box and write "0" on Lines 24 and 32. ☐

S Check your method of accounting.

☒ Cash ☐ Accrual ☐ Other _____

T If you are making a Discharge of Indebtedness adjustment on Schedules NLD or UBNLD, or Form IL-1120, Line 36, check this box and **attach** federal Form 982. ☐

U If you are a cooperative with an Illinois net loss modification, check this box and **attach** completed Schedule INL. ☐

V If you annualized your income on Form IL-2220, check this box and **attach** Form IL-2220. ☐

Attach your payment and Form IL-1120-V here.

▶ **If you owe tax on Line 60, complete a payment voucher, Form IL-1120-V, make your check payable to "Illinois Department of Revenue" and attach them here.**

▶ **Write the amount of your payment on the top of this page in the space provided.**

▶ If a payment is **not** enclosed, mail this return to:
Illinois Department of Revenue
P.O. Box 19008
Springfield, IL 62794-9008

▶ If a payment is enclosed, mail this return to:
Illinois Department of Revenue
P.O. Box 19028
Springfield, IL 62794-9028

IL-1120 (R-12/12) **NS** **DR**_____ Page 1 of 4

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For Example 9

Step 2: Figure your income or loss

1	Federal taxable income from U.S. Form 1120, Line 30. **Attach** a copy of your federal return.	1	17,000 .00
2	Net operating loss deduction from U.S. Form 1120, Line 29a. This amount cannot be negative.	2	.00
3	State, municipal, and other interest income excluded from Line 1.	3	.00
4	Illinois income and replacement tax deducted in arriving at Line 1.	4	.00
5	Illinois Special Depreciation addition. **Attach** Form IL-4562.	5	.00
6	Related-party expenses additions. **Attach** Schedule 80/20.	6	.00
7	Distributive share of additions. **Attach** Schedule(s) K-1-P or K-1-T.	7	.00
8	Other additions. **Attach** Schedule M (for businesses).	8	.00
9	Add Lines 1 through 8. This amount is your income or loss.	9	17,000 .00

Step 3: Figure your base income or loss

10	Interest income from U.S. Treasury and other exempt federal obligations.	10	2,000 .00	
11	Enterprise Zone or River Edge Redevelopment Zone Dividend subtraction. **Attach** Schedule 1299-B.	11	.00	
12	Enterprise Zone or River Edge Redevelopment Zone Interest subtraction. **Attach** Schedule 1299-B.	12	.00	
13	High Impact Business Dividend subtraction. **Attach** Schedule 1299-B.	13	.00	
14	High Impact Business Interest subtraction. **Attach** Schedule 1299-B.	14	.00	
15	Contribution subtraction. **Attach** Schedule 1299-B.	15	.00	
16	Contributions to certain job training projects. See instructions.	16	.00	
17	Foreign Dividend subtraction. **Attach** Schedule J. See instructions.	17	.00	
18	Illinois Special Depreciation subtraction. **Attach** Form IL-4562.	18	.00	
19	Related-party expenses subtraction. **Attach** Schedule 80/20.	19	.00	
20	Distributive share of subtractions. **Attach** Schedule(s) K-1-P or K-1-T.	20	.00	
21	Other subtractions. **Attach** Schedule M (for businesses).	21	.00	
22	Total subtractions. Add Lines 10 through 21.		22	2,000 .00
23	**Base income or loss.** Subtract Line 22 from Line 9.		23	15,000 .00

STOP

A If the amount on Line 23 is derived inside Illinois only, check this box and write the amount from Step 3, Line 23 on Step 5, Line 35. You may not complete Step 4. (You must leave Step 4, Lines 24 through 34 blank.) ☐

B If any portion of the amount on Line 23 is derived outside Illinois, check this box and complete all lines of Step 4. See instructions. ☒

Step 4: Figure your income allocable to Illinois (Complete only if you checked the box on Line B, above.)

24	Nonbusiness income or loss. **Attach** Schedule NB.	24	.00	
25	Trust, estate, and non-unitary partnership business income or loss included in Line 23.	25	.00	
26	Add Lines 24 and 25.		26	.00
27	Business income or loss. Subtract Line 26 from Line 23.		27	15,000 .00
28	Total sales everywhere. This amount cannot be negative.	28	320,000	
29	Total sales inside Illinois. This amount cannot be negative.	29	100,000	
30	Apportionment Factor. Divide Line 29 by Line 28 (carry to six decimal places).	30	0.312500	
31	Business income or loss apportionable to Illinois. Multiply Line 27 by Line 30.		31	4,688 .00
32	Nonbusiness income or loss allocable to Illinois. **Attach** Schedule NB.		32	.00
33	Trust, estate, and non-unitary partnership business income or loss apportionable to Illinois.		33	.00
34	**Base income or loss allocable to Illinois.** Add Lines 31 through 33.		34	4,688 .00

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For Example 9

Step 5: Figure your net income

35	Base income or net loss from Step 3, Line 23, or Step 4, Line 34.	**35**	4,688.00
36	Discharge of Indebtedness adjustment. **Attach** federal Form 982. See instructions.	**36**	.00
37	Adjusted base income or net loss. Add Lines 35 and 36. See instructions.	**37**	4,688.00
38	Illinois net loss deduction. **Attach** Schedule NLD or UB/NLD. **This line may not exceed $100,000.** If Line 37 is zero or a negative amount, write "0."	**38**	.00
39	**Net income.** Subtract Line 38 from Line 37.	**39**	4,688.00

Step 6: Figure your replacement tax after credits

40	Replacement tax. Multiply Line 39 by 2.5% (.025).	**40**	117.00
41	Recapture of investment credits. **Attach** Schedule 4255.	**41**	.00
42	Replacement tax before credits. Add Lines 40 and 41.	**42**	117.00
43	Investment credits. **Attach** Form IL-477.	**43**	.00
44	**Replacement tax after credits.** Subtract Line 43 from Line 42. If the amount is negative, write "0."	**44**	117.00

Step 7: Figure your income tax after credits

45	Income tax. Multiply Line 39 by 7% (.07).	**45**	328.00
46	Recapture of investment credits. **Attach** Schedule 4255.	**46**	.00
47	Income tax before credits. Add Lines 45 and 46.	**47**	328.00
48	Income tax credits. **Attach** Schedule 1299-D.	**48**	0.00
49	**Income tax after credits**. Subtract Line 48 from Line 47. If the amount is negative, write "0."	**49**	328.00

Step 8: Figure your net income and replacement tax and refund or balance due

50	Replacement tax before reductions. Write the amount from Line 44.			**50**	117.00
50a	Foreign Insurer replacement tax reduction. **Attach** Schedule INS or UB/INS. See instructions.			**50a**	.00
50b	Subtract Line 50a from Line 50. **This is your net replacement tax.**			**50b**	117.00
51	Income tax before reductions. Write the amount from Line 49.			**51**	328.00
51a	Foreign Insurer income tax reduction. **Attach** Schedule INS or UB/INS. See instructions.			**51a**	.00
51b	Subtract Line 51a from Line 51. **This is your net income tax.**			**51b**	328.00
52	**Total net income and replacement taxes.** Add Lines 50b and 51b.			**52**	445.00
53	Underpayment of estimated tax penalty from Form IL-2220. See instructions.			**53**	.00
54	**Total tax and penalty.** Add Lines 52 and 53.			**54**	445.00
55	Payments.				
	a Credit from 2011 overpayment.	**55a**	.00		
	b Total estimated payments.	**55b**	.00		
	c Form IL-505-B (extension) payment.	**55c**	.00		
	d Pass-through entity payments. **Attach** Schedule(s) K-1-P or K-1-T.	**55d**	.00		
	e Gambling withholding. **Attach** Form(s) W-2G.	**55e**	.00		
56	Total payments. Add Lines 55a through 55e.			**56**	.00
57	**Overpayment.** If Line 56 is greater than Line 54, subtract Line 54 from Line 56.			**57**	.00
58	Amount to be **credited to 2013.**			**58**	.00
59	**Refund.** Subtract Line 58 from Line 57**.** This is the amount to be refunded.			**59**	.00
60	**Tax due.** If Line 54 is greater than Line 56, subtract Line 56 from Line 54.			**60**	445.00

Step 9: Sign here

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Signature of authorized officer | Date | Title | Phone

Check this box if we may discuss this return with the preparer shown in this step. ☐

Signature of preparer | Date | Preparer's Social Security number or firm's FEIN

Preparer's firm name (or yours, if self-employed) | Address | Phone

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NOL SUSPENSIONS FOR ILLINOIS C CORPORATIONS

Many practitioners were surprised when the state of Illinois suspended the use of an Illinois net loss deduction by C corporations for tax years ending on or after January 1, 2011, and prior to December 31, 2014. Probably due to substantial political pressure, the legislature subsequently revised this rule. The **new** law is that the deduction of net operating loss (NOL) carryovers is limited to $100,000 for any tax year ending on or after December 31, 2012, and prior to December 31, 2014.[29]

> **Example 10.** Someday, Inc., is an Illinois C corporation that reports taxes on a calendar-year basis. In 2011, the company's reported net loss was $150,000. Fortune smiled on the business in 2012, and its Illinois base income was $200,000. Unfortunately, Someday, Inc., was only allowed to deduct $100,000 of the $150,000 NOL carryforward on its 2012 return. Its Schedule NLD is shown on the following page.

In general, NOL carryforwards are limited to 12 years following the year of the loss.[30] However, if the available NOL exceeds $100,000, **the year that the excess was not deducted because of this limitation is not counted towards the 12-year period.**[31]

> **Example 11.** Using the same facts as **Example 10,** the $50,000 excess loss is carried forward until it can be used. Ordinarily, a loss arising in 2011 would expire after 2023. However, in this case, 2012 is not counted because the NOL deduction was limited by this special provision. Therefore, the $50,000 may be carried forward until 2024 or until used, whichever comes first.

29. 35 ILCS 5/207(d).
30. 35 ILCS 5/207(a)(3).
31. 35 ILCS 5/207(d).

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For Example 10

Illinois Department of Revenue

2012 Schedule NLD

Illinois Net Loss Deduction

For Illinois net losses arising in tax years ending **on or after** December 31, 1986.
Attach to your Form IL-1120, IL-1120-ST, IL-1041, IL-1065, or any amended return.

Carry year ending
12 (Month) 2012 (Year)
IL Attachment No. 6

Write your name as shown on your return.
Someday, Inc.

Write your federal employer identification number (FEIN).
36 - 1111111

Step 1: Figure your Illinois net loss deduction (NLD)

Note Corporations, other than S corporations, are allowed to use Illinois NLD, up to a maximum of $100,000, to offset income for tax years ending on or after December 31, 2012, and before December 31, 2014. See "When Must I Use This Schedule?" for more information.

- **Read the instructions before completing this schedule.**
- "Carry year" is the year to which the loss is being carried.
- Write all amounts as positive figures.

Remember: You must attach supporting documentation to this schedule.

		A	B	C
		Earliest loss year ending 12 / 2011 (Month / Year)	Loss year ending __/____ (Month / Year)	Loss year ending __/____ (Month / Year)
1	Write your reported Illinois net loss. See instructions.	150,000.00		
2a	Write the carry year and the amount of Illinois net loss previously carried back or forward. See instructions.	2a ____/____ Month Year Loss carried	____/____ Month Year Loss carried	____/____ Month Year Loss carried
	Note If you are reducing your loss due to discharge of indebtedness income, see instructions.	b ____/____ Month Year Loss carried	____/____ Month Year Loss carried	____/____ Month Year Loss carried
		c ____/____ Month Year Loss carried	____/____ Month Year Loss carried	____/____ Month Year Loss carried
2d	Add Lines 2a through 2c. This is your total amount of loss previously carried.	2d		
3	Subtract Line 2d from Line 1. This is your remaining Illinois net loss.	150,000.00		
4	Write the Illinois base income for this carry year. See instructions.	200,000.00	0.00	0.00
			▲Write Line 8 from previous column▲	▲Write Line 8 from previous column▲
5	**Column A:** **IL-1120 filers -** For the earliest loss year write $100,000. See instructions. **All other filers -** For the earliest loss year write the amount from Column A, Line 4. See instructions. **Columns B and C:** See instructions.	100,000.00	0.00	0.00
			▲Write Line 9 from previous column▲	▲Write Line 9 from previous column▲
6	Write the lesser of Line 4 or Line 5. This is your maximum NLD allowed.	100,000.00	0.00	0.00
7	Write the lesser of Line 3 or Line 6. This is your NLD.	100,000.00	0.00	0.00
8	Subtract Line 7 from Line 4. This is your remaining income after NLD.	100,000.00	0.00	0.00
9	Subtract Line 7 from Line 6. This is your remaining NLD allowed this carry year.	0.00	0.00	0.00
10	Subtract Line 7 from Line 3. This is your remaining NLD for subsequent years.	50,000.00	0.00	0.00

100,000.00
Total of Columns A, B, and C, Line 7. **See instructions. IL-1120 filers this amount cannot exceed $100,000.**

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ILLINOIS INVESTMENT TAX CREDITS AND RECAPTURE[32]

The state of Illinois offers several investment tax credits to businesses that place qualified property in service in the state during the tax year. There are four credits that are subject to recapture if the property becomes disqualified for the credit after the year it is claimed.

1. Enterprise zone
2. River edge redevelopment zone
3. High impact business
4. Replacement tax investment

> **Note.** See the 2012 *Illinois Update* for more information about how to qualify for and claim these credits.

Illinois Schedule 4255, *Recapture of Investment Tax Credits,* is used to calculate and report the amount of credit that must be recaptured. A separate Schedule 4255 is required for each tax year in which the now disqualified property was placed in service, beginning with the earliest year.

CAUSES OF DISQUALIFICATION

Enterprise Zone or River Edge Redevelopment Zone Investment Credits

Property ceases to qualify for these credits if, within 48 months of placing it into service, the property is:

1. Disposed of,
2. Converted to personal use, **or**
3. Moved outside of a qualifying zone.

High Impact Business Investment Credit

The high impact business investment credit is claimed by qualified taxpayers who have entered into specific types of contracts with approved taxing districts. If the taxpayer relocates the qualifying facility in violation of the terms and length of the contract, the credit must be recaptured.

Replacement Tax Investment Credit

Property ceases to qualify for this credit if, within 48 months of placing it into service, the property is:

1. Disposed of;
2. Converted to personal use;
3. Moved outside of Illinois; **or**
4. No longer used by a taxpayer who is primarily engaged in manufacturing, retailing, coal mining, or fluorite mining.

Portions of the investment credits earned by flow-through entities automatically flow through to those partners and shareholders who are subject to replacement tax. The partners and shareholders are required to report any recapture on their respective returns. The taxpayer is required to provide the affected recipients with a copy of Schedule 4255.

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32. Instructions to Illinois Schedule 4255, *Recapture of Investment Tax Credits* (Revised 12/12)

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Example 12. Goodnight Partners, LLC, is an Illinois company that sells bedding and accessories. It is taxed as a partnership on a calendar-year basis. Its owners are two Illinois residents and the company has two employees. Only the LLC is subject to replacement taxes.

In 2011, the LLC purchased a new delivery van that qualified for the replacement tax investment credit. The cost of the van is $22,000. The rate of the replacement tax investment credit is 0.5% (which is also the rate used for any recapture). On the 2011 tax return, the company reported $110 of replacement tax credits. However, its replacement tax was only $80, so it was only able to use $80 of the credit. The remaining $30 carried forward to 2012. The Form IL-477 that it filed with its 2011 Form IL-1065 follows.

In August 2012, the LLC decided to subcontract the delivery service to another company, and it sold the van. Because it disposed of the asset before 48 months had elapsed, the credit must be recaptured. However, only the amount of credit used is recaptured. The LLC's 2012 Schedule 4255 follows the Form IL-477. The $80 shown on line 16 flows to line 55 of Form IL-1065 (not shown).

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For Example 12

Illinois Department of Revenue

IL-477

Attach to Form IL-1120, IL-1065, IL-1120-ST, IL-1041, IL-990-T, or IL-1023-C.

Replacement Tax Investment Credits

Year ending 12 (Month) 2011 (Year)

IL Attachment No. 18

Write your name as shown on your return.
Goodnight Partners LLC

Write your federal employer identification number (FEIN).
13 - 1131313

Step 1: Figure your Replacement Tax Investment Credit for qualified property placed in service during the tax year

	A Description of qualified property	B Date placed in service Month Year	C Useful life	D New or used*	E Business activity (see inst.)	F Location of use (city or county)	G Basis	H Column G x .5% (.005)
1a	Ford Cargo Van	09 / 2011	5	N	1	Tazewell	22,000.00	110.00
1b		__ __/__ __						
1c		__ __/__ __						

* If the property is used, write the abbreviation of the state in which the property was previously used.

2	Write the total of each Column G and H.	2 22,000.00	110.00
3	If your business is new to Illinois, write the amount from Line 2, Column H, here and check the box in Step 2. If your business is not new to Illinois, complete Step 2 to see if you qualify for an additional credit based on increases in employment.	3	0.00
4	Write the distributive share of replacement tax investment credit from partnerships and S corporations.	4	0.00
5	Add Line 2, Column H, and Lines 3 and 4. This is your total replacement tax investment credit from this year.	5	110.00
6	Multiply Line 5 by the percentage of total ownership in the partnership or S corporation attributable to partners or shareholders subject to replacement tax. See instructions.	6	0.00
7	Subtract Line 6 from Line 5.	7	110.00
8	Write the amount of your credit carryforward from a previous year.	8	
9	Add Lines 7 and 8. This is your total investment credit available to use this year.	9	110.00
10	Write your total replacement tax. See Instructions.	10	80.00
11	Write the lesser of Line 9 or Line 10 here and on your return. See instructions. This is your replacement tax investment credit to use this year.	11	80.00
12	Subtract Line 11 from Line 9. If the amount is negative, write zero. This is the amount of excess credit available to be carried forward five years.	12	30.00

Step 2: Figure your base employment calculation worksheet

Note: If your business is new to Illinois, check this box. ☐ You automatically qualify for the additional credit. **Do not** complete Lines 13 through 19. See instructions for Step 1, Line 3.

		Month	A Current year	B Preceding year
13	Write as your "base employment" the number of covered workers from Line 1 of Illinois Department of Employment Security Form UI-3/40, Employer's Contribution and Wage Report. Make entries only for those months that you were taxed by Illinois.	1st	2	2
		2nd	2	2
		3rd	2	2
		4th	2	2
		5th	2	2
		6th	2	2
		7th	2	2
		8th	2	2
		9th	2	2
		10th	2	2
		11th	2	2
		12th	2	2
14	Write the total of each column.	14	24	24
15	Divide the amount on Line 14 by the number of months used in that column. Round the result to six decimal places and write the amount here.	15	2.000000	2.000000
16	Subtract Line 15, Column B, from Line 15, Column A and write the result here. If the amount is **positive**, continue to Line 17. If the amount is **zero or negative**, **stop here.** Write "0" on Line 3, and continue to Line 4. You do not qualify for the additional credit.	16		0.000000
17	Divide Line 16 by Line 15, Column B. Round the result to six decimal places and write the amount here. If the amount is .01 or larger, **stop here** and write the amount from Line 2, Column H, on Line 3. If this amount is less than .01, continue to Line 18.	17		
18	Multiply Line 17 by 50% (.50). Round to six decimal places and write here.	18		
19	Multiply Line 2, Column G, by Line 18, and write the result here and on Line 3.	19		

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For Example 12

Illinois Department of Revenue

Schedule 4255 Recapture of Investment Tax Credits

Attach this schedule to your return.

IL Attachment No. 5

Write your name as shown on your return.

Goodnight Partners LLC

Write your Social Security number (SSN) or federal employer identification number (FEIN).

13-1131313

The property you are reporting on this schedule was placed in service during the tax year ending: **12** Month **2011** Year

Step 1: Figure your Enterprise Zone or River Edge Redevelopment Zone Investment Credit recapture

	A Date property placed in service in Illinois Month / Year	B Date property became disqualified Month / Year	C Description of qualified property	D Reason for disqualification	E Original basis	F Name of enterprise zone	G Credit rate	H Disqualified credit amount (Col. E x Col. G)
1a	___ / ___	___ / ___						
b	___ / ___	___ / ___						
c	___ / ___	___ / ___						
d	___ / ___	___ / ___						
e	___ / ___	___ / ___						
f	___ / ___	___ / ___						
2	Add Columns H, Lines 1a through 1f. Write the Column H total on Line 9, Column A.						2	

Step 2: Figure your High Impact Business Investment Credit recapture

	A Date property placed in service in Illinois Month / Year	B Date property became disqualified Month / Year	C Description of qualified property	D Reason for disqualification	E Original basis	F Name of the foreign trade zone/ subzone	G Credit rate	H Disqualified credit amount (Col. E x Col. G)
3a	___ / ___	___ / ___					.005	
b	___ / ___	___ / ___					.005	
c	___ / ___	___ / ___					.005	
d	___ / ___	___ / ___					.005	
e	___ / ___	___ / ___					.005	
f	___ / ___	___ / ___					.005	
4	Add Column H, Lines 3a through 3f Write the Column H total on Line 9, Column B.						4	

Step 3: Figure your Replacement Tax Investment Credit recapture

	A Date property placed in service in Illinois Month / Year	B Date property became disqualified Month / Year	C Description of qualified property	D Reason for disqualification	E Original basis rate	F Credit rate	G Disqualified credit amount (Col. E x Col. F)
5a	09 / 11	08 / 12	Cargo Van	Sold	22,000.00	.005	110.00
b	___ / ___	___ / ___					
c	___ / ___	___ / ___					
d	___ / ___	___ / ___					
e	___ / ___	___ / ___					
6	Add Column G, Lines 5a through 5e. Write the Column G total on Line 9, Column C.					6	110.00

Step 4: Figure your total recapture amount

		A Step 1 recapture	B Step 2 recapture	C Step 3 recapture
7	Write the amount of your total property (see instructions).	7		22,000.00
8	Write the amount of your original credit (see instructions).	8		110.00
9	Write the total disqualified credit amounts from Steps 1, 2, and 3.	9		110.00
10	Subtract Line 9 from Line 8. This is your adjusted credit.	10		0.00
11	Write your original tax amount (see instructions).	11		80.00
12	Write the lesser of Line 8 or Line 11. This is the amount of credit you previously used.	12		80.00
13	Subtract Line 10 from Line 12. If the result is negative, write zero.	13		80.00
14	Write the amount of recapture from any other Schedule 4255 filed this year (see instructions).	14		
15	Distributive share of recapture from partnerships and S corporations from Schedule K-1-P.	15		
16	**Total recapture**. Add Lines 13, 14, and 15 (see instructions).	16		80.00

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ILLINOIS INCOME TAX ISSUES FOR SAME-SEX COUPLES

HISTORY AND CURRENT EVENTS

On June 1, 2011, Illinois first allowed same-sex couples to have their relationships legally recognized as "civil unions." The civil-union status was intended to grant the couple the same rights and responsibilities under Illinois law as those granted to married different-sex couples.[33] As of June 2013, an estimated 5,300 couples in Illinois have joined in civil unions.[34]

On February 14, 2013, the state senate passed the Religious Freedom and Marriage Fairness Act (SB10).[35] The bill included a provision to allow couples to convert their civil unions to marriages by applying to a county clerk within one year of the passage of the law. The conversion would be retroactive to the date of the original union. The Illinois House did not vote on the bill prior to adjourning for the summer; however, it is expected to be reintroduced in the fall session.[36]

The U.S. Supreme Court also addressed issues of concern to same-sex couples in 2013. In *U.S. v. Windsor*,[37] the court considered the constitutionality of section 3 of the federal Defense of Marriage Act (DOMA), which prohibited the federal government from recognizing same-sex marriages regardless of the legal recognition conferred by the states. On June 26, 2013, the Supreme Court issued its ruling and declared that section 3 of DOMA violated the equal protection clause of the Fifth Amendment of the U.S. Constitution.

> **Note.** For more information on *U.S. v. Windsor,* see the 2013 *University of Illinois Federal Tax Workbook,* Volume B, Chapter 5: Rulings and Cases.

> **Note.** In light of the *Windsor* decision, the legal status of couples in Illinois civil unions is not clear as of the date this publication went to press.

On August 29, 2013, the IRS released Rev. Rul. 2013-17, which states that same-sex couples, **legally married in jurisdictions that recognize their marriages,** will be treated as married for federal tax purposes. This ruling applies regardless of whether the couple lives in a jurisdiction that recognizes same-sex marriage or a jurisdiction that does not recognize same-sex marriage.

Rev. Rul. 2013-17 does not apply to registered domestic partnerships, civil unions, or other formal relationships recognized under state law. Accordingly, if SB10 or a similar bill does **not** become law, couples who enter into a civil union in Illinois will not be able to file federal tax returns using the MFJ or MFS status. However, if a same-sex couple living in Illinois was legally married in any state, the District of Columbia, a U.S. territory, or a foreign country, they **must** file their 2013 federal income tax return using either the MFJ or MFS status.

If SB10 is enacted into law as currently written, couples who choose to convert their civil unions to marriages will be considered married under federal law as of the date of the solemnization of their civil union. These couples should consider filing amended returns to claim any refunds due to them as a result of the change in their marital status.

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33. *Civil Unions to Be Recognized in Illinois.* Schwab, Van. Mar. 8, 2011. Thomson Reuters. [http://knowledgebase.findlaw.com/kb/2011/Feb/258461.html] Accessed on Jul. 6, 2013.

34. *Couple: Supreme Court Decision Creates Pressure Here.* Riopell, Mike. Jun. 26, 2013. Daily Herald. [www.dailyherald.com/article/20130626/news/706269882/print] Accessed on Jul. 7, 2013.

35. *Bill Status of SB0010.* Illinois General Assembly. [www.ilga.gov/legislation/BillStatus.asp?DocNum=10&GAID=12&DocTypeID=SB&LegId=68375&SessionID=85&GA=98] Accessed on Jul. 6, 2013.

36. *Illinois Bill to Legalize Gay Marriage Stalls.* May 31, 2013. Reuters. [www.reuters.com/article/2013/06/01/us-usa-gaymarriage-illinois-idUSBRE95002M20130601] Accessed on Jul. 6, 2013.

37. *U.S. vs. Windsor,* 570 U.S. __ (2013) (Docket No. 12-307).

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Rev. Rul. 2013-17 states that individuals who were in same-sex marriages may, but are not required to, file original or amended returns using an MFJ or MFS status for one or more prior tax years still open under the statute of limitations. The federal statute of limitations for claiming a refund is three years from the date the return was filed or two years from the date the tax was paid, whichever is later.[38] When a change involves filing an amended **federal** return, the Illinois statute of limitations for claiming a refund is **two years plus 120 days[39] after the federal change has been accepted by the IRS.**

Note. The taxpayer can check the status of their Form 1040X by using the "Where's My Amended Return?" tool at **www.irs.gov/Filing/Individuals/Amended-Returns-%28Form-1040-X%29/Wheres-My-Amended-Return-1** or by calling 866-464-2050 three weeks after the amended return is filed.[40]

Note. For more information about Rev. Rul. 2013-17, see the 2013 *University of Illinois Federal Tax Workbook,* Volume B, Chapter 5: Rulings and Cases.

Example 13. Theresa and Jennifer are Illinois residents. In 2005, they declared themselves a couple in a commitment ceremony performed in Maryland. Because Maryland did not recognize same-sex marriages at that time, the Maryland ceremony was not legally binding.

From June 17, 2008, to November 4, 2008, the state of California allowed localities to issue marriage licenses to same-sex couples. Theresa and Jennifer obtained a California marriage license and married each other in September 2008. In 2011, because of the prior ceremony performed in California, Illinois legally recognized their status as being in a **civil union.**

Theresa and Jennifer have always filed separate federal tax returns using the single filing status. However, beginning in 2011, they followed the guidance from the Illinois Department of Revenue and filed their Illinois tax returns as a civil union couple filing separately. Because Jennifer is self-employed and hates paperwork, she always files for an extension. Theresa also hates paperwork and always files at the last possible moment.

Upon hearing of the *Windsor* decision, the couple consults with their tax advisor, Michael. He tells them that under the terms of Rev. Rul. 2013-17, the IRS will treat Theresa and Jennifer as married for all federal tax purposes, including income taxes. This is true because Theresa and Jennifer were married in California, even though Illinois currently considers their status as being in a civil union for Illinois tax purposes.

Michael determines that the federal statute of limitations for amending Jennifer's 2009 tax return will expire on October 15, 2013. He compares the tax returns Jennifer and Theresa filed to pro-forma MFJ returns. He determines that because Theresa's income is significantly higher than Jennifer's, their tax liability would have been lower if they could have filed using the MFJ status. He finds the same is true for the 2010, 2011, and 2012 returns.

Michael prepares an amended federal return for the couple for 2009. He does not prepare an Illinois amended return at this time because they have two years plus 120 days to file for the Illinois refund after the IRS accepts the change.

Page 1 of the Form 1040X that Michael prepares follows. He uses Jennifer's original 2009 return as the "original amount" in column A.

Theresa's information is entered in column B on lines 1 through 5. **The joint tax liability is shown on line 6 of column C.** Their joint liability is lower than the total of their original taxes because, as a single taxpayer, Theresa's income was in higher brackets than it is using the MFJ brackets.

38. IRC §6511(a).

39. 35 ILCS 5/911(b)(1); see also 35 ILCS 5/506.

40. *Topic 308 — Amended Returns.* [www.irs.gov/taxtopics/tc308.html] Accessed on Sep. 12, 2013.

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For Example 13

Form **1040X** (Rev. December 2012)

Department of the Treasury—Internal Revenue Service

Amended U.S. Individual Income Tax Return

▶ **Information about Form 1040X and its separate instructions is at *www.irs.gov/form1040x*.**

OMB No. 1545-0074

This return is for calendar year ☐ 2012 ☐ 2011 ☐ 2010 ☒ 2009

Other year. Enter one: calendar year **or** fiscal year (month and year ended):

Your first name and initial	Last name	Your social security number
Jennifer	**Willstone**	**355 55 5555**
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
Theresa	**Willstone**	**355 55 5556**

Home address (number and street). If you have a P.O. box, see instructions.	Apt. no.	Your phone number
2013 Rainbow Way		

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Springfield, IL 62707

Foreign country name	Foreign province/state/county	Foreign postal code

Amended return filing status. You **must** check one box even if you are not changing your filing status.

Caution. *In general, you cannot change your filing status from joint to separate returns after the due date.*

☐ Single ☒ Married filing jointly ☐ Married filing separately

☐ Qualifying widow(er) ☐ Head of household (If the qualifying person is a child but not your dependent, see instructions.)

Use Part III on the back to explain any changes

			A. Original amount or as previously adjusted (see instructions)	B. Net change—amount of increase or (decrease)—explain in Part III	C. Correct amount
Income and Deductions					
1	Adjusted gross income. If net operating loss (NOL) carryback is included, check here ▶☐	1	13,940	100,000	113,940
2	Itemized deductions or standard deduction	2	5,700	5,700	11,400
3	Subtract line 2 from line 1	3	8,240	94,300	102,540
4	Exemptions. **If changing, complete Part I on page 2 and enter the amount from line 30**	4	3,650	3,650	7,300
5	Taxable income. Subtract line 4 from line 3	5	4,590	90,650	95,240
Tax Liability					
6	Tax. Enter method used to figure tax:	6	458	15,723	16,181
7	Credits. If general business credit carryback is included, check here ▶☐	7			
8	Subtract line 7 from line 6. If the result is zero or less, enter -0-	8	458	15,723	16,181
9	Other taxes	9	2,120	0	2,120
10	Total tax. Add lines 8 and 9	10	2,578	15,723	18,301
Payments					
11	Federal income tax withheld and excess social security and tier 1 RRTA tax withheld (**if changing**, see instructions)	11		20,000	20,000
12	Estimated tax payments, including amount applied from prior year's return	12			
13	Earned income credit (EIC)	13			
14	Refundable credits from Schedule(s) ☐8812 or ☒M or Form(s) ☐2439 ☐4136 ☐5405 ☐8801 ☐8812 (2009–2011) ☐8839 ☐8863 ☐8885 or ☐other (specify):	14	400	400	800
15	Total amount paid with request for extension of time to file, tax paid with original return, and additional tax paid after return was filed	15			2,178
16	Total payments. Add lines 11 through 15	16			22,978
Refund or Amount You Owe ***(Note. Allow 8–12 weeks to process Form 1040X.)***					
17	Overpayment, if any, as shown on original return or as previously adjusted by the IRS	17			891
18	Subtract line 17 from line 16 (If less than zero, see instructions)	18			22,087
19	**Amount you owe.** If line 10, column C, is more than line 18, enter the difference	19			
20	If line 10, column C, is less than line 18, enter the difference. This is the amount **overpaid** on this return	20			3,786
21	Amount of line 20 you want **refunded to you**	21			3,786
22	Amount of line 20 you want **applied to your (enter year):** **estimated tax**	22			

Complete and sign this form on Page 2.

For Paperwork Reduction Act Notice, see instructions. Cat. No. 11360L Form **1040X** (Rev. 12-2012)

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Internal Revenue Service

Serving Illinois

LOCATION	ADDRESS	PHONE
Bloomington	301 S. Prospect Road Bloomington, IL 61704	309-661-0032 **FAX 309-662-4792**
Champaign	310 W. Church Street Champaign, IL 61820	217-398-5210 **FAX 217-398-5414**
Chicago	230 S. Dearborn Street Chicago, IL 60604	312-292-4912 **FAX 312-292-4915**
Davenport, IA	101 W. 2nd Street, 6th Floor Davenport, IA 52801	563-326-6052 **FAX 563-328-4452**
Decatur	306 W. Eldorado Street Decatur, IL 62522	217-862-6015 **FAX 217-429-0843**
Downers Grove	2001 Butterfield Road, 12th Floor Downers Grove, IL 60515	630-493-5291 **FAX 630-493-5404**
Fairview Heights	380 Fountain Office Court Fairview Heights, IL 62208	618-632-2567 **FAX 618-632-5357**
Galesburg	2066 Windish Drive Galesburg, IL 61401	309-345-4158 **FAX 309-342-8246**
Mount Vernon	105 South Sixth Street Mt. Vernon, IL 62864	618-632-2567 **FAX 618-632-9410**
Orland Park	14479 S. John Humphrey Dr. Orland Park, IL 60462	708-873-8310 **FAX 708-346-7878**
Peoria	2415 W. Cornerstone Ct. Peoria, IL 61614	309-671-7264 **FAX 309-693-1117**
Quincy	3701 East Lake Centre Drive Quincy, IL 62305	217-224-8208 **FAX 217-224-9877**
Rockford	211 S. Court Street, Rm. 101 Rockford, IL 61101	815-334-7026 **FAX 815-987-4271**
Schiller Park	5100 River Road Schiller Park, IL 60176	847-671-7541 **FAX 847-671-7518**
Springfield	3101 Constitution Drive Springfield, IL 62704	217-862-6015 **FAX 217-862-6037**

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Illinois IRS Subject Matter Points of Contact

Automated Collection Service (ACS)

W&I	**800-829-7650**
SBSE, LMSB, TE/GE	**800-829-3903**
ATIN	**512-460-7898**

Adoptive parents file Form W-7A to obtain a temporary number for adopted children. The temporary number is needed so that the adoptive parents can claim dependency exemption and child care credit.

Audit Reconsiderations **800-829-1040**

This is a procedure where the result of a completed examination may be reconsidered. The taxpayer must establish good reasons why the case should be reopened, such as non-receipt of audit letter or additional evidence not previously available.

Banks, Post Offices, and Libraries **800-829-2765**

Post offices and libraries provide an alternative location for taxpayers to obtain tax forms and publications. Only banks that also participate in the e-file program are recruited for this program.

Centralized Authorization File **Fax: 855-214-7519**

Claims **800-829-1040**

A claim is an amended tax return reflecting a lower net tax liability and a refund. The amended return generally may be filed within three years of the due date or two years from when the tax was paid, whichever is later. Claims may either be accepted as filed or examined.

Congressional Affairs Program

Springfield Taxpayer Advocate (case related)	**217-862-6382**
Chicago Taxpayer Advocate (case related)	**312-292-3800**
Governmental Liaison (non-case related)	**312-292-3520**

CP 2000 Notices

Generated from Brookhaven, Ogden, or Philadelphia	**800-829-8310**
Generated from Atlanta, Austin, or Fresno	**800-829-3009**

Criminal Investigation (CI) Division

Office of Special Agent in Charge – Chicago	**312-292-4500**
CID Referral (report tax violations)	**800-829-0433**

Electronic Federal Tax Payment System (EFTPS) **800-555-4477**
Web: www.eftps.gov

EFTPS is a tax payment and reporting system sponsored by the Treasury Department. By using a telephone or personal computer, taxpayers can input their tax payment Information and send it.

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Electronic Returns Originator (ERO) Information **866-255-0654**

Responds to inquiries regarding the electronic filing program (how to participate) and the various types of electronic programs available. Annually, a sample of preparers who electronically file tax returns are visited to ensure compliance, answer questions, and provide other requested assistance.

Employer Identification Numbers (EINs)

Get EINs through Business and Specialty Tax Lines **800-829-4933**
Fax: 859-669-5760
Web: www.irs.gov

Employee Plans and Exempt Organizations Customer Service
(applications and determinations) **877-829-5500**

This toll-free number is a centralized help desk in Cincinnati that is available for Taxpayers and employees in answering questions, or inquiries on status of application for exempt status.

Federal, State, and Local Governments **419-522-2259**
Customer Account Services **877-829-5500**

The office of Federal, State and Local Governments of the IRS, Tax Exempt and Government Entities Operating Division works with federal agencies, quasi-government entities, state agencies, and local governments including U.S. possessions. Primary objective is to assist these agencies in complying with federal employment tax laws and information return reporting.

Financial Management Service (FMS) **800-304-3107**

FMS will issue a TOP offset notice when a taxpayer's refund is offset for child support or a federal agency non-tax debt (e.g. student loans, VA loans, etc.). Refer taxpayers who have questions about the offset to the FMS Help Desk.

Innocent Spouse Coordinator **866-897-4270**

Taxpayers submit Form 8857 when they feel they are not responsible for their current or former spouse's tax liability. Detailed instructions are in *Publication 971.*

Magnetic Media **304-263-8700**

National Distribution Center **800-829-3676**

For obtaining forms and publications

Office of Professional Responsibility **202-927-3397**

Preparers of federal income tax returns are bound by the ethical and due diligence principles contained in *Circular 230*. Identified situations contrary to these principles may be referred to the Office of Professional Responsibility.

Practitioner Priority Service **866-860-4259**

Previously known as the Practitioner Hot-line, this office accepts calls only from practitioners. Handles call regarding accounts and procedures. The practitioner must have a valid power of attorney on file.

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Practitioner Identification Number (PTIN) Issues **800-829-1040**

Refund Inquiries (Automated Refund Information) **800-829-4477**
800-829-1954
Web: www.irs.gov

Small Business Tax Workshops

Web: www.irs.gov
Small Business Community Website: www.irs.gov/smallbiz

General workshops for current and prospective small business owners are held at various times and locations throughout the state. Community organizations such as the Small Business Development Centers participate in STEP. Topics include record keeping, business use of the home, sole proprietorships, employment tax issues, etc.

Taxpayer Advocate Service National Hotline **877-777-4778**

The Taxpayer Advocate Service is an IRS program that provides an independent system to assure that tax problems, which have not been resolved through normal channels, are promptly and fairly handled. Taxpayers having an ongoing issue with the IRS that has not been resolved through normal processes, or taxpayers who have suffered or are about to suffer a significant hardship as a result of the application of the tax laws can contact the Taxpayer Advocate national hotline.

Taxpayer Advocate for Illinois

Springfield **217-862-6382**
Chicago **312-292-3800**

Each state has a Local Taxpayer Advocate. The local advocate is not a substitute for established IRS procedures or the formal Appeals process. The advocate cannot reverse legal or technical tax determinations. The local advocate is available to assist taxpayers meeting advocate criteria, serving as liaison with the practitioner community and congressional staff for their constituents and solicits feedback on recurring problems with the IRS systems and procedures.

Taxpayer Identification Number (TIN) **800-829-4933**
Fax: 859-669-5760 (all 50 states)
Fax: 267-941-1040 (anywhere else)

Effective January 2, 2002, taxpayers can call the above toll-free number to get an EIN. Customer service representatives in three IRS service centers are available Monday-Friday from 7:30 a. m. – 5:30 p.m. local time. The taxpayer must have a completed Form SS4 prepared prior to calling. Upon completion of the call, the form must be mailed within 24 hours to the service center. Complete instructions are provided with Form SS4.

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Illinois Directory

Small Business Self-Employed
Stakeholder Liaison Division

IRS TELEPHONE DIRECTORY
for Practitioners

4/2013

The purpose of the IRS Telephone Directory for Practitioners is to assist members of the practitioner community as they attempt to resolve issues or concerns without circumventing normal channels that exist. Please note this information is only intended for tax professionals and is not to be shared with individual clients.

If you are unsure of who to contact or when to initiate a contact, an IRS Stakeholder Liaison can provide guidance and assistance. You can find your local liaison on IRS.gov, keyword search: "Stakeholder Liaison".

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Appeals		
Title	Name	Phone
Appeals Team Manager, Area 13 Team 6	Debra Dufek	312-582-6838
Appeals Team Manager, Area 7 Team 14	Deborah McKissic	312-582-6861
Appeals Team Manager, Area 7 Team 15	Vacant	312-582-6840
Appeals Team Manager, ATCL Operations	Clarence H. Phillips	312-582-6877
Appeal Team Manager, PQCS Team 9	David Kantor	312-582-6829

Area Counsel		
Title	Name	Phone
Tax Court Case Inquiries	Receptionist	312-368-8228
Bankruptcy and Collection Issues	Receptionist	312-368-8152
All Other Inquiries, Managing Counsel	Steve R. Guest	312-368-8742

Criminal Investigation Special Agent in Charge		
Title	Name	Phone
Special Agent in Charge	James C. Lee	312-292-4500
Public Information Officer	Kerry Hannigan	708-503-7585

LB & I (Retailers, Food, Pharmaceuticals and Healthcare (RFHP/International)		
Title	Name	Phone
International Territory Manager, Territory 6	Imelda Deniz Vasquez	630-439-5934
RFPH Territory Manager, Territory 2 Chicago	Renee Banks	312-566-3962
RFPH Territory Manager, Territory 3 Schiller Park	Vacant	847-671-7080
RFPH Territory Manager, Territory 4 Downers Grove	Robert D. Budney	630-493-5802

LB & I (International Individual Compliance (IIC))		
Title	Name	Phone
Program Manager, Centralized Withholding Agreements	Judith McNamara	630-493-5172

Lien Cases		
Title	Name	Phone
Centralized Lien Processing		800-913-6050

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SB/SE Collection Division		
Title	Name	Phone
Program Manager, Chicago	Christopher J. Love	630-493-5401
Program Manager, Milwaukee Territory	Timothy S. Sherrill	414-231-2404
Program Manager, St. Louis Territory	Beverly I. Morris	636-255-1280
SB/SE Collection, Office of Advisory, Insolvency & Quality		
Title	Name	Phone
Territory Manager, Insolvency	Joe Magana	630-493-5443
NHQ PGLD, Privacy, Governmental Liaison & Disclosure		
Title	Name	Phone
Area Manager	Annette Jones	312-292-2501
Governmental Liaison	Lynda Dyer	312-292-3520
Disclosure Manager	Ava Littlejohn	513-263-3084
SB/SE Communications and Liaison, Stakeholder Liaison		
Title	Name	Phone
Area Manager	Steven Ingraham	716-961-5678
SB/SE Examination Division		
Title	Name	Phone
Program Manager, Territory 1 - Chicago IL,WI,IN,MN,ND,SD	MaeDean Myers	630-493-5254
Program Manager, Territory 2 - Chicago IL	Paul Bender	651-312-7784
Program Manager, Milwaukee Territory	Daniel Sostock	414-231-2401
Program Manager, So. IL, Eastern MO. Territory	Sam Anderson	314-612-4339
Program Manager, IL, IN, IA	Brenda Kessel	636-255-1354
Program Manager, Kansas City Territory, MO, MN, ND, IA, NEB, KS, IL Territory	Christina Sedlacek	913-722-7561
PSP Program Manager	Elmer Smith III	651-312-7687
SB/SE Specialty Programs Employment Tax Territory Manager		
Title	Name	Phone
Territory Manager, Mid-States	James Twisdale	304-561-3001

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Tax Exempt/Government Entities (TE/GE)		
Title	Name	Phone
Area Manager, Employee Plans Great Lakes	Janice Gore	262-513-3465
Supervisory Internal RA, Fed. State & Local Govmnt	Mary Johnson	847-671-7070
Indian Tribal Goverments Group Manager	Serina Halverson	402-233-7238
Supervisory Internal RA, Tax Exempt Bonds	Allyson Belsome	630-493-5081
Area Manager, Exempt Orgs, Great Lakes	Renee Wells	312-292-3901
Taxpayer Advocate		
Local Taxpayer Advocate, Chicago	Selma Taylor	312-292-3801
Local Taxpayer Advocate, Springfield	Pamela Bates	217-862-6348
Treasury Inspector General for Tax Administration (TIGTA)		
Title	Name	Phone
Assistant Special Agent in Charge	Dwaine Brinson	312-554-8751
Wage & Investment Field Assistance Territory Manager		
Title	Name	Phone
Territory Manager, Northern IL	Lula Watkins	312-292-3201
Territory Manager, Southern IL	Marilyn S. White	317-685-7525
Wage & Investment Stakeholder Partnership, Education & Communication		
Title	Name	Phone
Territory Manager	Mary Solomon	402-233-7311

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Social Security Administration Offices in Illinois (partial list)

City	Address	Telephone
Alton	Room 103 Fed Bldg., 501 Belle St., 62002	855-285-6006
Aurora	1325 N. Lake St., 60506	877-274-5412
Belleville	Lake Christine Center, 1670 Lebanon Ave., 62221	877-405-0471
Bloomingdale	230 W. Lake St., 60108	800-772-1213
Bloomington	207 N. Williamsburg Dr., 61704	877-405-4640
Carbondale	250 W. Cherry St., Room 104, 62901	877-714-0377
Champaign	101 S. Country Fair Dr., 61821	877-819-2593
Chicago (Loop)	77 W. Jackson Blvd. Suite 300, 60604	800-772-1213
Danville	400 N. Vermilion St., 61832	866-331-5394
Decatur	606 W. Pershing Rd., 62526	888-619-4773
E. St. Louis	Room 104 Fed Bldg., 650 Missouri Ave., 62201	877-700-4849
Effingham	1207 Network Centre Dr., Suite 2, 62401	888-397-4543
Elgin	790 Fletcher Dr., 60123	877-405-0435
Evanston	2116 Green Bay Rd., 60201	800-772-1213
Freeport	4 E. Linden St., 61032	855-628-1591
Galesburg	2060 Windish Dr., 61401	877-405-7659
Harrisburg	18 Veterans Dr., 62946	866-366-3980
Hillside	230 N. Mannheim Rd., 60162	800-772-1213
Joliet	552 Houbolt Rd., 60431	866-783-7302
Kankakee	630 E. Oak St., 60901	855-807-8801
Litchfield	1107 W. Ferdon, 62056	877-319-3077
Mt. Vernon	Federal Bldg., 105 S. 6th St., 62864	866-931-2549
North Riverside	Rm. 600, 7222 W. Cermak Rd., 60546	800-772-1213
Palos Hills	10718 S. Roberts Rd., 60465	800-772-1213
Pekin	2801 Broadway, 61554	877-405-0499
Peoria	815 W. Pioneer Parkway, 61615	877-319-6039
Peru	915 Wenzel Rd., 61354	855-245-0640
Quincy	2401 Lind St., 62301	888-279-5999
Rockford	502 E. Jefferson St., 61107	877-628-6570
Rock Island	2350 4th Ave., 61201	866-414-9166
Springfield	3112 Constitution Dr., 62704	877-279-9504
Sterling	3512 E. Lincolnway, Suite C, 61081	866-789-1093
Waukegan	1930 N. Lewis Ave., 60087	800-772-1213
West Frankfurt	1005 Factory Outlet Dr., 62896	888-223-8869
Woodridge	7440 Providence Dr., 60517	866-303-2724
Woodstock	2450 Lake Shore Dr., 60098	877-405-7828
Vincennes (Ind.)	606 Veterans Dr., 47591	888-456-9531

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