

# 2015 Workbook

## 2015 Illinois Update & Reference Material

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## 2015 Illinois Update

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**Please note.** Corrections were made to this workbook through January of 2016. No subsequent modifications were made. For clarification about acronyms used throughout this chapter, see the Acronym Glossary at the end of the Index.

For your convenience, in-text website links are also provided as shortURLs. Anywhere you see **uofi.tax/xxx**, the link points to the address immediately following in brackets.

### NEW DEVELOPMENTS

#### CHANGE IN TAX RATES

Effective January 1, 2015, the Illinois income tax rate for individuals, trusts, and estates decreased from 5% to 3.75%. The corporate rate (excluding S corporations) decreased from 7% to 5.25%.<sup>1</sup> Estimated payments made during 2015 and subsequent years should reflect the reduced rates.

**Note.** The replacement tax rates of 2.5% for corporations and 1.5% for trusts, S corporations, and partnerships remain the same for 2015.

S corporations and partnerships are therefore not affected by the tax rate decrease because they are liable only for the replacement taxes. Any Illinois shareholder who receives a Schedule K-1-P, *Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture*, from a fiscal-year filer will pay the new tax rates on income that flows through to the individual taxpayer.<sup>2</sup>

A fiscal-year filer must divide their total net income between the periods subject to different tax rates. Any income earned before January 1, 2015, is taxed at the rates previously in effect (5% for individuals, trusts, and estates and 7% for corporations). Income earned on or after January 1, 2015, is taxed at the reduced rates. Together, the two tax amounts comprise the total tax liability for the fiscal year. To determine the total tax due, either the apportionment method or the specific accounting method may be used.

#### Apportionment Method (Blended Rate)

The apportionment method is calculated by dividing the net income earned based on the total number of days in one accounting period in an equal ratio to the total number of days in the second accounting period. The income is taxed as if it were earned evenly throughout the year. Using a blended rate from the following table is a convenient way to calculate income tax under this method.<sup>3</sup>

<sup>1</sup>. IL Informational Bulletin FY 2015-09.

<sup>2</sup>. Ibid.

<sup>3</sup>. Ibid.

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## BLENDED INCOME TAX RATE SCHEDULE (For Full-Year Returns Only)

Start Date	End Date	Number of Days		Blended Rate for	
		Before 1/1/2015	After 12/31/2014	Individuals, Trusts, and Estates	Corporations
2/1/2014	1/31/2015	334	31	4.8938% (.048938)	6.8514% (.068514)
3/1/2014	2/28/2015	306	59	4.7979% (.047979)	6.7171% (.067171)
4/1/2014	3/31/2015	275	90	4.6918% (.046918)	6.5685% (.065685)
5/1/2014	4/30/2015	245	120	4.5890% (.045890)	6.4247% (.064247)
6/1/2014	5/31/2015	214	151	4.4829% (.044829)	6.2760% (.062760)
7/1/2014	6/30/2015	184	181	4.3801% (.043801)	6.1322% (.061322)
8/1/2014	7/31/2015	153	212	4.2740% (.042740)	5.9836% (.059836)
9/1/2014	8/31/2015	122	243	4.1678% (.041678)	5.8349% (.058349)
10/1/2014	9/30/2015	92	273	4.0651% (.040651)	5.6911% (.056911)
11/1/2014	10/31/2015	61	304	3.9589% (.039589)	5.5425% (.055425)
12/1/2014	11/30/2015	31	334	3.8562% (.038562)	5.3986% (.053986)

**Example 1.** Lightening in a Bottle Inc. (Lightening), a C corporation, has a June 30, 2015, yearend. The taxable income for the fiscal year is \$125,000. Using the blended rate of 6.1322% from the blended tax rate schedule, Lightening is liable for \$7,665 (\$125,000 × 6.1322%) of Illinois income tax.

**Short Year.** A taxpayer with a short year of less than 12 months or a business filing on a 52/53-week basis cannot use the blended income tax rate schedule. A taxpayer in this situation must calculate their blended rate by using one of the following applicable formulas.<sup>4</sup>

### Corporations.

$$\text{Blended tax rate} = \left( \frac{\text{Number of days in tax year before 1/1/2015}}{\text{Total number of days in tax year}} \times 7\% \right) + \left( \frac{\text{Number of days in tax year after 12/31/2014}}{\text{Total number of days in tax year}} \times 5.25\% \right)$$

### Individuals/Trusts/Estates.

$$\text{Blended tax rate} = \left( \frac{\text{Number of days in tax year before 1/1/2015}}{\text{Total number of days in tax year}} \times 5\% \right) + \left( \frac{\text{Number of days in tax year after 12/31/2014}}{\text{Total number of days in tax year}} \times 3.75\% \right)$$

**Example 2.** Fishman Inc. (Fishman) has a yearend of November 30 and ceased operations during 2015. The corporation filed a final return for the short year ended July 1, 2015. The short year is seven months (December 1, 2014, through July 1, 2015). The taxable income for Fishman is \$35,000.

The corporate return covered 31 days before January 1, 2015 and 181 days after December 31, 2014. The tax year has a total of 212 (31 + 181) days. The blended rate for the corporation is 5.5% ((31 ÷ 212 × 7%) + (181 ÷ 212 × 5.25%)).

The total Illinois tax liability for Fishman is \$1,925 (\$35,000 × 5.5%).

<sup>4</sup>. Ibid.



## Specific Accounting Method

The specific accounting method treats net income and modifications as though they were earned in two separate tax years (prior to January 1, 2015, and on or after January 1, 2015). The tax due is calculated at the appropriate rate for each period.<sup>5</sup>

A taxpayer that has more income during 2015 than in 2014 will pay less tax using the specific accounting method than they would using the apportionment method (blended rate). A taxpayer who elects to specifically allocate income must use one of the following Schedules SA.

- *Specific Accounting Method of Computing Net Income for Individuals* – for individual taxpayers electing not to use the blended rate
- *Specific Accounting Method of Computing Net Income for Corporations* – for corporate taxpayers electing not to use the blended rate
- *Specific Accounting Method of Computing Net Income for Fiduciaries* – for trusts and estates electing not to use the blended rate
- *Specific Accounting Method of Computing Net Income for Exempt Organizations* – for organizations exempt from federal income tax under IRC §501(a) with unrelated business taxable income under IRC §512<sup>6</sup> electing not to use the blended rate

The election is made by attaching the Schedule SA to a timely filed return and is irrevocable. The form should be the first attachment to the taxpayer's return.<sup>7</sup>

**Example 3.** Aviary Drug Inc. (Aviary), a C corporation, has a fiscal yearend of May 31, 2015. Total income for the corporation was \$74,000, with \$24,000 earned in 2014 and \$50,000 earned in 2015. Aviary elects to calculate its tax liability by completing the following Schedule SA.

As shown on the form, the income tax liability under the specific accounting method is \$4,305. Under the blended rate, the income tax liability would be \$4,644 ( $\$74,000 \times 6.276\%$ ). The savings from electing to use the specific accounting method is \$339 ( $\$4,644 - \$4,305$ ).

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<sup>5</sup>. Ibid.

<sup>6</sup>. Instructions for Form IL-990-T.

<sup>7</sup>. Instructions for Schedule SA.

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## For Example 3



### Illinois Department of Revenue Schedule SA (IL-1120)

For tax years ending on or after January 1, 2015  
Attach to Form IL-1120 as the first attachment.

### Specific Accounting Method of Computing Net Income for Corporations

Tax year ending  
05 2015  
Month Year

#### Step 1: Provide your business information

**A** Enter your complete legal business name as shown on Form IL-1120.

Name: Aviary Drug, Inc.

**B** Enter your federal employer identification no. (FEIN).

7 7 - 7 7 7 7 7 7

#### Step 2: Figure your business income or loss

	<b>A</b> Pre-1/1/15 figures	<b>B</b> Post-12/31/14 figures
1 Federal taxable income or loss. (IL-1120, Line 1)	1 <u>24,000.00</u>	1 <u>50,000.00</u>
2 Federal net operating loss deduction. (IL-1120, Line 2)	2 <u>0.00</u>	2 <u>0.00</u>
3 Illinois addition modifications. (IL-1120, Lines 3 through 8)	3 <u>0.00</u>	3 <u>0.00</u>
4 Total income or loss. Add Lines 1 through 3. (IL-1120, Line 9)	4 <u>24,000.00</u>	4 <u>50,000.00</u>
5 Illinois subtraction modifications. (IL-1120, Line 22)	5 <u>0.00</u>	5 <u>0.00</u>
6 Illinois base income or loss. (IL-1120, Line 23)		
If you did not complete Step 4 of your Form IL-1120: Skip Step 3 below and enter the amounts from Line 6 on Line 17.		
If you completed Step 4 of your Form IL-1120: Complete Step 3 below.		
6	<u>24,000.00</u>	<u>50,000.00</u>

#### Step 3: Figure your apportionment factor

7 Nonbusiness income or loss. (IL-1120, Line 24)	7 <u>.00</u>	7 <u>.00</u>
8 Business income or loss from non-unitary partnerships, trusts, or estates. (IL-1120, Line 25)	8 <u>.00</u>	8 <u>.00</u>
9 Add Lines 7 and 8. (IL-1120, Line 26)	9 <u>0.00</u>	9 <u>0.00</u>
10 Business income or loss. Subtract Line 9 from Line 6. (IL-1120, Line 27)	10 <u>24,000.00</u>	10 <u>50,000.00</u>
11 Enter the total sales everywhere. (IL-1120, Line 28)	11 <u>74,000</u>	
12 Enter the total sales within Illinois. (IL-1120, Line 29)	12 <u>74,000</u>	
13 <b>Apportionment factor.</b> Divide Line 12 by Line 11 and carry to six decimal places. (IL-1120, Line 30)	13 <u>1.0</u>	
14 Illinois business income or loss. Multiply Line 10 by Line 13, for each column. (IL-1120, Line 31)	14 <u>24,000.00</u>	14 <u>50,000.00</u>
15 Nonbusiness income or loss allocable to Illinois. (IL-1120, Line 32)	15 <u>.00</u>	15 <u>.00</u>
16 Non-unitary partnership, trust, or estate business income or loss apportionable to Illinois. (IL-1120, Line 33)	16 <u>.00</u>	16 <u>.00</u>

#### Step 4: Figure your income tax

17 <b>Base income or net loss.</b> (IL-1120, Line 35) If you skipped Step 3: Enter the amounts from Columns A and B, Line 6. If you completed Step 3: For each column, add Lines 14 through 16.	17 <u>24,000.00</u>	17 <u>50,000.00</u>
18 Illinois net loss deduction. See instructions. (IL-1120, Line 38)	18 <u>.00</u>	
19 Net income. See instructions. <b>Column A:</b> Subtract Column A, Line 18 from Column A, Line 17. <b>Column B:</b> Enter the amount from Column B, Line 17.	19 <u>24,000.00</u>	19 <u>50,000.00</u>
20 <b>If Column A, Line 19 is negative:</b> enter zero in Column A, Line 20, and enter in Column B, Line 20, the result of adding Column B, Line 19, plus Column A, Line 19. If Column B, Line 20, is negative do not use this schedule. <b>If Column A, Line 19 is positive:</b> enter Column A, Line 19, on Column A, Line 20, and enter Column B, Line 19, on Column B, Line 20.	20 <u>24,000.00</u> ◇	20 <u>50,000.00</u> ◇
21 <b>Tax.</b> <b>Column A:</b> Multiply Line 20 by 7% (.07). <b>Column B:</b> Multiply Line 20 by 5.25% (.0525).	21 <u>1,680.00</u>	21 <u>2,625.00</u>
22 Add Columns A and B, Line 21, and enter the total here and on your Form IL-1120, Line 45.		22 <u>4,305.00</u>

Schedule SA (IL-1120) (R-12/14)

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

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**Example 4.** Use the same facts as **Example 3**, except \$50,000 was earned in 2014 and \$24,000 was earned in 2015.

Aviary's income tax liability is \$4,760. The liability using the blended rate is still \$4,644 (as calculated in **Example 3**), because the income is treated as earned evenly throughout the year. If Aviary elects to use the specific accounting method (as shown on the following form), it will pay additional tax of \$116 (\$4,760 – \$4,644). To minimize tax liability, it is beneficial for Aviary to use the blended rate.

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## For Example 4



### Illinois Department of Revenue Schedule SA (IL-1120)

For tax years ending on or after January 1, 2015  
Attach to Form IL-1120 as the first attachment.

### Specific Accounting Method of Computing Net Income for Corporations

Tax year ending  
05 2015  
Month Year

#### Step 1: Provide your business information

**A** Enter your complete legal business name as shown on Form IL-1120.

Name: Aviary Drug, Inc.

**B** Enter your federal employer identification no. (FEIN).

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#### Step 2: Figure your business income or loss

	<b>A</b> Pre-1/1/15 figures	<b>B</b> Post-12/31/14 figures
1 Federal taxable income or loss. (IL-1120, Line 1)	1 <u>50,000.00</u>	1 <u>24,000.00</u>
2 Federal net operating loss deduction. (IL-1120, Line 2)	2 <u>0.00</u>	2 <u>0.00</u>
3 Illinois addition modifications. (IL-1120, Lines 3 through 8)	3 <u>0.00</u>	3 <u>0.00</u>
4 Total income or loss. Add Lines 1 through 3. (IL-1120, Line 9)	4 <u>50,000.00</u>	4 <u>24,000.00</u>
5 Illinois subtraction modifications. (IL-1120, Line 22)	5 <u>0.00</u>	5 <u>0.00</u>
6 Illinois base income or loss. (IL-1120, Line 23)		
If you did not complete Step 4 of your Form IL-1120: Skip Step 3 below and enter the amounts from Line 6 on Line 17.		
If you completed Step 4 of your Form IL-1120: Complete Step 3 below.		
6	<u>50,000.00</u>	<u>24,000.00</u>

#### Step 3: Figure your apportionment factor

7 Nonbusiness income or loss. (IL-1120, Line 24)	7 <u>.00</u>	7 <u>.00</u>
8 Business income or loss from non-unitary partnerships, trusts, or estates. (IL-1120, Line 25)	8 <u>.00</u>	8 <u>.00</u>
9 Add Lines 7 and 8. (IL-1120, Line 26)	9 <u>0.00</u>	9 <u>0.00</u>
10 Business income or loss. Subtract Line 9 from Line 6. (IL-1120, Line 27)	10 <u>50,000.00</u>	10 <u>24,000.00</u>
11 Enter the total sales everywhere. (IL-1120, Line 28)	11 <u>74,000</u>	
12 Enter the total sales within Illinois. (IL-1120, Line 29)	12 <u>74,000</u>	
13 <b>Apportionment factor.</b> Divide Line 12 by Line 11 and carry to six decimal places. (IL-1120, Line 30)	13 <u>1.0</u>	
14 Illinois business income or loss. Multiply Line 10 by Line 13, for each column. (IL-1120, Line 31)	14 <u>50,000.00</u>	14 <u>24,000.00</u>
15 Nonbusiness income or loss allocable to Illinois. (IL-1120, Line 32)	15 <u>.00</u>	15 <u>.00</u>
16 Non-unitary partnership, trust, or estate business income or loss apportionable to Illinois. (IL-1120, Line 33)	16 <u>.00</u>	16 <u>.00</u>

#### Step 4: Figure your income tax

17 <b>Base income or net loss.</b> (IL-1120, Line 35) If you skipped Step 3: Enter the amounts from Columns A and B, Line 6. If you completed Step 3: For each column, add Lines 14 through 16.	17 <u>50,000.00</u>	17 <u>24,000.00</u>
18 Illinois net loss deduction. See instructions. (IL-1120, Line 38)	18 <u>.00</u>	
19 Net income. See instructions. <b>Column A:</b> Subtract Column A, Line 18 from Column A, Line 17. <b>Column B:</b> Enter the amount from Column B, Line 17.	19 <u>50,000.00</u>	19 <u>24,000.00</u>
20 <b>If Column A, Line 19 is negative:</b> enter zero in Column A, Line 20, and enter in Column B, Line 20, the result of adding Column B, Line 19, plus Column A, Line 19. If Column B, Line 20, is negative do not use this schedule. <b>If Column A, Line 19 is positive:</b> enter Column A, Line 19, on Column A, Line 20, and enter Column B, Line 19, on Column B, Line 20.	20 <u>50,000.00</u> ◇	20 <u>24,000.00</u> ◇
21 <b>Tax.</b> <b>Column A:</b> Multiply Line 20 by 7% (.07). <b>Column B:</b> Multiply Line 20 by 5.25% (.0525).	21 <u>3,500.00</u>	21 <u>1,260.00</u>
22 Add Columns A and B, Line 21, and enter the total here and on your Form IL-1120, Line 45.		22 <u>4,760.00</u>

Schedule SA (IL-1120) (R-12/14)

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

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## CIVIL UNIONS

Beginning with the 2014 tax year, the checkbox for civil unions was removed from Form IL-1040, *Individual Income Tax Return*. A taxpayer in a civil union must file their Illinois tax return using the same filing status as used for their federal return (i.e., married filing jointly, married filing separately, head of household, or widowed). Schedule CU, *Civil Union Income Report*, has been eliminated.<sup>8</sup>

## ILLINOIS DEPARTMENT OF VETERANS' AFFAIRS

A checkbox has been added to Form IL-1040 to indicate whether the taxpayer and/or spouse are military veterans and want their names and addresses shared with the Illinois Department of Veterans' Affairs (IDVA). Checking this box authorizes the Illinois Department of Revenue (IDOR) to share the data with the IDVA for outreach and to update their database of veterans living in Illinois.<sup>9</sup>

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**Illinois Department of Revenue**  
**2014 Form IL-1040**  
**Individual Income Tax Return** or for fiscal year ending \_\_\_\_/\_\_\_\_/\_\_\_\_  
*Over 80% of taxpayers file electronically. It is easy and you will get your refund faster. Visit [tax.illinois.gov](http://tax.illinois.gov).*

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**Step 1: Personal Information** *Do not write above this line.*

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

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_-      \_\_\_\_\_  
Your Social Security number      Spouse's Social Security number

**B** Personal information

\_\_\_\_\_  
Your first name and initial      \_\_\_\_\_  
Your last name

\_\_\_\_\_  
Spouse's first name and initial      \_\_\_\_\_  
Spouse's last name

\_\_\_\_\_  
Mailing address (See instructions if foreign address)      \_\_\_\_\_  
Apartment number

\_\_\_\_\_  
City      \_\_\_\_\_  
State      \_\_\_\_\_  
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 you or your spouse are a military veteran and want your name and address shared with the Illinois Department of Veterans' Affairs.    ☐ You    ☐ Spouse

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**1** Federal adjusted gross income from Line 37, U.S. 1040, 2014, or 2013, whichever is applicable. Enter whole dollars.

## MEDICAL CANNABIS PILOT PROGRAM SURCHARGE

Beginning in 2014, Illinois imposes a surcharge on corporations, partnerships, trusts, limited liability companies (LLC), and other organizations that hold either a medical cannabis cultivation center registration (issued by the Illinois Department of Agriculture) or a medical cannabis dispensary registration (issued by the Illinois Department of Financial and Professional Regulation).<sup>10</sup> For such businesses, transactions involving sales and exchanges of the following items are subject to the surcharge.<sup>11</sup>

- Capital assets
- Depreciable business property
- Real property used in the trade or business
- IRC §197 intangibles

<sup>8</sup>. Instructions for Form IL-1040.

<sup>9</sup>. Ibid.

<sup>10</sup>. Instructions for Form IL-1120.

<sup>11</sup>. Ibid.

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The surcharge is imposed on taxpayers who incur **federal tax liability** on the cannabis-related income.<sup>12</sup> Pass-through entities — such as S corporations, partnerships, disregarded entities, and trusts — generally are not subject to the surcharge because they do not incur federal tax liability. However, S corporations subject to the built-in gains tax or passive income tax are subject to the surcharge.<sup>13</sup>

The amount of the surcharge for Illinois is the same as the federal tax liability attributable to each transaction. The worksheets used to calculate the corporate, trust, and individual surcharge follow.<sup>14</sup>

## Compassionate Use of Medical Cannabis Pilot Program Act Surcharge Worksheet (Corporation)

- |   |                |
|---|----------------|
| <b>1</b> Enter your federal income tax liability for the taxable year. <sup>a</sup>   | <b>1</b> _____ |
| <b>2</b> Enter your federal income tax liability for the taxable year computed as if transactions subject to the surcharge made in that year had not been made by the organization registrant. <sup>b</sup> | <b>2</b> _____ |
| <b>3</b> Subtract Line 2 from Line 1. This is your Compassionate Use of Medical Cannabis Pilot Program Act surcharge. Enter the result here and on Form IL-1120, Step 8, Line 52.                           | <b>3</b> _____ |

<sup>a</sup> Line 1: Members of consolidated groups must enter the consolidated federal income tax liability of the affiliated group for the taxable year.

<sup>b</sup> Line 2: Members of consolidated groups must enter the federal income tax liability of the affiliated group for the taxable year computed as if the transactions subject to surcharge for which taxable income or gain was recognized in that taxable year had not been made.

## Compassionate Use of Medical Cannabis Pilot Program Act Surcharge Worksheet (Trust)

- |  |                |
|--|----------------|
| <b>1</b> Enter your federal income tax liability for the taxable year.   | <b>1</b> _____ |
| <b>2</b> Enter your federal income tax liability for the taxable year computed as if transactions subject to the surcharge made in that year had not been made by the organization registrant. | <b>2</b> _____ |
| <b>3</b> Subtract Line 2 from Line 1. This is your Compassionate Use of Medical Cannabis Pilot Program Act surcharge. Enter the result here and on Form IL-1041, Step 7, Line 49.              | <b>3</b> _____ |

## Compassionate Use of Medical Cannabis Pilot Program Act Surcharge Worksheet (Individual)

- |  |                |
|--|----------------|
| <b>1</b> Enter your federal income tax liability for the taxable year.   | <b>1</b> _____ |
| <b>2</b> Enter your federal income tax liability for the taxable year computed as if transactions subject to the surcharge made in that year had not been made by the organization registrant. | <b>2</b> _____ |
| <b>3</b> Subtract Line 2 from Line 1. This is your Compassionate Use of Medical Cannabis Pilot Program Act surcharge. Enter the result here and on Form IL-1040, Line 24.                      | <b>3</b> _____ |

Each partner and shareholder should receive a Schedule K-1-P that shows their share of any income subject to the surcharge on line 55. A partner or shareholder calculates their surcharge using the individual worksheet and enters the result on Form IL-1040.<sup>15</sup>

<sup>12</sup> Instructions for Schedule K-1-P(1).

<sup>13</sup> IITA §§201(o)(c)(1) through 201(o)(c)(4).

<sup>14</sup> Instructions for Forms IL-1120, IL-1041, IL-1040.

<sup>15</sup> Instructions for Schedule K-1-P(1).

## CONTRACTOR FILING

Any contractor that had construction services performed for it by an **individual, sole proprietor, or partnership** that is not an employee of the contractor **must file a report by January 31** of the following year with the Illinois Department of Labor. The report must include the following information.<sup>16</sup>

1. Contractor's name, address, and business identification number
2. Name, address, and business identification number for each entity or person providing services and total amount paid for services, materials, and equipment during the tax year

An online report can be submitted at **uofi.tax/15il1** [[www.illinois.gov/idol/Laws-Rules/CONMED/Pages/ECA.aspx](http://www.illinois.gov/idol/Laws-Rules/CONMED/Pages/ECA.aspx)].

Businesses that are primarily engaged in the sale of tangible property, contractors that do work for businesses primarily engaged in the sale of tangible property, and individuals and firms that meet the responsible-bidder requirements of Section 30-22 of the Illinois Procurement Code are not required to file the report.

A contractor that fails to submit a report or submits a false report is subject to civil penalties and debarment.<sup>17</sup>

## NET OPERATING LOSS DEDUCTION LIMITATION

Illinois net loss deductions (NLD) for C corporations were suspended as part of Illinois Public Act 96-1496, which was effective for tax years ending after December 31, 2010.<sup>18</sup> All losses were to be suspended until December 31, 2014.

Illinois SB 397 (Pub. Act 97-0636), signed by the governor on December 16, 2011, amended the suspension to allow C corporations a partial deduction of \$100,000 for tax years ending on or after December 31, 2012, and before December 31, 2014.

Schedule NLD, *Illinois Net Loss Deduction*, and Schedule UB/NLD, *Unitary Illinois Net Loss Deduction*, have been redesigned to reflect the expiration of the law. A C corporation that is a member of a unitary group must use Illinois Schedule UB/NLD to claim any NLD. All S corporations and partnerships (including any that are members of unitary groups) **must** use Schedule NLD. Schedule NLD and Schedule UB/NLD must be attached to the annual tax return.<sup>19</sup>

## Carryback and Carryforward of Illinois NLD

The rules for how many years an NLD must be carried forward and carried back have changed over the years. For years ending on or after December 31, 2003, losses **cannot** be carried back and can only be carried forward 12 years.<sup>20</sup>

When determining the carryforward period for an NLD, a corporation does not count:<sup>21</sup>

- Tax years for which the deduction was disallowed (tax years ending after December 31, 2010, and before December 31, 2012), and
- Tax years for which the deduction would exceed the \$100,000 limitation if not for the NLD limitation (tax years ending on or after December 31, 2012, and before December 31, 2014).

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<sup>16</sup> *Public Advisory Regarding the ECA*. Illinois Department of Labor. [[www.illinois.gov/idol/Laws-Rules/CONMED/Pages/Public-Advisory-ECA.aspx](http://www.illinois.gov/idol/Laws-Rules/CONMED/Pages/Public-Advisory-ECA.aspx)] Accessed on Oct. 5, 2015.

<sup>17</sup> Ibid.

<sup>18</sup> Illinois Informational Bulletin FY 2011-09.

<sup>19</sup> Instructions for Schedule NLD.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.



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**Example 5.** Cloudy Day Inc. is an Illinois C corporation with a yearend of December 31. In 2011, the company reported a net loss of \$125,000. In 2012, the company had Illinois base income of \$175,000. However, because of the NLD limitation, Cloudy Day was allowed to deduct only \$100,000 of the \$125,000 net operating loss (NOL) carryforward on its 2012 return. The \$25,000 excess loss is carried forward until it can be used.

Ordinarily, a loss occurring in 2011 would expire after 2023. However, in this case, 2012 is not counted because the NLD was subject to the \$100,000 limitation. Therefore, Cloudy Day can carry forward the \$25,000 excess loss until 2024 or until it is used, whichever comes first.

**Example 6.** Star Catcher Inc. (Star), a C corporation, was established in 2011. The company has the following Illinois income and losses.

2014	\$55,000
2013	(15,000)
2012	4,500
2011	(5,000)

For 2012, Star was able to offset \$4,500 of income with the 2011 NLD of \$5,000, because it was below the \$100,000 limit. The \$500 remaining NLD (\$5,000 – 4,500) was carried forward. The \$15,500 NLD (2013 loss of \$15,000 + \$500 remaining NLD carryforward from 2011) offset the \$55,000 of income in 2014. Taxable income in 2014 after the NLD was \$39,500 (\$55,000 – \$15,500).

Star's 2014 Schedule NLD calculates the NLD used as follows.



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## For Example 6



Illinois Department of Revenue

## 2014 Schedule NLD

## Illinois Net Loss Deduction

Carry year ending

12 2014

Month Year  
IL Attachment No. 6

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 corresponding amended return.

Enter your name as shown on your return.

Star Catcher, Inc.

Enter your federal employer identification number (FEIN).

5 5 - 5 5 5 5 5 5

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

- Read the instructions before completing this schedule. Remember: You must attach supporting documentation to this schedule.
- "Carry year" is the year to which the loss is being carried.
- Enter all amounts as positive figures.

	A Loss year that expires first 12 / 2011 Month Year	B Loss year ending 12 / 2013 Month Year	C Loss year ending / / Month Year
1 Enter your reported Illinois net loss. See instructions.	5,000.00	15,000.00	
2a Enter the carry year and the amount of Illinois net loss previously carried back or forward. See instructions.	12 / 12 4,500.00 Month Year Loss carried	/ / / Month Year Loss carried	/ / / Month Year Loss carried
<b>Note</b> 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.	4,500.00		
3 Subtract Line 2d from Line 1. This is your remaining Illinois net loss.	500.00	15,000.00	
4 Enter the Illinois base income for this carry year. See instructions.	55,000.00	54,500.00 Enter Line 6 from previous column	Enter Line 6 from previous column
5 Enter the lesser of Line 3 or Line 4. This is your Illinois net loss deduction (NLD).	500.00	15,000.00	
6 Subtract Line 5 from Line 4. This is your remaining income after NLD.	54,500.00	39,500.00	
7 Subtract Line 5 from Line 3. This is your remaining NLD for subsequent years.	0.00	0.00	

15,500.00

Total of Columns A, B, and C, Line 5.  
See instructions.

### Step 2: Identify the loss year company

Complete this part only if the loss shown on Step 1, Line 1, originated from a company other than the one filing this return. Enter the FEIN of the company, the reason (e.g., merger) you are allowed to use that company's losses, and the date you acquired the loss.

A	B	C
8 FEIN: / - Reason: /	9 FEIN: / - Reason: /	10 FEIN: / - Reason: /
Enter the date you acquired this loss: / / Month Day Year	Enter the date you acquired this loss: / / Month Day Year	Enter the date you acquired this loss: / / Month Day Year



## MANDATORY RETIREMENT SAVINGS PROGRAM<sup>22</sup>

The Illinois Secure Choice Savings Program Act was signed into law on January 5, 2015. The act became effective on June 1, 2015, and employers must implement the program by June 1, 2017. Private-sector employers (both profit and nonprofit) may be required to offer employees retirement benefits through the establishment of Roth IRAs. An employer is required to enroll employees in such a plan if the employer:

- Has 25 or more employees in Illinois every day during the previous calendar year,
- Has not offered a qualified retirement plan in the preceding two years, and
- Has been in business for at least two years.<sup>23</sup>

Employees who are 18 years or older and who had wages allocable to Illinois during the calendar year must be automatically enrolled with a 3% payroll deduction.<sup>24</sup> Employees may opt out of the program or adjust the percentage deducted from their compensation at any time. Employers are required to have an annual open-enrollment period for employees who initially elect out and want to enroll in later years.<sup>25</sup> Employers cannot make contributions to the program.<sup>26</sup>

The 7-person Illinois Secure Choice Savings Board selects the manager who will invest enrollees' funds.<sup>27</sup> The default investment option is a life-cycle fund with a target date based on the age of the enrollee.<sup>28</sup> The board may also establish any of the following investment options.<sup>29</sup>

- Conservative principal protection fund
- Growth fund
- Secure return fund
- Annuity fund

Every year, the board must prepare a written statement of the investment policy that includes a risk management and oversight program. This risk management and oversight program will be designed to ensure that an effective risk management system is in place to monitor risk levels and ensure proper management of any assumed risks.<sup>30</sup>

The board will put together packets for employees and employers with background information on the program and relevant disclosures. These information packets must be supplied to employees when the program is launched and each time a new employee is hired.<sup>31</sup>

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<sup>22</sup> IL Pub. Act 98-1150.

<sup>23</sup> 820 ILCS 80/5.

<sup>24</sup> IL PA 098-1150 §60(c).

<sup>25</sup> IL PA 098-1150 §60(e).

<sup>26</sup> *SB 2758: Illinois Secure Choice Savings Program, Frequently Asked Questions*. Illinois Asset Building Group. [<http://illinoisassetbuilding.org/sites/default/files/Secure%20Choice%20FAQ.pdf>] Accessed on Nov. 3, 2015.

<sup>27</sup> IL PA 098-1150 §40(a).

<sup>28</sup> IL PA 098-1150 §45(a).

<sup>29</sup> IL PA 098-1150 §45(b).

<sup>30</sup> IL PA 098-1150 §35.

<sup>31</sup> IL PA 098-1150 §55.

# 2015 Workbook

The information packet will include a form for the employee to note their decision to opt out of participation in the program or to elect an employee contribution other than the default of 3%. The information packet will also include a disclosure form that will explain, at a minimum, the following points.<sup>32</sup>

1. Benefits and risks associated with making contributions
2. Mechanics of making contributions
3. Process for opting out
4. Mechanics of participating with a level of employee contribution other than 3%
5. Process for withdrawing retirement savings
6. Resources for obtaining additional information

The information packet will also include the following disclaimers.

1. That an employee seeking financial advice should contact a financial advisor, that a participating employer is not in a position to provide financial advice, and that a participating employer is not liable for the financial decisions an employee makes
2. That the program is not an employer-sponsored retirement plan
3. That the program fund is not guaranteed by Illinois

The account is portable. This means that an employee who leaves their job can provide their account number to their new employer and continue having payroll deductions made.<sup>33</sup>

An employer may be subject to a penalty for failing to enroll employees in the program. The initial penalty is \$250 per employee per year or portion of a year. If the employee continues to be unenrolled without electing out of participation in the program, an increased employer penalty of \$500 per employee per year (or portion of a year) applies after the initial \$250 penalty has been assessed.<sup>34</sup>

## ILLINOIS ESTATE TAX

The American Taxpayer Relief Act of 2012 made portability of a deceased spouse's unused exclusion (DSUE) a permanent aspect of federal estate tax law. A U.S. citizen or resident can elect to take advantage of any unused exclusion from their predeceased spouse as part of their own estate exclusion. For an individual who died in 2015, the federal estate tax exclusion is \$5.43 million. The executor of the estate for the first deceased spouse may file Form 706, *United States Estate (and Generation-Skipping Transfer) Tax Return*, to preserve any unused exclusion for the surviving spouse.

**Example 7.** John died in 2015 with a \$3 million taxable estate. The executor of John's estate elected portability on John's estate tax return. This election allows Mary, the surviving spouse, to use John's DSUE of \$2.43 million (\$5.43 million exclusion – \$3 million taxable estate).

At the time of John's death, Mary had made no taxable gifts. Thus, if she dies later in 2015, her estate exclusion amount will be \$7.86 million (her \$5.43 million exclusion + the \$2.43 million DSUE from John's estate).

**Note.** For more information about portability of the federal estate tax exclusion, see the 2015 *University of Illinois Federal Tax Workbook*, Volume B, Chapter 4: Individual Taxpayer Issues.

<sup>32</sup> Ibid.

<sup>33</sup> IL PA 098-1150 §10; SB 2758: *Illinois Secure Choice Savings Program, Frequently Asked Questions*. Illinois Asset Building Group. [http://illinoisassetbuilding.org/sites/default/files/Secure%20Choice%20FAQ.pdf] Accessed on Nov. 6, 2015.

<sup>34</sup> IL PA 098-1150 §85(a).

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**Illinois does not have spousal portability of unused estate exclusions.** Illinois has an estate tax exemption of \$4 million<sup>35</sup> that is **not indexed for inflation**. The federal exemption is subject to inflation indexing annually. The maximum estate tax rate in Illinois is 16%,<sup>36</sup> compared to a maximum 40% federal rate.<sup>37</sup> An Illinois taxpayer with a potential estate between \$4 million and \$5.43 million (in 2015) and a married taxpayer with an estate between \$8 million and \$10.86 million (in 2015) should plan adequately to address the differences between the federal estate tax and the Illinois estate tax.

**Example 8.** Ralph and Alice were married and resided in Illinois. They held all assets in joint tenancy to avoid attorney fees and probate costs. Ralph and Alice were confident that their property would pass free of all estate taxes. Ralph died in 2014 and the estate executor filed Form 706 to preserve his unused exclusion. Alice died in 2015, leaving \$5 million to their only child, Norton.

**Question.** What are the estate tax consequences?

**Answer.** Upon Ralph's death, no federal or Illinois estate tax was owed because the unlimited marital deduction applied to the joint tenancy transfer. Upon Alice's death in 2015, the tentative taxable estate is \$5 million. Under the federal estate tax portability provisions, Alice has her \$5.43 million exclusion plus Ralph's \$5.34 million exclusion (the 2014 federal exclusion amount), for a total of \$10.77 million. As a result, her estate owes no federal estate tax.

However, for Illinois estate tax purposes, Alice's estate owes tax. Because there is no portability of the Illinois estate tax exclusion, the Illinois estate tax on \$5 million is over \$285,000.<sup>38</sup> If the couple had properly planned for Illinois estate taxes, the outcome would be different.

## QTIP ELECTION

One method an estate executor may use to claim the marital deduction for property passing to the surviving spouse in trust is to make a qualifying terminable interest property (QTIP) election for that trust property.<sup>39</sup> Generally, a QTIP trust established with this election must pay the surviving spouse the income earned by the transferred assets for that spouse's lifetime. After the death of the surviving spouse, the assets in the trust pass to the remainder beneficiaries.

For Illinois estate tax purposes, a separate Illinois QTIP election may be made that is independent of any federal QTIP election.<sup>40</sup> With the Illinois 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 2015 is \$1.43 million.<sup>41</sup> This maximum election is equal to the difference between the federal and the Illinois exemption amounts for 2015 (\$5.43 million federal maximum – \$4 million Illinois maximum) 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.

<sup>35</sup> 2015 Important Notice Regarding Illinois Estate Tax and Fact Sheet. Illinois Attorney General. [www.illinoisattorneygeneral.gov/publications/pdf/2015\_Instruction\_Fact\_Sheet.pdf] Accessed on Nov. 2, 2015.

<sup>36</sup> State Death Tax Credit Calculator. Illinois Attorney General. [www.illinoisattorneygeneral.gov/publications/calculator/2013calc/taxtable.htm] Accessed on Nov. 2, 2015.

<sup>37</sup> Instructions for Form 706.

<sup>38</sup> 2015 Important Notice Regarding Illinois Estate Tax and Fact Sheet. Illinois Attorney General. [www.illinoisattorneygeneral.gov/publications/pdf/2015\_Instruction\_Fact\_Sheet.pdf] Accessed on Oct. 5, 2015.

<sup>39</sup> IRC §2056(b)(7).

<sup>40</sup> 35 ILCS 405/2(b-1).

<sup>41</sup> 2015 Important Notice Regarding Illinois Estate Tax and Fact Sheet. Illinois Attorney General. [www.illinoisattorneygeneral.gov/publications/pdf/2015\_Instruction\_Fact\_Sheet.pdf] Accessed on Nov. 3, 2015.

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**Example 9.** Jasper, an Illinois resident, had an estate valued at \$6 million when he died in October 2015. His wife, Emily, had her own assets, which were valued at \$5 million. Jasper had three children from a previous marriage, and they inherit the bulk of his estate. However, his will includes a provision for his estate to transfer enough assets to a QTIP to reduce his estate tax liability to zero.

To accomplish this on the federal level, Jasper's executor transfers \$570,000 to a QTIP for the lifetime benefit of Emily, with Jasper'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	(570,000)
2015 federal estate exemption	<u>(5,430,000)</u>
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	(570,000)
Illinois estate exemption	<u>(4,000,000)</u>
Illinois taxable estate	\$1,430,000

To reduce the Illinois taxable estate to zero, the executor transfers \$1.43 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.

- Life insurance policies<sup>42</sup>
- Retained life estates<sup>43</sup>
- Reversionary interests<sup>44</sup>
- Gifts involving the power to revoke<sup>45</sup>

## PROPERTY INCLUDED IN ESTATE

An Illinois resident includes in their estate all property except for real or tangible personal property that is physically located in another state. A nonresident of Illinois includes only real and tangible personal property that is physically located in Illinois.<sup>46</sup>

## ESTATE TAX FILING

For an individual who died in 2015 with an estate valued at between \$4 million and \$5.43 million, federal Form 706 or an equivalent form must be filed along with Illinois Form 700, *Estate & Generation Skipping Transfer Tax Return*, even if there is no federal filing requirement. The return must be filed with the Illinois attorney general within nine months of the date of the individual's death.<sup>47</sup> An extension can be requested. A copy of Form 700 follows.

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<sup>42</sup> IRC §2035.

<sup>43</sup> IRC §2036.

<sup>44</sup> IRC §2037.

<sup>45</sup> IRC §2038.

<sup>46</sup> 35 ILCS 405/5.

<sup>47</sup> Instructions for Form 700.

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FORM 700

**STATE OF ILLINOIS**  
**ESTATE & GENERATION SKIPPING TRANSFER TAX**  
**RETURN FOR DECEDENTS DYING ON OR AFTER JANUARY 1, 2014**

<b>Estate of:</b>		Date of Death
Decedent's Address (No. & Street):		
City	State	Zip Code
Decedent's Social Security Number:	Name of Illinois County with Jurisdiction over Estate:	
Name of Personal Representative or Person Filing Return:		Telephone:
Address (No. & Street):		
City	State	Zip Code
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.

STATE OF ILLINOIS ESTATE & GENERATION SKIPPING TRANSFER TAX RETURN - PAGE 1

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☐ 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 ..... \$

Social Security Number of surviving spouse \_\_\_\_\_

☐ 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:	
<input type="checkbox"/> a) a resident of Illinois, Year residency established .....	a)
<input type="checkbox"/> b) a non-resident of Illinois, Year residency established .....	b)
<input type="checkbox"/> c) an alien, State of residence .....	c)

Due date of this Return: \_\_\_\_\_

☐ 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
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Signature of preparer	Title	Date
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**NOTE:** All attachments must be filed with the Attorney General's copy of the return. If a Certificate of Discharge is requested, a copy of the Form 700 must be filed with the State Treasurer.



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## 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. \$
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, Form 706, or any other form containing the same information.) . . . . .	4. \$
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 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, Form 706, or any other form containing the same information.) . . . . .	4. \$



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

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).

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## FILING AND PAYMENT INSTRUCTIONS

For decedents dying prior to 2014, see the Returns previously posted on our website covering the specific year of death at issue subject to taxation.

For persons dying in 2014, the Federal exemption for Federal estate tax purposes is \$5,340,000. 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 \$5,340,000 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 2013 decedent with a tentative taxable estate plus adjusted taxable gifts over \$4,000,000. The Illinois estate tax will be determined by using the inter-related calculations from the 2014 Calculator available at [www.illinoisattorneygeneral.gov](http://www.illinoisattorneygeneral.gov). The computations are based upon using the amounts of the Illinois Tentative Taxable Estate (Line 3, Schedule A or B, Form 700) and the Illinois Tentative Taxable Estate plus Adjusted Taxable Gifts (Line 5, Schedule A or B, Form 700).

When the tentative taxable estate plus adjusted taxable gifts exceeds \$5,340,000 the Illinois Estate Tax Return, Form 700, is to be prepared and filed in the same manner for 2014 as for 2013, 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 in addition to any 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 2014 is \$1,340,000.

### **THIS RETURN MUST BE FILED WITH THE ATTORNEY GENERAL WITHIN NINE (9) MONTHS OF THE DATE OF DEATH.**

For Cook, DuPage, Lake and McHenry Counties, file the original of the 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 of the return with the Office of the Attorney General, Revenue Litigation Bureau, 500 South Second Street, Springfield, Illinois 62706. Effective July 1, 2012, an additional copy of the return, without attachments, must also be filed with the State Treasurer.

### **PAYMENT OF ALL TAXES, INTEREST AND PENALTIES MUST BE MADE 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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## SALES TAX ON CAR LEASES

On April 21, 2014, Governor Pat Quinn signed Public Act 98-0628, which amended the Retailers' Occupation Tax Act and the Use Tax Act. Effective January 1, 2015, this act provides an alternate method for determining the sales price (upon which sales and use taxes may apply) for certain motor vehicles sold for the purpose of being leased. The alternate method **must** be applied when a qualifying motor vehicle is sold for the purpose of being leased under a **fixed-term lease contract** of one year or more for qualifying motor vehicles, which include:<sup>48</sup>

- Automobiles,
- Pickup trucks,
- Sport utility vehicles with gross vehicle weight ratings of 8,000 pounds or less,
- Certain vans,
- Motorcycles and motor-driven cycles, and
- Motor homes and recreational vehicles.

If the duration of the lease is not fixed, the **actual selling price**, rather than the alternate price, of the item being leased must be used. This applies to any lease with a defined initial period that provides the option to continue the lease on a month-to-month or other basis beyond the defined initial period.<sup>49</sup> All taxes must be paid at the inception of the lease.

The sales price for a leased vehicle is determined in one of two ways.<sup>50</sup>

1. Actual selling price
2. Amount due at lease signing, plus the total amount of payments over the term of the lease (alternate selling price)

The following conditions apply when using the alternate selling price.<sup>51</sup>

- A trade-in credit may not be used to reduce the selling price.
- A credit for tax paid on a previously leased vehicle cannot offset the tax liability when the vehicle is sold at the end of the lease.
- Additional charges at the end of the lease (e.g., excess wear, excess mileage) must be reported by the leasing company on a new form using the same taxable location and rate as the original return that reported the transaction.

**Example 10.** Jackson leased a \$30,000 pickup truck on January 1, 2015. He is a resident of Champaign, where auto sales are subject to a 6.25% sales tax. He pays \$2,000 when he signs the 36-month lease, and his monthly payments are \$300.

The sales tax on the down payment is \$125 ( $\$2,000 \times 6.25\%$ ). The sales tax on the 36 monthly payments is \$675 ( $\$300 \times 6.25\% \times 36$  payments). The total sales tax due on January 1, 2015, is \$800 ( $\$675 + \$125$ ).

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<sup>48</sup> Informational Bulletin FY 2015-03.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.

# 2015 Workbook

## FORMS

IDOR introduced new forms on which to report all lease transactions entered into on or after January 1, 2015.<sup>52</sup> These forms are summarized in the following table.

Form	Title	Description	Due Date	Filing Options
Form ST-556-LSE	<i>Transaction Return for Leases</i>	Filed if items required to be titled or registered with an agency of the Illinois state government (i.e., vehicle, watercraft, aircraft, trailer, mobile home) are sold for lease in Illinois	No later than 20 days after the change of title occurs	May be filed either electronically through <b>mytax.illinois.gov</b> or by using a preprinted form
Form RUT-25-LSE	<i>Use Tax Return for Lease Transactions</i>	Filed when a vehicle is leased from an unregistered, out-of-state dealer and brought into Illinois	No later than 30 days after the date the leased vehicle is brought into Illinois	May be filed either electronically through <b>mytax.illinois.gov</b> or by using a preprinted form
Form LSE-1	<i>Tax Return for Vehicle Leasing Companies</i>	Filed when a leasing company that is leasing vehicles required to be titled or registered in Illinois calculates tax on additional reportable amounts not previously reported on either RUT-25-LSE or ST-556-LSE (Additional reportable amounts include charges for excess wear and tear, excess mileage charges, and lease payments not reported on the original return.)	Filed no later than the 20th day of the month following the month in which lease customer paid additional reportable amounts	Must be filed electronically through <b>mytax.illinois.gov</b>

If preprinted forms may be used, they can be obtained by calling 217-785-3707.

Forms ST-556, *Sales Tax Transaction Return*, and RUT-25, *Vehicle Use Tax Transaction Return*, have been revised. They should only be used to report nonlease transactions.

**Example 11.** Use the same facts as **Example 10**. Jackson leased his pickup truck from Buy & Go Dealership (BGD). BGD is responsible for filing the following form ST-556-LSE.

<sup>52</sup> Instructions for Form ST-556-LSE.

# 2015 Workbook

## For Example 11



Illinois Department of Revenue  
**ST-556-LSE**  
(N-01/15)

## Transaction Return for Leases

(For use with lease transactions for vehicles, watercraft, aircraft, trailers and mobile homes)

Rev 01 Form 965 Station 400  
E S / /  
NS DP CA RC TL

Tax return no.: \_\_\_\_\_  
Account ID: \_\_\_\_\_  
Taxable location no.: \_\_\_\_\_  
Taxable location name: \_\_\_\_\_  
Dealer's license no.: \_\_\_\_\_

**Buy & Go Dealership**  
**37 Main Street**  
**Champaign, IL 61822**  
**217-555-0037**

Do not write above this line.

### 1 Enter the name, address, and Federal Employer Identification Number of the leasing company

Name **Buy & Go Dealership** FEIN **37-5537550**  
Street **37 Main Street** City **Champaign** State **IL** ZIP **61822**

### 2 Enter the name and address of the lessee

Name(s) **Jackson Douglass**  
Street **21 Tenth Ave** City **Urbana** State **IL** ZIP **61801**

### 3 Describe the item leased

☒ A Vehicle ☐ B Watercraft ☐ C Aircraft  
☐ D Trailer ☐ E Mobile Home ☐ F \_\_\_\_\_  
Check one: ☒ New ☐ Used

Identification no. **1F2CM8269FA004352**

Year **2014** Make **Ford**

Body style and model **F150 Pickup truck**

### 4 Enter the date of delivery

**0** **1** **0** **1** **2** **0** **1** **5**  
Month Day Year

This return is due no later than 20 days after the date of delivery.

### 5 Describe the trade-in, if any

Item traded in \_\_\_\_\_ Identification no. \_\_\_\_\_  
Year \_\_\_\_\_ Make \_\_\_\_\_ Body style and model \_\_\_\_\_

### 6 Exempt or lease to a nonresident - If so, check the correct box below, and see instructions for Section 8.

☐ A Lease to non-Illinois resident - See instructions. Drive-away permit/License plate no. \_\_\_\_\_ State \_\_\_\_\_  
☐ B Lease for use as farm implement or lease of ready-mix concrete truck  
☐ C Lease to tax-exempt governmental body - Tax-exempt no. E- \_\_\_\_\_  
☐ D Lease to an interstate carrier for hire for use as rolling stock - Certificate of authority no. \_\_\_\_\_  
☐ E Other (Please explain.) \_\_\_\_\_

### 7 Indicate how you determined your selling price - Check the box that indicates the amount entered in Section 8 Line 1.

The selling price in Section 8 is: ☒ A the amount due at signing, plus the total amount of lease payments (see rules of eligibility in instructions), or  
☐ B the actual selling price.

### 8 Enter the price, and figure the tax (Round to nearest dollar)

1	Selling price (If eligible, this is the amount due at signing, plus total lease payments. Otherwise, enter the actual selling price.)	1	<b>12,800</b>
2	Total trade-in credit or value (Do <u>not</u> enter any amount on Line 2 if you checked <b>Box A</b> in <b>Section 7</b> above.)	2	<b>0</b>
3	Amount subject to tax [Line 1 - Line 2]	3	<b>12,800</b>
4	Tax [Line 3 X <b>6.25</b> <RATE>] (Note: See instructions regarding sales from temporary locations.)	4	<b>800</b>
<*Line 3 X _____ <RATE> if CHICAGO PURCHASER>			
5	Use tax for certain districts. Do not report home rule use tax below.		
a.	County _____		
b.	City _____		
c.	Township _____		
6	Total tax [Line 4 + Line 5]	5	<b>800</b>
7	Retailer's allowance if filed on time [Line 6 X _____ <RATE>]	6	
7a	MED fee (if applicable)	7a	
8	Net tax due [Line 6 - Line 7 + Line 7a (if applicable)]	8	<b>800</b>
9	Excess tax collected	9	
10	Total tax due [Line 8 + Line 9]	10	<b>800</b>
11	Credit amount	11	
12	Amount due [Line 10 - Line 11] Dealer's check no. _____	12	<b>800</b>

Under penalties of perjury, we state that we have examined this return, including any schedules and statements, and to the best of our knowledge, it is true, correct, and complete. If the seller has taken a qualified trade-in, we also state that the purchaser has properly assigned and surrendered the title of the trade-in to the seller.

Signature of purchaser(s) \_\_\_\_\_ Date \_\_\_\_\_

Signature of Seller \_\_\_\_\_ Date \_\_\_\_\_

This form is authorized as outlined by the Illinois tax laws and the Illinois Vehicle Code. Disclosure of this information is required. Failure to provide information may result in this form not being processed and may result in a penalty.

Do not write below this line.

Date received by Illinois state government



## TRADE-IN CREDIT<sup>53</sup>

If a vehicle does not qualify for the alternate selling price method, its sales price **can be reduced** by a trade-in credit. However, if the lease qualified for the alternate selling price method, the sales price **cannot be reduced** by a trade-in credit. The amount that is considered a trade-in credit can be applied in other ways that do not affect the tax calculation, such as offsetting the amount owed at the start of the lease.

**Example 12.** Cody enters into a lease that has a month-to-month option at the end of the 36-month term. The selling price of the vehicle is \$20,000, the monthly payments are \$400, the down payment is \$1,000, and Cody's trade-in is valued at \$1,000. Because the lease offers the month-to-month option, Cody's vehicle does not qualify for the alternate selling price; this means that the \$20,000 sales price **can be reduced** by the \$1,000 trade-in. The amount subject to sales tax is \$19,000 (\$20,000 – \$1,000 down payment).

**Example 13.** Use the same facts as **Example 12**, except no month-to-month option is offered in the lease. Cody's vehicle now qualifies for the alternate selling price, and the price **cannot be reduced** by the \$1,000 trade-in. The amount subject to sales tax is \$15,400  $((\$400 \times 36) + \$1,000 \text{ down payment})$ .

## WITHHOLDING TAX FOR NONRESIDENT OWNERS

Prior to 2008, Illinois had difficulty collecting tax owed by nonresidents on Illinois-sourced pass-through income, including income from Illinois partnerships, S corporations, and trusts. Legislators have devised a plan that places the burden for tax collection on the entities themselves.

For tax years ending on or after December 31, 2008, Illinois requires targeted pass-through entities to compute and remit any Illinois tax due on behalf of their nonresident partners, shareholders, and beneficiaries.<sup>54</sup>

**Note.** The nonresident tax due was previously calculated using Form IL-1000, *Pass-through Entity Payment Income Tax Return*, and Form IL-1023-C, *Composite Income and Replacement Tax Return*. However, these two forms have been eliminated for tax years ending on or after **December 31, 2014**.

## DISCLOSURE OF NONRESIDENTS BY PASS-THROUGH ENTITIES

Illinois partnerships, S corporations, and trusts are required to disclose the identities of nonresident owners or beneficiaries and the amounts of nonresident pass-through income tax that must be withheld for the year.

For a partnership filing Form IL-1065, *Partnership Replacement Tax Return*, or an S corporation filing Form IL-1120-ST, *Small Business Corporation Replacement Tax Return*, Schedule B, *Partners' or Shareholders' Identification*, is used to identify resident or nonresident partners or shareholders. Schedule B has been redesigned to replace Forms IL-1000 and IL-1023-C. Accordingly, for tax years ending on or after December 31, 2014, Schedule B is used to indicate any required amount of nonresident pass-through withholding, which is calculated using Schedules K-1-P(3), *Pass-through Withholding Calculation for Nonresident Members* (or Schedules K-1-P(3)-FY for fiscal-year entities).<sup>55</sup> Schedules K-1-P(3) (or K-1-P(3)-FY) are not submitted with the entity's income tax return. Instead, they should be kept on file and submitted to IDOR upon request.

**Note.** For further details about completing Schedule B, see the instructions for Forms IL-1065 or IL-1120-ST. Schedule B is a mandatory attachment to Forms IL-1065 and IL-1120-ST.<sup>56</sup>

<sup>53</sup> Informational Bulletin FY 2015-03.

<sup>54</sup> 35 ILCS 5/709.5(b).

<sup>55</sup> Instructions for Forms IL-1065 and IL-1120-ST.

<sup>56</sup> Ibid.

# 2015 Workbook

For entities filing Form IL-1041, *Fiduciary Income and Replacement Tax Return*, Schedule D, *Beneficiary Information*, is used to disclose the identities and residencies of beneficiaries. Schedule D is also used to indicate the amounts of nonresident pass-through tax that must be remitted by the trustee for nonresident beneficiaries. The amounts of nonresident tax are calculated using Schedule K-1-T(3), *Pass-through Withholding Calculation for Nonresident Members* (or Schedule K-1-T(3)-FY for fiscal-year trusts).<sup>57</sup> Schedules K-1-T(3) (or K-1-T(3)-FY) are not submitted with the entity's income tax return. Instead, they should be kept on file and submitted to IDOR upon request.

**Note.** For further details about completing Schedule D, see the instructions for Form IL-1041. Schedule D is a mandatory attachment to Form IL-1041.<sup>58</sup>

## ADDITIONAL RULES REGARDING NONRESIDENTS

If the amount of the tax remitted on behalf of the partner, shareholder, or beneficiary is sufficient to cover their tax liability, the nonresident **individual** taxpayer is not required to file an Illinois tax return.<sup>59</sup> However, the taxpayer may wish to file an Illinois return voluntarily to provide documentation to their home state of the nonresident tax paid to Illinois.

Although the tax withheld is paid to the state by the entity, it is important to remember that the paying entity is not allowed a deduction. The entity is merely paying the tax liability of the owners (partner, shareholder, or beneficiary), similar to the entity withholding and remitting the employee's share of employment taxes. Therefore, the payment by the entity should be considered a distribution to the owner. To avoid disproportionate distributions, the entity should either make proportionate distributions to the resident owners or make the correction later in the year with the next distribution.

## NEW FORMS

Schedules K-1-P(3) and K-1-P(3)-FY are new. These forms are used to calculate the required tax that must be reported and paid on behalf of nonresident partners or shareholders who receive income from the partnership or S corporation.<sup>60</sup>

Partnership and S corporations calculate any tax due on behalf of members on Schedule K-1-P(3) or Schedule K-1-P(3)-FY if both of the following apply.<sup>61</sup>

- The entity is a partnership or S corporation with an Illinois filing requirement.
- There is business or nonbusiness income distributable to Illinois nonresident members who have not provided exemption certificates (IL-1000-E, *Certificate of Exemption for Pass-Through Withholding Payments*).

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<sup>57</sup> Instructions for Form IL-1041.

<sup>58</sup> Ibid.

<sup>59</sup> 35 ILCS 5/502(a).

<sup>60</sup> Instructions for Schedule K-1-P(1).

<sup>61</sup> Ibid.

# 2015 Workbook

Schedules K-1-P(3) and K-1-P(3)-FY are not submitted with the income tax return but must be kept and made available for inspection by IDOR agents and employees.<sup>62</sup> The information on Schedule K-1-P(3) is reported on Schedule K-1-P, *Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture*, which is issued to members, and on Schedule B.

- **Schedule K-1-P** is used to provide a shareholder or partner with their share of the amounts reported on the federal and Illinois tax returns. The Schedule K-1-P is not filed with IDOR but the business must keep a copy of each Schedule K-1-P.<sup>63</sup>
- **Schedule B** lists the shareholders or partners, certain income and credits they received from the entity, and pass-through withholding payments made on their behalf.<sup>64</sup> Schedule B is filed with Form IL-1120-ST for S corporations and with Form IL-1065 for partnerships.

## RESIDENCY

Illinois residents include all of the following.<sup>65</sup>

- An individual who is present in Illinois for other than a temporary or transitory purpose
- An individual who is absent from Illinois for a temporary or transitory purpose but who is domiciled in Illinois
- An estate of a decedent who was domiciled in Illinois at the time of their death
- A trust created by a will of a decedent who was domiciled in Illinois at the time of their death
- An irrevocable trust whose grantor was domiciled in Illinois when the trust became irrevocable

A nonresident is a person who does not meet any of the preceding definitions of a resident. C corporations, S corporations, partnerships, and exempt organizations are considered nonresidents for purposes of Schedules K-1-P, K-1-P(3), and K-1-P(3)-FY.<sup>66</sup>

**Example 14.** Avery and Heather are equal shareholders in Uniform Inc. (Uniform), an S corporation located in Illinois that has a yearend of December 31. Uniform provides work uniforms to clients within the state of Illinois. Avery is a resident of Illinois, and Heather is a resident of Arizona. Relevant portions of the corporation's 2014 IL-1120-ST and Schedule K-1-P(3) and the shareholders' Schedules K-1-P follow.

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<sup>62</sup> Ibid.

<sup>63</sup> Instructions for Form IL-1120-ST.

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

<sup>66</sup> Instructions for Form IL-1120-ST; Instructions for Schedule K-1-P(1).





# 2015 Workbook

## For Example 14

### Step 4: Figure your income or loss

14	Enter the amount from Line 13. <b>Unitary filers</b> , enter the amount from Schedule UB, Step 2, Col E, Line 30. <b>14</b>	<u>55,100.00</u>
15	State, municipal, and other interest income excluded from Line 14. <b>15</b>	<u>.00</u>
16	Illinois replacement tax and surcharge deducted in arriving at Line 14. <b>16</b>	<u>.00</u>
17	Illinois special depreciation addition. <b>Attach</b> Form IL-4562. <b>17</b>	<u>.00</u>
18	Related-party expenses addition. <b>Attach</b> Schedule 80/20. <b>18</b>	<u>.00</u>
19	Distributive share of additions. <b>Attach</b> Schedule(s) K-1-P or K-1-T. <b>19</b>	<u>.00</u>
20	The amount of loss distributable to a shareholder subject to replacement tax. <b>Attach</b> Schedule B. <b>20</b>	<u>.00</u>
21	Other additions. <b>Attach</b> Illinois Schedule M (for businesses). <b>21</b>	<u>.00</u>
22	Add Lines 14 through 21. This amount is your income or loss. <b>22</b>	<u>55,100.00</u>

### Step 5: Figure your base income or loss

23	Interest income from U.S. Treasury obligations or other exempt federal obligations. <b>23</b>	<u>.00</u>
24	Share of income distributable to a shareholder subject to replacement tax. <b>Attach</b> Schedule B. <b>24</b>	<u>.00</u>
25	River Edge Redevelopment Zone Dividend subtraction. <b>Attach</b> Schedule 1299-A. <b>25</b>	<u>.00</u>
26	River Edge Redevelopment Zone Interest subtraction. <b>Attach</b> Schedule 1299-A. <b>26</b>	<u>.00</u>
27	High Impact Business Dividend subtraction. <b>Attach</b> Schedule 1299-A. <b>27</b>	<u>.00</u>
28	High Impact Business Interest subtraction. <b>Attach</b> Schedule 1299-A. <b>28</b>	<u>.00</u>
29	Contribution subtraction. <b>Attach</b> Schedule 1299-A. <b>29</b>	<u>.00</u>
30	Illinois Special Depreciation subtraction. <b>Attach</b> Form IL-4562. <b>30</b>	<u>.00</u>
31	Related-party expenses subtraction. <b>Attach</b> Schedule 80/20. <b>31</b>	<u>.00</u>
32	Distributive share of subtractions. <b>Attach</b> Schedule(s) K-1-P or K-1-T. <b>32</b>	<u>.00</u>
33	Other subtractions. <b>Attach</b> Schedule M (for businesses). <b>33</b>	<u>.00</u>
34	Total subtractions. Add Lines 23 through 33. <b>34</b>	<u>0.00</u>
35	<b>Base income or loss.</b> Subtract Line 34 from Line 22. <b>35</b>	<u>55,100.00</u>



- A** If the amount on Line 35 is derived inside Illinois only, check this box and enter the amount from Step 5, Line 35 on Step 7, Line 47. You may not complete Step 6. (You must leave Step 6, Lines 36 through 46 blank.) ☒
- B** If any portion of the amount on Line 35 is derived outside Illinois, check this box and complete all lines of Step 6. See instructions. (If you are a unitary filer, you must complete Lines 40 through 42). ☐

### Step 6: Figure your income allocable to Illinois (Complete only if you checked the box on Line B, above.)

36	Nonbusiness income or loss. <b>Attach</b> Schedule NB. <b>36</b>	<u>.00</u>
37	Trust, estate, and non-unitary partnership business income or loss included in Line 35. <b>37</b>	<u>.00</u>
38	Add Lines 36 and 37. <b>38</b>	<u>.00</u>
39	Business income or loss. Subtract Line 38 from Line 35. <b>39</b>	<u>.00</u>
40	Total sales everywhere. This amount cannot be negative. <b>40</b>	<u></u>
41	Total sales inside Illinois. This amount cannot be negative. <b>41</b>	<u></u>
42	Apportionment factor. Divide Line 41 by Line 40 (carry to six decimal places). <b>42</b>	<u>.00</u>
43	Business income or loss apportionable to Illinois. Multiply Line 39 by Line 42. <b>43</b>	<u>.00</u>
44	Nonbusiness income or loss allocable to Illinois. <b>Attach</b> Schedule NB. <b>44</b>	<u>.00</u>
45	Trust, estate, and non-unitary partnership business income or loss apportionable to Illinois. <b>45</b>	<u>.00</u>
46	<b>Base income or loss allocable to Illinois.</b> Add Lines 43 through 45. <b>46</b>	<u>.00</u>



# 2015 Workbook

## For Example 14

### Step 7: Figure your net income



47	Base income or net loss from Step 5, Line 35, or Step 6, Line 46.	47	55,100.00
48	Discharge of Indebtedness adjustment. <b>Attach</b> federal Form 982. See instructions.	48	.00
49	Adjusted base income or net loss. Add Lines 47 and 48.	49	55,100.00
50	Illinois net loss deduction. <b>Attach</b> Schedule NLD. If Line 49 is zero or a negative amount, enter "0".	50	.00
51	<b>Net income.</b> Subtract Line 50 from Line 49.	51	55,100.00

### Step 8: Figure your net replacement tax, surcharge, and pass-through withholding payments

52	Replacement tax. Multiply Line 51 by 1.5% (.015).	52	827.00
53	Recapture of investment credits. <b>Attach</b> Schedule 4255.	53	.00
54	Replacement tax before investment credits. Add Lines 52 and 53.	54	827.00
55	Investment credits. <b>Attach</b> Form IL-477.	55	.00
56	<b>Net replacement tax.</b> Subtract Line 55 from Line 54. Enter "0" if this is a negative amount.	56	827.00
57	Compassionate Use of Medical Cannabis Pilot Program Act surcharge. See instructions.	57	.00
58	Pass-through withholding payments you reported on behalf of your members. Enter the amount from Schedule B, Step 1, Line 8. <b>Attach</b> Schedule B.	58	1,378.00
59	<b>Total net replacement tax, surcharge, and pass-through withholding payments.</b> Add Lines 56, 57, and 58.	59	2,205.00

### Step 9: Figure your refund or balance due

60	Payments.		
a	Credit from prior year overpayments.	60a	.00
b	Form IL-505-B (extension) payment.	60b	.00
c	Pass-through withholding payments. <b>Attach</b> Schedule(s) K-1-P or K-1-T.	60c	1,378.00
d	Gambling withholding. <b>Attach</b> Form(s) W-2G.	60d	.00
e	Form IL-516-I prepayments.	60e	.00
f	Form IL-516-B prepayments.	60f	.00
61	Total payments. Add Lines 60a through 60f.	61	1,378.00
62	Overpayment. If Line 61 is greater than Line 59, subtract Line 59 from Line 61.	62	.00
63	Amount to be credited to a subsequent period. See instructions.	63	.00
64	<b>Refund.</b> Subtract Line 63 from Line 62. This is the amount to be refunded.	64	.00

65 **Complete to direct deposit your refund**

Routing Number	<input type="text"/>	<input type="checkbox"/> Checking or <input type="checkbox"/> Savings
Account Number	<input type="text"/>	

66	<b>Tax Due.</b> If Line 59 is greater than Line 61, subtract Line 61 from Line 59. This is the amount you owe.	66	827.00
----	--	----	--------

- If you owe tax on Line 66, complete a payment voucher, Form IL-1120-ST-V, make your check payable to "Illinois Department of Revenue" and attach them to the first page of this form.

**Special Note** Enter the amount of your payment on the top of Page 1 in the space provided.

### Step 10: 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 the Department may discuss this return with the preparer shown in this step. <input type="checkbox"/>
Signature of preparer	Date	Preparer's Social Security number or firm's FEIN		
Preparer's firm name (or yours, if self-employed)		Address		Phone

- If a payment is **not** enclosed, mail this return to: **Illinois Department of Revenue**  
P.O. Box 19032  
Springfield, IL 62794-9032
- If a payment is enclosed, mail this return to: **Illinois Department of Revenue**  
P.O. Box 19053  
Springfield, IL 62794-9053

# 2015 Workbook

## For Example 14



Illinois Department of Revenue

### 2014 Schedule B Partners' or Shareholders' Identification

Attach to your Form IL-1065 or Form IL-1120-ST.



Year ending

12 2014

Month Year

IL Attachment no. 1

Enter your name as shown on your Form IL-1065 or Form IL-1120-ST.

Uniform, Inc.

Enter your federal employer identification number (FEIN).

2 1 - 5 5 5 5 5 5 5

#### Read this information first

- You must read the Schedule B instructions and complete Schedule(s) K-1-P and Schedule(s) K-1-P(3) (or Schedule(s) K-1-P(3)-FY) before completing this schedule.
- You must complete Step 2 of Schedule B and provide all the required information for your partners and shareholders before completing Step 1 of Schedule B.

**Note** Failure to follow these instructions may result in a delay in processing your return, further correspondence, and you may be required to submit further information to support your filing.

#### Step 1: Provide the following total amounts

**Note** Complete this step only after you have completed Schedule(s) K-1-P, Schedule(s) K-1-P(3) (or Schedule(s) K-1-P(3)-FY), and Schedule B, Step 2. You will use the amounts from those schedules when completing this step.

##### Totals for resident and nonresident partners and shareholders

- |   |  |   |   |
|---|--|---|---|
| 1 | Enter the total of all nonbusiness income or loss you reported on Schedule(s) K-1-P for your members. See instructions.  | 1 |   |
| 2 | Enter the total of all income and replacement tax credits you reported on Schedule(s) K-1-P for your members. See instructions.  | 2 | 0 |
| 3 | Add the amounts shown on Schedule B, Step 2, Column E for all partners or shareholders on all pages for which you have entered a check mark in Column D. Enter the total here. See instructions. | 3 |   |

##### Totals for nonresident partners and shareholders only

- |   |   |   |       |
|---|---|---|-------|
| 4 | Enter the total pass-through withholding you reported on all pages of your Schedule B, Step 2, Column J for your nonresident individual and estate members. See instructions.   | 4 | 1,378 |
| 5 | Enter the total pass-through withholding you reported on all pages of your Schedule B, Step 2, Column J for your nonresident partnership and S corporation members. See instructions.   | 5 |       |
| 6 | Enter the total pass-through withholding you reported on all pages of your Schedule B, Step 2, Column J for your nonresident trust members. See instructions.   | 6 |       |
| 7 | Enter the total pass-through withholding you reported on all pages of your Schedule B, Step 2, Column J for your nonresident C corporation members. See instructions.   | 7 |       |
| 8 | Add Line 4 through Line 7. This is the total pass-through withholding reported on behalf of all your nonresident partners or shareholders. This amount should match the total amount from Schedule B, Step 2, Column J for all nonresident partners or shareholders on all pages. Enter the total here and on Form IL-1065, Line 59, or Form IL-1120-ST, Line 58. See instructions. | 8 | 1,378 |

► Attach all pages of Schedule B, Step 2 behind this page.

Page 4 of 5

Schedule B front (R-12/14)



Illinois Department of Revenue

### 2014 Schedule B



Uniform, Inc.

Enter your name as shown on your Form IL-1065 or Form IL-1120-ST.

2 1 - 5 5 5 5 5 5 5

Enter your federal employer identification number (FEIN).

#### Step 2: Identify your partners or shareholders (See instructions before completing.)

A	B	C	D	E	F	G	H	I	J
Name Address 1 Address 2 City, State, ZIP	Partner or Shareholder type	SSN or FEIN	Subject to Illinois replacement tax or an ESOP	Member's distributable amount of base income or loss	Excluded from pass-through withholding payments	Share of Illinois income subject to pass-through withholding <small>(If Column F is blank, complete Column G through Column J. Otherwise, enter zero in Column G through Column J.)</small>	Pass-through withholding before credits	Distributable share of credits	Pass-through withholding payment amount
1 Heather Exe 7890 Sun Drive Phoenix, AZ 85024	I	888-88-8888	<input type="checkbox"/>	27,550.00		27,550.00	1,378.00		1,378.00



# 2015 Workbook

## For Example 14



Illinois Department of Revenue

### Schedule K-1-P(3)

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

### Pass-through Withholding Calculation for Nonresident Members

Year ending

12 2014  
Month Year

#### Read this information first:

- For tax year ending on December 31, 2014, only. If you are a fiscal filer, **do not** use this schedule. Use Schedule K-1-P(3)-FY.
- You **must** complete Schedule K-1-P(3) for each of your nonresident partners or shareholders who **have not** submitted a Form IL-1000-E to you.
- Do not** complete Schedule K-1-P(3) for any member who is a resident or who has submitted Form IL-1000-E to you.

**Note** Keep this schedule with your income tax records. You must send us this information if we request it.

#### Step 1: Identify your partnership or S corporation

1 **Uniform, Inc.** 2 2 1 - 5 5 5 5 5 5  
Enter your name as shown on your Form IL-1065 or Form IL-1120-ST. Enter your federal employer identification number (FEIN).

#### Step 2: Identify your nonresident partner or shareholder

3 **Heather Exe** 4 **888-88-8888**  
Name Social Security number or FEIN

5 Check the appropriate box to identify this nonresident partner's or shareholder's organization type.

- ☒ individual ☐ corporation ☐ trust  
☐ partnership ☐ S corporation ☐ estate

#### Step 3: Figure your nonresident partner's or shareholder's pass-through withholding

**Note** If this member is a resident or has submitted Form IL-1000-E to you, do not complete this schedule for this member.

- 6 Add the amounts from this member's Schedule K-1-P, Step 3, Column B, Lines 12 through 17 and 19 and enter the total here. This is your member's share of nonbusiness income allocable to Illinois before modifications and credits. 6 0.00
- 7 Add the amounts from this member's Schedule K-1-P, Step 4, Column B, Lines 20 through 31 and enter the total here. This is your member's share of business income allocable to Illinois before modifications and credits. 7 27,550.00
- 8 Add Line 6 and Line 7 and enter the result. 8 27,550.00
- 9 Add the amounts from this member's Schedule K-1-P, Column B, Lines 32 through 37 and enter the total here. This is your member's share of additions allocable to Illinois. 9 0.00
- 10 Add Line 8 and Line 9 and enter the result. 10 27,550.00
- 11 Add the amounts from this member's Schedule K-1-P, Column B, Lines 38a through 47 and enter the total here. This is your member's share of subtractions allocable to Illinois. 11 0.00
- 12 Subtract Line 11 from Line 10. If negative, enter zero. **This is your member's share of Illinois income subject to pass-through withholding.** See instructions. 12 27,550.00

**Note** If this member is a nonresident individual or estate, enter "0" on Lines 13 through 15 and go to Line 16.

- 13 Replacement tax before credits. If this member is a partnership, S corporation, or nonresident trust, multiply Line 12 by 1.5% (.015) and enter the result. corporation, multiply Line 12 by 2.5% (.025) and enter the result. 13 \_\_\_\_\_
- 14 Enter the amount of Illinois replacement tax investment credits passed to this member and available for use this year. 14 \_\_\_\_\_
- 15 Subtract Line 14 from Line 13. If negative, enter zero. **This is your member's share of replacement tax after credits.** 15 \_\_\_\_\_

**Note** If this member is a nonresident partnership or S corporation, enter "0" on Lines 16 through 18 and go to Line 19.

- 16 Income Tax before credits. If this member is a(n) nonresident individual, estate, or trust, multiply Line 12 by 5% (.05) and enter the result. See instructions. corporation, multiply Line 12 by 7% (.07) and enter the result. See instructions. 16 1,378.00
- 17 Enter the amount of Illinois income tax credits passed to this member and available for use this year. See instructions. 17 0.00
- 18 Subtract Line 17 from Line 16. If negative, enter zero. **This is your member's share of income tax after credits.** 18 1,378.00
- 19 Add Lines 15 and 18 and enter the result. This is your member's total pass-through withholding payment. Report this amount on this member's Schedule K-1-P, Step 7, Line 54. You must also report this amount on your Form IL-1065 or Form IL-1120-ST, Schedule B, Step 2, Column J, on the line which reports this member's amounts. 19 1,378.00

► Keep a copy of this schedule for each member with your income tax records. Do not send Schedule K-1-P(3) to us unless we specifically request it from you.

Schedule K-1-P(3) (N-12/14)

# 2015 Workbook

## For Example 14



Illinois Department of Revenue

### Schedule K-1-P

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.

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

Year ending

12 2014  
Month Year

IL Attachment No. 12

#### Step 1: Identify your partnership or S corporation

- 1 Check your business type ☐ partnership ☒ S corporation 3 2 1 - 5 5 5 5 5 5 5  
Enter your federal employer identification number (FEIN).
- 2 **Uniform, Inc.** 4 Enter the apportionment factor from Form IL-1065 or Form  
Enter your name as shown on your Form IL-1065 or Form IL-1120-ST. IL-1120-ST, Line 42. Otherwise, enter "1." **1.00**

#### Step 2: Identify your partner or shareholder

- 5 **Avery Art** 7 **999-99-9999**  
Name Social Security number or FEIN
- 6 **PO Box 123** 8 **50.00**  
Mailing address Share (%)
- Chicago** **IL** **60290** 9a Check the appropriate box. See instructions.  
City State ZIP ☒ 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 or loss

	A	B
	Member's share (See instructions.)	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 or loss

	A	B
	Member's share from U.S. Schedule K-1, less nonbusiness income	Member's share apportioned to Illinois
20 Ordinary income or loss from trade or business activity	20 <b>27,500.00</b>	<b>27,500.00</b>
21 Net income or loss from rental real estate activities	21 _____	_____
22 Net income or loss from other rental activities	22 _____	_____
23 Interest	23 <b>50.00</b>	<b>50.00</b>
24 Dividends	24 _____	_____
25 Royalties	25 _____	_____
26 Net short-term capital gain or loss	26 _____	_____
27 Net long-term capital gain or loss. Total for year.	27 _____	_____
28 Unrecaptured Section 1250 gain	28 _____	_____
29 Guaranteed payments to partner (U.S. Form 1065 only)	29 _____	_____
30 Net Section 1231 gain or loss (other than casualty or theft). Total for year.	30 _____	_____
31 Other income and expense _____ Specify	31 _____	_____

Schedule K-1-P front (R-12/14)

# 2015 Workbook

## For Example 14

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

999-99-9999

### 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
<b>Additions</b>			
32	Federally tax-exempt interest income	32	
33	Illinois replacement tax and surcharge deducted	33	
34	Illinois Special Depreciation addition	34	
35	Related-Party Expenses addition	35	
36	Distributive share of additions	36	
37	Other additions (from Illinois Schedule M for businesses)	37	
<b>Subtractions</b>			
38 a	Interest from U.S. Treasury obligations (business income)	38a	
b	Interest from U.S. Treasury obligations (nonbusiness income)	38b	
39	River Edge Redevelopment Zone Dividend Subtraction	39	
40	High Impact Business Dividend subtraction	40	
41	Contribution subtraction (Form IL-1120-ST filers only)	41	
42	Interest subtraction - River Edge Redevelopment Zone (Form IL-1120-ST financial organizations only)	42	
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	
45	Related-Party Expenses subtraction	45	
46	Distributive share of subtractions	46	
47	Other subtractions (from Illinois Schedule M for businesses)	47	

### 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, pass-through withholding payments and federal income subject to surcharge

		Member's or nonresident member's share from Illinois tax return		Member's or nonresident member's share from Illinois tax return
<b>52 Illinois credits</b>				
a	Film Production Services Tax Credit	52a	n	Hospital Credit
b	Enterprise Zone Investment Credit	52b	o	Historic Preservation Credit
c	River Edge Redevelopment Zone Investment Credit	52c	p	Replacement Tax Investment Credits. See instructions.
d	Tax Credit for Affordable Housing Donations	52d	<b>53 Recapture</b>	
e	EDGE Tax Credit	52e	a	Enterprise Zone or River Edge Redevelopment Zone Investment Credit recapture
f	Research and Development Credit	52f	b	Replacement Tax Investment Credit recapture
g	Ex-Felons Jobs Credit	52g	c	Angel Investment Credit recapture
h	Veterans Jobs Credit	52h	<b>54</b> Pass-through withholding payment (See instructions before completing.)	
i	Student-Assistance Contribution Credit	52i	<b>55</b> Federal income attributable to transactions subject to the Compassionate Use of Medical Cannabis Pilot Program Act Surcharge. See instructions.	
j	Angel Investment Credit	52j		
k	New Markets Credit	52k		
l	River Edge Historic Preservation Credit	52l		
m	Live Theater Production Credit	52m		



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 back (R-12/14)

# 2015 Workbook

## For Example 14



Illinois Department of Revenue

### Schedule K-1-P

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.

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

Year ending

12 2014  
Month Year

IL Attachment No. 12

#### Step 1: Identify your partnership or S corporation

- 1 Check your business type ☐ partnership ☒ S corporation 3 2 1 - 5 5 5 5 5 5 5  
Enter your federal employer identification number (FEIN).
- 2 **Uniform, Inc.** 4 Enter the apportionment factor from Form IL-1065 or Form  
Enter your name as shown on your Form IL-1065 or Form IL-1120-ST. IL-1120-ST, Line 42. Otherwise, enter "1." **1.00**

#### Step 2: Identify your partner or shareholder

- 5 **Heather Exe** 7 **888-88-8888**  
Name Social Security number or FEIN
- 6 **7890 Sun Drive** 8 **50.0**  
Mailing address Share (%)
- Phoenix** **AZ** **85024** 9a Check the appropriate box. See instructions.  
City State ZIP ☒ 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 or loss

	A	B
	Member's share (See instructions.)	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 _____	19 _____	_____
Specify		

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

	A	B
	Member's share from U.S. Schedule K-1, less nonbusiness income	Member's share apportioned to Illinois
20 Ordinary income or loss from trade or business activity	20 <b>27,500.00</b>	<b>27,500.00</b>
21 Net income or loss from rental real estate activities	21 _____	_____
22 Net income or loss from other rental activities	22 _____	_____
23 Interest	23 <b>50.00</b>	<b>50.00</b>
24 Dividends	24 _____	_____
25 Royalties	25 _____	_____
26 Net short-term capital gain or loss	26 _____	_____
27 Net long-term capital gain or loss. Total for year.	27 _____	_____
28 Unrecaptured Section 1250 gain	28 _____	_____
29 Guaranteed payments to partner (U.S. Form 1065 only)	29 _____	_____
30 Net Section 1231 gain or loss (other than casualty or theft). Total for year.	30 _____	_____
31 Other income and expense _____	31 _____	_____
Specify		

Schedule K-1-P front (R-12/14)



# 2015 Workbook

## For Example 14

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

**888-88-8888**

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

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

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

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

### Step 7: Figure your partner's or shareholder's share of your Illinois credits, recapture, pass-through withholding payments and federal income subject to surcharge

		Member's or nonresident member's share from Illinois tax return		Member's or nonresident member's share from Illinois tax return
<b>52 Illinois credits</b>				
<b>a</b> Film Production Services Tax Credit	<b>52a</b>		<b>n</b> Hospital Credit	<b>52n</b>
<b>b</b> Enterprise Zone Investment Credit	<b>52b</b>		<b>o</b> Historic Preservation Credit	<b>52o</b>
<b>c</b> River Edge Redevelopment Zone Investment Credit	<b>52c</b>		<b>p</b> Replacement Tax Investment Credits. See instructions.	<b>52p</b>
<b>d</b> Tax Credit for Affordable Housing Donations	<b>52d</b>		<b>53 Recapture</b>	
<b>e</b> EDGE Tax Credit	<b>52e</b>		<b>a</b> Enterprise Zone or River Edge Redevelopment Zone Investment Credit recapture	<b>53a</b>
<b>f</b> Research and Development Credit	<b>52f</b>		<b>b</b> Replacement Tax Investment Credit recapture	<b>53b</b>
<b>g</b> Ex-Felons Jobs Credit	<b>52g</b>		<b>c</b> Angel Investment Credit recapture	<b>53c</b>
<b>h</b> Veterans Jobs Credit	<b>52h</b>		<b>54</b> Pass-through withholding payment (See instructions before completing.)	<b>54</b>
<b>i</b> Student-Assistance Contribution Credit	<b>52i</b>			
<b>j</b> Angel Investment Credit	<b>52j</b>		<b>55</b> Federal income attributable to transactions subject to the Compassionate Use of Medical Cannabis Pilot Program Act Surcharge. See instructions.	<b>55</b>
<b>k</b> New Markets Credit	<b>52k</b>			
<b>l</b> River Edge Historic Preservation Credit	<b>52l</b>			
<b>m</b> Live Theater Production Credit	<b>52m</b>			
				<b>1,378.00</b>



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 back (R-12/14)

## GAMBLING AND LOTTERY WINNINGS

### WINNINGS WITHIN ILLINOIS

#### Withholding

In Illinois, payments of lottery winnings and payments of gambling winnings are subject to different rules.

Payers of Illinois **lottery winnings** must withhold Illinois income tax from both residents and nonresidents any time they make a single payment of more than \$1,000.<sup>67</sup> Tax must be withheld even if the winning ticket is split among multiple individuals and each individual's share is less than \$1,000. Effective January 1, 2015, the Illinois withholding rate is 3.75% on gambling or lottery winnings in Illinois.<sup>68</sup>

Payers of Illinois gambling income are not required to withhold Illinois income tax from **gambling income of nonresidents** or if another state's income tax is required to be withheld from an Illinois resident. Nonresidents are not taxed on Illinois gambling winnings unless they are **professional gamblers**.<sup>69</sup>

Payers of **gambling winnings** must withhold Illinois income tax from winnings paid to residents if the winnings are subject to federal income tax withholding requirements and are not subject to another state's withholding requirements.<sup>70</sup> Federal income tax withholding is generally required for **gambling income of \$5,000 or more** in a single payment when the amount of the winnings is **at least 300 times greater than the amount of the wager** in the following transactions.<sup>71</sup>

- Wagering transaction
- Sweepstakes
- Wagering pool
- Lottery (other than a state-conducted lottery)
- Wagering transaction in a pari-mutuel pool for horse racing, dog racing, or jai alai

Bingo and slot machine winnings of \$1,200 or more and keno winnings of \$1,500 or more are also subject to federal withholding.<sup>72</sup>

**Note.** Illinois does not allow deductions for gambling losses.<sup>73</sup>

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<sup>67</sup> IL Pub. 130, *Who is Required to Withhold Illinois Income Tax*.

<sup>68</sup> Illinois Informational Bulletin FY 2015-08.

<sup>69</sup> IL Pub. 130, *Who is Required to Withhold Illinois Income Tax*.

<sup>70</sup> Ibid.

<sup>71</sup> Ibid.

<sup>72</sup> Ibid.

<sup>73</sup> Instructions for Illinois Schedule M, IL-1040.

**Delinquent Child Support.**<sup>74</sup> When a person who owes delinquent child support wins enough proceeds at an Illinois casino to require the payor to issue a federal Form W-2G, *Certain Gambling Winnings*, their gambling winnings may be garnished by the payor.<sup>75</sup> The Illinois Department of Healthcare and Family Services (HFS) created a web-based system that allows casino workers to enter the winner's name, birthdate, and social security number when issuance of a Form W-2G is required. After the information is entered, the system checks for child support debt. If a match is found, a specified maximum amount is withheld after taxes and a service charge by the casino. The payor then submits the withheld amount to HFS.<sup>76</sup> The licensed casino owner is entitled to an administrative fee of the lesser of \$150 or 4% of the total cash winnings.<sup>77</sup>

## Forms

**Form IL-5754.** A taxpayer who receives Illinois lottery or gambling winnings over \$1,000 must complete a Form IL-5754, *Statement by Person(s) Receiving Gambling Winnings*, at the time they receive the payment. The form provides a record of who received the winnings and to whom the winnings are taxable.<sup>78</sup>

Each person who receives winnings must report on Form IL-5754 their name, taxpayer identification number, and address, as well as the amount of winnings and the Illinois income tax withheld. In addition, the person or persons receiving the winnings must identify any other winner's name, address, state of residence, taxpayer identification number, and amount won. If the person receiving the winnings is unable to identify any of the winners or their states of residency, the winnings applicable to any unidentified persons are treated as having been won by the persons who are properly identified.<sup>79</sup>

Form IL-5754 must be signed by the person(s) receiving the winnings and given to the payor. The form is not submitted to IDOR but a copy must be retained by the payor.<sup>80</sup> This information is used by the payor to complete Form W-2G.<sup>81</sup>

**Form IL-W-5.** Illinois residents who receive certain taxable prizes or awards greater than \$1,000 from contests conducted entirely in Illinois must complete a Form IL-W-5, *Certificate of Residence in Illinois*.<sup>82</sup>

**Form W-2G.** A payor must prepare a federal Form W-2G for each winner who has Illinois income tax withheld from their gambling winnings. Two copies of the completed form must be delivered to the winner by February 1 of the year following the year of payment. The form is not sent to IDOR. Any undeliverable copies must be kept for at least three years after the date the payor was required to give the form to the recipient.<sup>83</sup>

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<sup>74</sup> IL PA 098-0318.

<sup>75</sup> 230 ILCS 5/27.2.

<sup>76</sup> 230 ILCS 5/27.2(a); *Gaming Intercept Program Nets Nearly \$120,000 in Overdue Child Support During First Months*. Jan. 9, 2015. State of Illinois, Department of Healthcare & Family Services. [[www3.illinois.gov/PressReleases/showpressrelease.cfm?subjectid=2&recnum=12935](http://www3.illinois.gov/PressReleases/showpressrelease.cfm?subjectid=2&recnum=12935)] Accessed on Nov. 10, 2015.

<sup>77</sup> 230 ILCS 5/27.2(b).

<sup>78</sup> Form IL-5754.

<sup>79</sup> IITA §100.7030(b)(2)(D).

<sup>80</sup> Ibid.

<sup>81</sup> IL Pub. 130, *Who is Required to Withhold Illinois Income Tax*.

<sup>82</sup> Instructions for Form IL-W-5; 35 ILCS 5/1405.3.

<sup>83</sup> IL Pub. 130, *Who is Required to Withhold Illinois Income Tax*.

# 2015 Workbook

The following table summarizes the required forms that Illinois payors of gambling and lottery winnings must file.<sup>84</sup>

Payment	Required Form	Withholding for Illinois Purposes
To an Illinois resident of prizes or awards from a contest conducted entirely in Illinois and the income earned is reportable under IITA §1405.3	Form IL-W-5	\$0
Lottery winnings greater than \$1,000 to an Illinois resident or nonresident	Form IL-5754	3.75%
Gambling winnings greater than \$1,000 but less than \$5,000 to an Illinois resident	Form IL-5754	\$0
Gambling winnings greater than \$5,000 to an Illinois resident	Form IL-5754	3.75%
Gambling winnings greater than \$1,000 to a nonresident	Form IL-5754	\$0

## WINNINGS OUTSIDE ILLINOIS

The Illinois tax for residents is based on federal adjusted gross income (AGI). AGI includes all income, including gambling income, whether it is earned in Illinois or outside the state.<sup>85</sup>

### Credit for Taxes Paid to Another State

Illinois **does not allow credit** for taxes paid to another state on gambling winnings. For nongambling income, if an Illinois resident files a required tax return with another state, they may be eligible to take a credit for taxes paid to that state.<sup>86</sup> The credit is claimed on Schedule CR, *Credit for Tax Paid to Other States*, which is filed with the Form IL-1040, *Individual Income Tax Return*. A person with out-of-state income should file Schedule CR if they meet **all** the following conditions.<sup>87</sup>

- Was a resident or part-year resident of Illinois during the tax year
- Paid income tax to another state on the income earned while an Illinois resident
- Income subject to the other state's tax is included in the Illinois base income
- Income tax paid to the other state was not deducted when calculating federal AGI, as shown on the Illinois tax return

However, gambling income is not considered to have a non-Illinois portion for residents. Gambling income is included on line 21 of federal Form 1040, *U.S. Individual Income Tax Return*, as "other income" and carries over to line 15 of Illinois Schedule CR. No portion of that amount should be entered in column B as the non-Illinois portion of other income.<sup>88</sup> If the gambling winnings are the only income from another state, the ratio of non-Illinois income to total income calculated on line 43 is zero. This value is later multiplied by the Illinois tax due to calculate the tax credit, which is also zero.<sup>89</sup>

<sup>84</sup> Adapted from IL Pub. 130, *Who is Required to Withhold Illinois Income Tax*.

<sup>85</sup> Instructions for Form IL-1040.

<sup>86</sup> Instructions for Schedule CR, IL-1040.

<sup>87</sup> Schedule CR.

<sup>88</sup> Instructions for Schedule CR.

<sup>89</sup> Ibid.

# 2015 Workbook

**Example 15.** Ronald is single and a full-time resident of Illinois. In 2014, he won \$1,300 from a slot machine in Indiana. In accordance with Indiana state law, the casino withheld 3.4% Indiana income tax, or \$44 ( $\$1,300 \times 3.4\%$ ). In addition to his gambling winnings, Ronald earned a salary of \$30,000 in 2014.

The following Form IL-1040 and Schedule CR illustrate that Ronald is ineligible for a credit for the taxes paid to Indiana.

# 2015 Workbook

## For Example 15



Illinois Department of Revenue

### 2014 Form IL-1040

Individual Income Tax Return

or for fiscal year ending \_\_\_\_/\_\_\_\_/\_\_\_\_

Over 80% of taxpayers file electronically. It is easy and you will get your refund faster. Visit [tax.illinois.gov](http://tax.illinois.gov).

#### Step 1: Personal Information

Do not write above this line.

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

0 1 0 - 0 1 - 1 1 1 1  
Your Social Security number

\_\_\_\_\_  
Spouse's Social Security number

##### B Personal information

Ronald M.

Your first name and initial

Pharm

Your last name

\_\_\_\_\_  
Spouse's first name and initial

\_\_\_\_\_  
Spouse's last name

23 Pond Ave

Mailing address (See instructions if foreign address)

\_\_\_\_\_  
Apartment number

Champaign

City

IL

State

61821

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 you or your spouse are a military veteran and want your name and address shared with the Illinois Department of Veterans' Affairs. ☐ You ☐ Spouse

#### Step 2:

Income

1	Federal adjusted gross income from your U.S. 1040, Line 37; U.S. 1040A, Line 21; or U.S. 1040EZ, Line 4	(Whole dollars only)	1	<u>31,300</u> .00
2	Federally tax-exempt interest and dividend income from your U.S. 1040 or 1040A, Line 8b; or U.S. 1040EZ		2	<u>0</u> .00
3	Other additions. <b>Attach</b> Schedule M.		3	<u>0</u> .00
4	<b>Total income.</b> Add Lines 1 through 3.		4	<u>31,300</u> .00

#### Step 3:

Base Income

5	Social Security benefits and certain retirement plan income received if included in Line 1. <b>Attach</b> Page 1 of federal return.	5	<u>0</u> .00
6	Illinois Income Tax overpayment included in U.S. 1040, Line 10	6	<u>0</u> .00
7	Other subtractions. <b>Attach</b> Schedule M.	7	<u>0</u> .00
	Check if Line 7 includes any amount from Schedule 1299-C. <input type="checkbox"/>		
8	Add Lines 5, 6, and 7. This is the total of your subtractions.	8	<u>0</u> .00
9	<b>Illinois base income.</b> Subtract Line 8 from Line 4.	9	<u>31,300</u> .00

#### Step 4:

Exemptions

10 a	Number of exemptions from your federal return	<u>1</u> x \$2,125	a	<u>2,125</u> .00
b	If someone can claim you as a dependent, see instructions.	<u>0</u> x \$2,125	b	<u>0</u> .00
c	Check if 65 or older: <input type="checkbox"/> You + <input type="checkbox"/> Spouse =	<u>0</u> x \$1,000	c	<u>0</u> .00
d	Check if legally blind: <input type="checkbox"/> You + <input type="checkbox"/> Spouse =	<u>0</u> x \$1,000	d	<u>0</u> .00
	<b>Exemption allowance.</b> Add Lines a through d.		10	<u>2,125</u> .00

#### Step 5:

Net Income

11	<b>Residents: Net income.</b> Subtract Line 10 from Line 9. <i>Skip</i> Line 12.	11	<u>29,175</u> .00
12	<b>Nonresidents and part-year residents:</b> Check the box that applies to you during 2014 <input type="checkbox"/> Nonresident <input type="checkbox"/> Part-year resident, and enter the <b>Illinois base income</b> from Schedule NR. <b>Attach</b> Schedule NR.	12	<u>0</u> .00

#### Step 6:

Tax

13	<b>Residents:</b> Multiply Line 11 by 5% (.05). Cannot be less than zero.	13	<u>1,459</u> .00
14	<b>Nonresidents and part-year residents:</b> Enter the tax from Schedule NR.	14	<u>0</u> .00
15	<b>Income tax.</b> Add Lines 13 and 14. Cannot be less than zero.	15	<u>1,459</u> .00

#### Step 7:

Tax After Non-refundable Credits

16	Income tax paid to another state while an Illinois resident. <b>Attach</b> Schedule CR.	16	<u>0</u> .00
17	Property tax and K-12 education expense credit amount from Schedule ICR. <b>Attach</b> Schedule ICR.	17	<u>0</u> .00
18	Credit amount from Schedule 1299-C. <b>Attach</b> Schedule 1299-C.	18	<u>0</u> .00
19	Add Lines 16, 17, and 18. This is the total of your credits. Cannot exceed the tax amount on Line 15.	19	<u>0</u> .00
20	<b>Tax after nonrefundable credits.</b> Subtract Line 19 from Line 15.	20	<u>1,459</u> .00

IL-1040 front (R-12/14)

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.





# 2015 Workbook

## For Example 15



Illinois Department of Revenue

## 2014 Schedule CR Credit for Tax Paid to Other States

Attach to your Form IL-1040

IL Attachment No. 17

### Read this information first

You should file Schedule CR if

- you were either a resident or a part-year resident of Illinois during the tax year; **and**
- you paid income tax to another state on income you earned while you were an Illinois resident; **and**
- the income subject to the other state's tax is included in your Illinois base income; **and**
- you did not deduct the income tax paid to the other state when you figured your federal adjusted gross income as shown on your Illinois tax return.

You should **not** file this schedule if

- you were a **nonresident** of Illinois during the entire tax year; **or**
- you did **not** pay income tax to Illinois and another state.

For purposes of this schedule, "state" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or political subdivision of any of these (e.g., county, city, local). The term "state" does not refer to any foreign country.

**Note** If you earned income in Iowa, Kentucky, Michigan, or Wisconsin, you may be covered by a reciprocal agreement. This agreement applies only to income from wages, salaries, tips, and other employee compensation. See the Schedule CR Instructions.

### Step 1: Provide the following information

Ronald Pharm

Your name as shown on your Form IL-1040

0 1 0 - 0 1 - 1 1 1 1  
Your Social Security number

### Step 2: Figure the Illinois and non-Illinois portions of your federal adjusted gross income



**Illinois residents:** In Column A of each line, except Line 15, enter the amounts exactly as reported on the corresponding line of your federal income tax return.

**Part-year residents:** In Column A of each line, enter the amounts as reported on the equivalent line of your Schedule NR, Column B.

#### Column A

##### Total

(Whole dollars only)

#### Column B

##### Non-Illinois Portion

(Whole dollars only)

**Read the instructions before completing this step.**

Income	1	Wages, salaries, tips, etc. (federal Form 1040 or 1040A, Line 7; 1040EZ, Line 1)	30,000.00	.00
	2	Taxable interest (federal Form 1040 or 1040A, Line 8a; 1040EZ, Line 2)	.00	.00
	3	Ordinary dividends (federal Form 1040 or 1040A, Line 9a)	.00	.00
	4	Taxable refunds, credits, or offsets of state and local income taxes (federal Form 1040, Line 10)	.00	
	5	Alimony received (federal Form 1040, Line 11)	.00	
	6	Business income or loss (federal Form 1040, Line 12)	.00	.00
	7	Capital gain or loss (federal Form 1040, Line 13 or 1040A, Line 10)	.00	.00
	8	Other gains or losses (federal Form 1040, Line 14)	.00	.00
	9	Taxable IRA distributions (federal Form 1040, Line 15b; or 1040A, Line 11b)	.00	
	10	Taxable pensions and annuities (federal Form 1040, Line 16b; or 1040A, Line 12b)	.00	
	11	Rents, royalties, partnerships, S corporations, trusts, and estates (federal Form 1040, Line 17)	.00	.00
	12	Farm income or loss (federal Form 1040, Line 18)	.00	.00
	13	Unemployment compensation and Alaska Permanent Fund dividends (federal Form 1040, Line 19; 1040A, Line 13; 1040EZ, Line 3)	.00	.00
	14	Taxable Social Security benefits (federal Form 1040, Line 20b; or 1040A, Line 14b)	.00	
	15	Other income. See instructions. (federal Form 1040, Line 21)	1,300.00	.00
	16	Add Columns A and B, Lines 1 through 15.	31,300.00	0.00

Continue with Step 2 on Page 2 →





# 2015 Workbook

## For Example 15

	Column A Total (Whole dollars only)	Column B Non-Illinois Portion (Whole dollars only)
17 Enter the amounts from Page 1, Line 16.	17 <u>31,300 .00</u>	<u>0 .00</u>
<b>Adjustments to Income</b>		
18 Educator expenses (federal Form 1040, Line 23; or 1040A, Line 16)	18 <u>.00</u>	<u>.00</u>
19 Certain business expenses of reservists, performing artists, and fee-based government officials (federal Form 1040, Line 24)	19 <u>.00</u>	<u>.00</u>
20 Health savings account deduction (federal Form 1040, Line 25)	20 <u>.00</u>	<u>.00</u>
21 Moving expenses (federal Form 1040, Line 26)	21 <u>.00</u>	<u>.00</u>
22 Deductible part of self-employment tax (federal Form 1040, Line 27)	22 <u>.00</u>	<u>.00</u>
23 Self-employed SEP, SIMPLE, and qualified plans (federal Form 1040, Line 28)	23 <u>.00</u>	<u>.00</u>
24 Self-employed health insurance deduction (federal Form 1040, Line 29)	24 <u>.00</u>	<u>.00</u>
25 Penalty on early withdrawal of savings (federal Form 1040, Line 30)	25 <u>.00</u>	<u>.00</u>
26 Alimony paid (federal Form 1040, Line 31a)	26 <u>.00</u>	<u>.00</u>
27 IRA deduction (federal Form 1040, Line 32; or 1040A, Line 17)	27 <u>.00</u>	<u>.00</u>
28 Student loan interest deduction (federal Form 1040, Line 33; or 1040A, Line 18)	28 <u>.00</u>	<u>.00</u>
29 Tuition and fees (federal Form 1040, Line 34; or 1040A, Line 19)	29 <u>.00</u>	<u>.00</u>
30 Domestic production activities deduction (federal Form 1040, Line 35)	30 <u>.00</u>	<u>.00</u>
31 Other adjustments (see instructions)	31 <u>.00</u>	<u>.00</u>
32 Add Columns A and B, Lines 18 through 31.	32 <u>0 .00</u>	<u>.00</u>
33 Subtract Columns A and B, Line 32 from Line 17.	33 <u>31,300 .00</u>	<u>0 .00</u>

### Step 3: Figure your Illinois additions and subtractions

In Column A, enter the total amounts from your Form IL-1040. You must read the instructions for Column B to properly complete this step.

	Column A Form IL-1040 Total (Whole dollars only)	Column B Non-Illinois Portion (Whole dollars only)
<b>Illinois Adjustments</b>		
34 Federally tax-exempt interest income (Form IL-1040, Line 2)	34 <u>.00</u>	<u>.00</u>
35 Other additions (Form IL-1040, Line 3)	35 <u>.00</u>	<u>.00</u>
36 Add Columns A and B, Lines 33, 34, and 35.	36 <u>31,300 .00</u>	<u>0 .00</u>
37 Federally taxed Social Security and retirement income (Form IL-1040, Line 5)	37 <u>.00</u>	<u>.00</u>
38 Illinois Income Tax overpayment included on your U.S. 1040, Line 10. (Form IL-1040, Line 6)	38 <u>.00</u>	
39 Other subtractions (Form IL-1040, Line 7)	39 <u>.00</u>	<u>.00</u>
40 Add Columns A and B, Lines 37 through 39.	40 <u>.00</u>	<u>.00</u>
41 Subtract Columns A and B, Line 40 from Line 36. If Line 40 is larger than Line 36, enter zero.	41 <u>31,300 .00</u>	<u>0 .00</u>

Continue to Page 3 ➡



# 2015 Workbook

## For Example 15

### Step 4: Figure your Schedule CR decimal

	Column A	Column B
<b>42</b> Enter the amount from Line 41, Column A and Column B.	<b>31,300 .00</b>	<b>0 .00</b>
<b>43</b> Divide Column B, Line 42 by Column A, Line 42 (carry to three decimal places). Enter the appropriate decimal. If Column B, Line 42 is greater than Column A, Line 42, enter 1.000. Enter this amount on Step 6, Line 53.		<b>0 .000</b>

### Step 5: Part-year residents only (Full year residents, go to Step 6.)

<b>44</b> Enter the base income from your Form IL-1040, Line 9.	<b>44</b> _____ .00
<b>45</b> Divide Column A, Line 42 by Line 44 (carry to 3 decimal places).	<b>45</b> _____ .
<b>46</b> Enter the exemption amount from Form IL-1040, Line 10.	<b>46</b> _____ .00
<b>47</b> Multiply Line 45 by Line 46.	<b>47</b> _____ .00
<b>48</b> Subtract Line 47 from Column A, Line 42.	<b>48</b> _____ .00
<b>49</b> Multiply Line 48 by 5% (.05). Enter this amount on Step 6, Line 52, and continue on to Step 6, Line 50.	<b>49</b> _____ .00

### Step 6: Figure your credit

<b>50</b> If you are claiming a credit for tax paid to any of the states listed below, check the box for the appropriate state. <input type="checkbox"/> Iowa <input type="checkbox"/> Kentucky <input type="checkbox"/> Michigan <input type="checkbox"/> Wisconsin	
<b>51</b> Enter the total amount of income tax paid to other states on Illinois base income (see instructions). <b>Note:</b> Do not enter the tax withheld from your Form W-2 unless you are including tax paid to a city or local government that does not require you to file a tax return.	<b>51</b> _____ <b>44 .00</b>
<b>52 Illinois Residents:</b> Enter your Illinois tax due from Form IL-1040, Line 13. <b>Part-year Residents:</b> Enter the amount from Step 5, Line 49.	<b>52</b> _____ <b>1,459 .00</b>
<b>53</b> Enter the decimal amount from Step 4, Line 43 here.	<b>53</b> _____ <b>0 .000</b>
<b>54</b> Multiply Line 52 by Line 53.	<b>54</b> _____ <b>0 .00</b>
<b>55</b> Compare the amounts on Lines 51 and 54. Enter the lesser amount here and on Form IL-1040, Line 16. This is your tax credit.	<b>55</b> _____ <b>0 .00</b>

→ **Keep your out-of-state tax returns and any Schedules K-1-P and K-1-T with your records. You must send us this information if we request it.** ←



## VIDEO GAMING

In 2009, the Illinois Video Gaming Act was passed, which allows up to five video gaming terminals (VGT) in licensed retail establishments, truck stops, and veteran and fraternal establishments.<sup>90</sup>

### Gambling Winnings Taxable

A video gaming winner must report the income on their Illinois returns in the same manner as for other types of gambling income (discussed previously).

### State Gaming Board

The Illinois Gaming Board (IGB) is a 5-member board appointed by the governor that administers a regulatory and tax collection system for video gaming and riverboat casino gambling.<sup>91</sup> The IGB performs the following functions.

- Provides regulatory oversight of video gaming and riverboat gambling operations<sup>92</sup>
- Issues licenses to video gaming manufacturers, distributors, suppliers, terminal operations, locations, and individuals who service VGTs<sup>93</sup>
- Sets limits on how many VGTs are operated by any operator within a geographic area<sup>94</sup>
- Issues guidelines on discontinuing VGTs<sup>95</sup>
- Charges annual license fees of \$100<sup>96</sup>
- Collects tax on net terminal income<sup>97</sup>

### Terminal Operator

The individual, partnership, corporation, or LLC that owns, services, and maintains the VGT is called the **terminal operator**.<sup>98</sup> Among other duties, terminal operators are required to:<sup>99</sup>

- Assume the primary responsibility for service and maintenance of VGTs;
- Pay required taxes to the state;
- Pay all valid receipt tickets;
- Maintain a single bank account for all of its licensed video gaming locations to allow for electronic fund transfers (EFTs) for tax payments;
- Obtain and install all hardware, software, and related accessories necessary to connect a VGT to a central communications system; and
- Provide to the IGB on a monthly basis a current list of VGTs acquired for use in Illinois.

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<sup>90</sup> 230 ILCS 40/5; 230 ILCS 40/25(e).

<sup>91</sup> *Illinois Gambling Board*. Illinois Gaming Board. [www.igb.illinois.gov] Accessed on Sep. 24, 2015.

<sup>92</sup> Ibid.

<sup>93</sup> Ibid.

<sup>94</sup> 230 ILCS 40/25(i).

<sup>95</sup> Ibid.

<sup>96</sup> *Video Gaming Location License Application*. Illinois Gaming Board. [www.igb.illinois.gov/vla/instructions.aspx] Accessed on Sep. 24, 2015.

<sup>97</sup> 230 ILCS 40/60.

<sup>98</sup> 230 ILCS 40/5.

<sup>99</sup> Joint Committee on Administrative Rules, Administrative Code §1800.250.

# 2015 Workbook

**Application.** A prospective terminal operator is required to submit an application to the IGB, along with various affidavits, disclosure forms, tax-return transcripts, and a \$5,000 application fee. All the required forms and documents (one original and two hard copies) must be individually bound in a 3-ring binder and accompanied by an electronic copy on a CD or DVD. The terminal operator license application is available at [uofi.tax/15il2](http://uofi.tax/15il2) [[www.igb.illinois.gov/FilesVideoForms/TerminalOperatorLicenseApplication.pdf](http://www.igb.illinois.gov/FilesVideoForms/TerminalOperatorLicenseApplication.pdf)].

**Reporting.** The terminal operator is required to submit reports to the IGB. Quarterly financial statements must be submitted using a 20-page Microsoft Excel template provided by the IGB.<sup>100</sup> The information that the terminal operator must input into the spreadsheet includes the following.

- Detailed income statements
- Balance sheets
- Shareholder equity
- Debt schedules
- Available financing
- Accounts receivable
- Accounts payable

**Taxes and Fees.** The terminal operator must report and remit 30% of the net terminal income to the IGB within 15 days after the 15th day of each month and within 15 days after the end of each month.<sup>101</sup> **Net terminal income** is the amount put into a VGT less the amount paid out to players.<sup>102</sup> A terminal operator who falsely reports or fails to report the amount due is guilty of a felony and subject to termination of the license. Any payment not remitted when due is subject to a 1.5% penalty per month on the unpaid balance.<sup>103</sup>

**Note.** In Illinois, VGTs are connected to a central communications system that monitors VGT activity. For further information regarding Illinois VGTs, see [www.igb.illinois.gov](http://www.igb.illinois.gov).

In Illinois, 5% of the gambling revenue goes to the local municipality, 25% goes to the state, 0.7275% covers system monitoring,<sup>104</sup> and the remainder is split between the establishment and the terminal operator.<sup>105</sup>

Revenues generated from the VGT should be deposited by the terminal operator, who is responsible for tax payments.<sup>106</sup> The terminal operator must set up and maintain a specially created, separate bank account to allow for EFTs of money for tax payments.

**Depreciation.** The terminal operator owns the machines and is eligible for a depreciation deduction. The IRS considers a VGT placed in a casino, bar, hotel, or restaurant as entertainment property, which should be depreciated over a **7-year life**.<sup>107</sup>

<sup>100.</sup> *Quarterly Reporting Template*. Jul. 22, 2015. Illinois Gaming Board. [[www.igb.illinois.gov/filesvideoforms/toquarterlyanalysisistemplate.xlsm](http://www.igb.illinois.gov/filesvideoforms/toquarterlyanalysisistemplate.xlsm)] Accessed on Sep. 24, 2015.

<sup>101.</sup> 230 ILCS 40/60.

<sup>102.</sup> 230 ILCS 40/5.

<sup>103.</sup> 230 ILCS 40/60.

<sup>104.</sup> *Illinois Gaming Board Policy on Inducements, Advertising & Promotions by Video Gaming Licensees*. July 2014. Illinois Gaming Board. [[www.igb.illinois.gov/filesvideolaw/20140702inducementadvertisingpromotionalpolicy.pdf](http://www.igb.illinois.gov/filesvideolaw/20140702inducementadvertisingpromotionalpolicy.pdf)] Accessed on Sep. 29, 2015.

<sup>105.</sup> *Video Gambling Skyrockets in Illinois*. Lourgos, Angie Leventis, and Bentle, Kyle. Oct. 11, 2014. Chicago Tribune. [[www.chicagotribune.com/news/ct-video-gambling-met-20141011-story.html](http://www.chicagotribune.com/news/ct-video-gambling-met-20141011-story.html)] Accessed on Sep. 29, 2015.

<sup>106.</sup> 230 ILCS 40/60(c).

<sup>107.</sup> *Industry Specialization Program Coordinated Issue Paper*. Sep. 28, 2001. Internal Revenue Service. [[www.irs.gov/pub/irs-utl/asg\\_slots\\_final.pdf](http://www.irs.gov/pub/irs-utl/asg_slots_final.pdf)] Accessed on May 28, 2015.

# 2015 Workbook

## Establishment Responsibilities

The following establishments are currently eligible to have up to five VGTs on the premises.<sup>108</sup>

- Licensed retail establishments
- Licensed fraternal organizations
- Licensed veteran organizations
- Licensed truck stop establishments

**Note.** For the definitions of the above licensed organizations, see 230 ILCS 40/5.

The establishment enters into a standard use agreement with the licensed terminal operator. The use agreement outlines the following regulated terms between the two parties.<sup>109</sup>

- Affirmative statement that no inducement was offered or accepted regarding the placement or operation of VGTs in the establishment
- Indemnity and hold-harmless provision on behalf of Illinois, the IGB, and its agents for any action arising from the use agreement
- Prohibition of any assignment of the use agreement other than from one licensed terminal operator to another licensed terminal operator
- Provision releasing the video gaming location from any continuing obligation to the terminal operator if the operator has its license revoked or denied, has its renewal denied, or surrenders its license

Additionally, each establishment must maintain an adequate video gaming fund. The amount of the fund is determined by the IGB.<sup>110</sup>

**Application.** An applicant for a video gaming license must complete an online application at **uofi.tax/15il3** [[www.igb.illinois.gov/vla/instructions.aspx](http://www.igb.illinois.gov/vla/instructions.aspx)]. The application is divided into 10 parts.

1. Registration
2. Applicant information
3. Business/individual interests
4. Questions/answers
5. Verification
6. Release of all claims
7. Acknowledgement
8. Release of information
9. Disclosure of records
10. Submit completed application to IGB

The IGB notifies the applicant if their application has been approved. The applicant must then submit the annual license fee of \$100 to the IGB.

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<sup>108</sup>. *Illinois Gaming Board*. Illinois Gaming Board. [[www.igb.illinois.gov](http://www.igb.illinois.gov)] Accessed on Nov. 10, 2015.

<sup>109</sup>. Joint Committee on Administrative Rules, Administrative Code §1800.320.

<sup>110</sup>. 230 ILCS 40/60(d).

## Not-for-Profit Issues

When the terminal operator is a not-for-profit organization, it must meet additional requirements to maintain its tax-exempt status while earning money from video gaming. Income earned by a not-for-profit organization must further the exempt purpose. Gaming income, even if used to pay expenses that further the exempt purpose, generally does not further the exempt purpose.<sup>111</sup>

A charity that conducts video gaming as an insubstantial part of its activities may be subject to **unrelated business income** (UBI) rules.<sup>112</sup> The IRS determines what is “insubstantial” based on the facts and circumstances of the specific case.

**Note.** For more information about how a nonprofit organization reports income from gaming and how UBI rules impact its tax-exempt status, see IRS Pub. 3079, *Tax-Exempt Organizations and Gaming*, and the Instructions to IRS Form 990-T, *Exempt Organization Business Income Tax Return*.

## MOTOR FUEL TAX

Illinois charges a motor fuel tax for the privilege of operating a motor vehicle on a highway and a recreational watercraft on a waterway in the state. The tax is paid by distributors and suppliers, who collect the tax from their customers.<sup>113</sup>

The motor fuel tax is composed of Part A and Part B rates. The Part A rate is imposed for the privilege of operating a motor vehicle and a recreational watercraft in Illinois.<sup>114</sup> The Part B rate is 6.25% of the average selling price per gallon of motor fuel sold in Illinois (an official figure that is computed annually). Effective January 1, 2015, the Part B rates were recalculated. The combined tax rates are as follows.<sup>115</sup>

	Part A	Part B	Combined
Diesel	\$0.215	\$0.212	\$0.427
Gasoline	0.19	0.193	0.383
Combustible Gases	0.19	0.094	0.284

<sup>111</sup>. IRS Pub. 3079, *Tax-Exempt Organizations and Gaming*.

<sup>112</sup>. *Ibid.*

<sup>113</sup>. *Motor Fuel: General Overview*; Illinois Department of Revenue. [www.revenue.state.il.us/motorfuel/Mft/index.htm] Accessed on Sep. 3, 2015.

<sup>114</sup>. 35 ILCS 505/13a; 35 ILCS 505/2.

<sup>115</sup>. Informational Bulletin FY 2015-06.

## FILING REQUIREMENTS

A licensed **distributor or supplier** who sells or uses motor fuel for any purpose must file Form RMFT-5, *Motor Fuel Distributor/Supplier Tax Return*, to calculate the tax due.<sup>116</sup>

A licensed **receiver** who sells or uses fuel for any purpose must pay the underground storage tank tax and the environmental impact fee using Form RMFT-5-US, *Underground Storage Tank Tax and Environmental Impact Fee Receiver Return*.<sup>117</sup>

Forms RMFT-5 and RMFT-5-US are due on or before the 20th day of each month for the previous month's activity.<sup>118</sup> Returns filed after June 2015 can be filed electronically at **mytax.illinois.gov**. Payment can also be made electronically.<sup>119</sup>

## IFTA QUALIFICATION

Since October 1, 1977, Illinois-based carriers operating qualified motor vehicles interstate have been subject to Illinois' International Fuel Tax Agreement (IFTA) program requirements. IFTA is a motor fuel use tax agreement in which the state administers motor fuel use taxes for all IFTA jurisdictions and apportions payments accordingly. Revenue from the tax goes toward building and maintaining the state's roads and highways.<sup>120</sup>

## Tax Reporting

An Illinois-based motor carrier licensed under IFTA must electronically file Form MFUT-15, *IFTA Quarterly Return*, each quarter, even if the carrier had no operations during the quarter. The quarterly returns must be filed through MyTax Illinois at **mytax.illinois.gov**. IDOR does not accept paper returns.<sup>121</sup>

The fuel use tax rates are subject to change every quarter.<sup>122</sup> Current and past rates are provided on the IFTA website at **www.iftach.org/**.

Form MFUT-15 is due the last day of the month immediately following the close of the applicable quarter. The due dates are shown in the following table.<sup>123</sup>

Reporting Quarter	Due Date
January–March	April 30
April–June	July 31
July–September	October 31
October–December	January 31

A carrier that does not file a return, files a late return, or does not pay all the tax due is subject to a penalty of the greater of \$50 or 10% of the delinquent tax liability.<sup>124</sup>

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<sup>116</sup> Instructions for Form RMFT-5.

<sup>117</sup> Instructions for Form RMFT-5-US.

<sup>118</sup> *Motor Fuel: Filing and Payment Requirements*. Illinois Department of Revenue. [www.revenue.state.il.us/motorfuel/Mft/filepay.htm] Accessed on Sep. 3, 2015.

<sup>119</sup> Instructions for Form RMFT-5-US; Instructions for Form RMFT-5.

<sup>120</sup> *Motor Fuel: General Overview*. Illinois Department of Revenue. [www.revenue.state.il.us/motorfuel/Mfut/index.htm] Accessed on Sep. 3, 2015.

<sup>121</sup> Instructions for Form MFUT-15; *Illinois Motor Fuel Use Tax Carrier Compliance Manual: 2016*. October 2015. Illinois Department of Revenue. [www.revenue.state.il.us/publications/motorfuel/mfut-53.pdf] Accessed on Nov. 11, 2015.

<sup>122</sup> Instructions for Form MFUT-15.

<sup>123</sup> *Illinois Motor Fuel Use Tax Carrier Compliance Manual: 2016*. October 2015. Illinois Department of Revenue. [www.revenue.state.il.us/publications/motorfuel/mfut-53.pdf] Accessed on Nov. 11, 2015.

<sup>124</sup> Ibid.



## Qualified Vehicles

The following **qualified motor vehicles** traveling interstate and used, designed, or maintained for the transportation of persons or property must be registered with Illinois as an IFTA carrier.<sup>125</sup>

- Has two axles and its gross vehicle weight exceeds 26,000 pounds
- Has three or more axles regardless of weight
- Is used in combination and the gross vehicle weight or the registered gross vehicle weight of the combined vehicles exceeds 26,000 pounds

A qualified vehicle must be registered with the state using MyTax Illinois.<sup>126</sup> Once the vehicle is properly registered, the carrier will be licensed and receive motor fuel use tax decals, allowing the vehicle to travel in all IFTA jurisdictions.

**Exceptions.** The following qualified vehicles are exempt from registering in Illinois for the motor fuel use tax.<sup>127</sup>

- Recreational vehicles (cannot be used for business endeavors)
- School buses (must have school bus license plates)
- State of Illinois or federal vehicles
- Qualified motor vehicles operating solely within Illinois for which all motor fuel is purchased within Illinois

A vehicle that is exempt from registration but must register for operation in another jurisdiction may apply for a motor fuel use tax license and decal under the provisions of IFTA.<sup>128</sup>

**Note.** For further information about IFTA, including exemptions and registration requirements, go to **uofi.tax/15il6** [[www.revenue.state.il.us/motorfuel/Mfut/licensereg.htm](http://www.revenue.state.il.us/motorfuel/Mfut/licensereg.htm)]. Other helpful information is provided in the *Illinois Motor Fuel Use Tax Carrier Compliance Manual*, which is available at **uofi.tax/15il4** [[www.revenue.state.il.us/publications/motorfuel/mfut-53.pdf](http://www.revenue.state.il.us/publications/motorfuel/mfut-53.pdf)].

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<sup>125</sup>. *Motor Fuel: License & Registration*. Illinois Department of Revenue. [[www.revenue.state.il.us/motorfuel/Mfut/licensereg.htm](http://www.revenue.state.il.us/motorfuel/Mfut/licensereg.htm)] Accessed on Nov. 11, 2015.

<sup>126</sup>. Ibid.

<sup>127</sup>. Ibid.

<sup>128</sup>. *Motor Fuel: Definitions*. Illinois Department of Revenue. [[www.revenue.state.il.us/motorfuel/Mfut/definitions.htm](http://www.revenue.state.il.us/motorfuel/Mfut/definitions.htm)] Accessed on Sep. 23, 2015.

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## DYED DIESEL PROGRAM

Illinois law requires that all special fuel used for nontaxable, nonhighway purposes must have red dye added to it.<sup>129</sup> The dye is used as an enforcement tool during field audits and inspections.

The fuel must be dyed before being removed from the terminal rack (equipment that transfers motor fuel into trucks),<sup>130</sup> and the dyed diesel fuel must be properly labeled.<sup>131</sup> To be properly labeled, a storage tank, container, or facility must display a legible and conspicuous notice stating “Dyed Diesel Fuel, Non-Taxable Use Only.” Any bill of lading or invoice accompanying the sale of dyed diesel must also contain a legible and conspicuous notice stating “Dyed Diesel Fuel, Non-Taxable Use Only, Penalty For Taxable Use.”

Violations for not properly using dyed diesel are as shown in the following table.<sup>132</sup>

Violation	First Offense	Second or Subsequent Offense
Knowingly selling or attempting to sell dyed diesel fuel for highway use	\$1,000 fine, Class A misdemeanor	\$5,000 fine, Class 4 felony
Knowingly selling, storing, or transporting dyed diesel fuel without the required notices	\$500 fine	\$1,000 fine
Having dyed diesel in the fuel tank(s) attached to a motor vehicle required to be registered for highway purposes	\$1,000 fine, Class A misdemeanor	\$5,000 fine, Class 4 felony
Knowingly selling or attempting to sell dyed diesel fuel for highway use or for use in a recreational watercraft	\$1,000 fine, Class 4 felony	\$5,000 fine, Class 2 felony
Knowingly possessing dyed diesel fuel for use in a recreational watercraft	\$1,000 fine, Class A misdemeanor	\$5,000 fine, Class 2 felony

**Note.** For additional details regarding IDOR’s Dyed Diesel Enforcement Program, go to **uofi.tax/15il5** [<http://tax.illinois.gov/publications/pios/pio-71.pdf>].

<sup>129</sup>. *Motor Fuel: General Overview*. Illinois Department of Revenue. [[www.revenue.state.il.us/motorfuel/DyedDiesel/index.htm](http://www.revenue.state.il.us/motorfuel/DyedDiesel/index.htm)] Accessed on Sep. 23, 2015.

<sup>130</sup>. *The U.S. Petroleum Industry: Statistics, Definitions*. 2013. The Association for Convenience and Fuel Retailing (NACS). [[www.nacsonline.com/yourbusiness/fuelsreports/gasprices\\_2013/pages/statistics-and-definitions.aspx](http://www.nacsonline.com/yourbusiness/fuelsreports/gasprices_2013/pages/statistics-and-definitions.aspx)] Accessed on Nov. 11, 2015.

<sup>131</sup>. *Motor Fuel: Requirements*. Illinois Department of Revenue. [[www.revenue.state.il.us/motorfuel/DyedDiesel/requirements.htm](http://www.revenue.state.il.us/motorfuel/DyedDiesel/requirements.htm)] Accessed on Sep. 23, 2015.

<sup>132</sup>. Ibid.

## FRACKING TAX

### BACKGROUND<sup>133</sup>

Hydraulic fracturing (commonly referred to as fracking) is the process of drilling wells and pumping a mixture of water, sand, and additives into the ground. The process creates microfractures in the ground that are held open by the grains of sand. Fracking taps oil and natural gas reserves previously locked in shale (fine-grained sedimentary rock) and other tight-rock formations. Fracking is also used to stimulate new production from old wells.

### THE HYDRAULIC FRACTURING REGULATORY ACT

On June 17, 2013, Governor Pat Quinn signed into law Senate Bill 1715, which became Public Act 098-0022, or the Hydraulic Fracturing Regulatory Act. This act imposes a tax on the production of oil or gas from a well located in Illinois for sale, transport, storage, profit, or commercial use.<sup>134</sup> The tax liability accrues when the oil or gas is removed from the production unit.<sup>135</sup>

### Oil

A flat 3% tax is applied to the value of each barrel of oil for the first 24 months after the oil is first produced from the well. After the first 24 months, the tax rate is determined based on the average daily production from the well during the month. The tax rates for oil follow.<sup>136</sup>

Average Daily Production	Tax Rate
Less than 25 barrels	3%
25–49 barrels	4%
50–99 barrels	5%
More than 100 barrels	6%

Oil from a well with an average daily production of 15 barrels or less for the 12-month period immediately before the production is exempt from the tax.<sup>137</sup> The amount of oil produced is measured by tank tables (tables that show the volumes of tanks at various levels based on quarter-inch intervals<sup>138</sup>), without deductions for overages or losses in handling. An allowance for a reasonable deduction for basic sediment and water and for correction of the temperature to 60 degrees is permitted.<sup>139</sup>

### Gas

For the first 24 months that gas is produced from a well, a flat 3% tax is applied to the value of gas extracted from the well. After the first 24 months, a 6% tax is imposed on the value of the gas removed from the earth or water.<sup>140</sup>

<sup>133</sup>. *What Is Fracking?* 2015. EnergyFromShale.org. [www.what-is-fracking.com/what-is-hydraulic-fracturing/] Accessed on Sep. 23, 2015.

<sup>134</sup>. IL PA 098-0022 §2-15(a).

<sup>135</sup>. IL PA 098-0022 §2-15(f).

<sup>136</sup>. IL PA 098-0022 §2-15(a)(1).

<sup>137</sup>. IL PA 098-0022 §2-15(b).

<sup>138</sup>. *Market Segment Specialization Program: Oil and Gas Industry*. May 1996. Internal Revenue Service. [www.irs.gov/pub/irs-mssp/oilgas.pdf] Accessed on Oct. 9, 2015.

<sup>139</sup>. IL PA 098-0022 §2-15(c).

<sup>140</sup>. IL PA 098-0022 §2-15(a)(2).

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**Exemptions.**<sup>141</sup> The following types of severance and production of gas are exempt from the tax.

- Gas injected into the earth for the purpose of lifting oil, recycling, or repressuring
- Gas used for fuel in connection with the operation and development for or production of oil or gas in the production unit
- Gas lawfully vented or flared
- Gas inadvertently lost through leaks, blowouts, and other accidental losses

## Local Workforce Tax Rate Reduction

If at least 50% of the total workforce hours on the well site are performed by Illinois construction workers, the oil and gas tax imposed on working-interest owners is reduced by 0.25% for the life of the well.<sup>142</sup> The workers must be paid wages equal to or exceeding the general prevailing hourly rate. The operator is responsible for obtaining all the pertinent information to claim the reduction, including:<sup>143</sup>

- The total number of construction workers who performed work under the contract,
- The total number of Illinois construction workers who performed work under the contract,
- The hours worked by each construction worker, and
- The wages paid to each construction worker for the work performed on the well site.

A construction contractor must retain at a minimum the following records for each worker.<sup>144</sup>

- Name
- Address
- Phone number
- Years of residency in Illinois
- Type of work performed
- Hourly wages paid
- Number of hours worked for the term of the contract

These records must be retained for three years.

The operator must file a report to support that the working-interest owners qualify for the reduced tax rate with IDOR no later than six months after the first purchase of oil or gas from a well.<sup>145</sup> The report must be signed by the operator or by an officer, employee, or agent of the contractor.

After determining that the working-interest owners qualify for the reduction in tax, IDOR notifies the purchaser and the operator of the reduction amount.<sup>146</sup> The reduction is effective from the date of first production.

## WITHHOLDING

A purchaser who pays a producer for a portion of the products from a production unit must withhold the amount of tax due from the producer. A purchaser who pays the tax due from a producer is entitled to reimbursement from the producer and can take a credit for that amount from any payments made to the producer for products.<sup>147</sup>

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<sup>141</sup>. IL PA 098-0022 §2-15(d).

<sup>142</sup>. IL PA 098-0022 §2-17(a).

<sup>143</sup>. IL PA 098-0022 §2-17(c).

<sup>144</sup>. Ibid.

<sup>145</sup>. Ibid.

<sup>146</sup>. IL PA 098-0022 §2-17(d).

<sup>147</sup>. IL PA 098-0022 §2-25.

## Exemption

The first purchaser is required to withhold and remit the tax, unless they obtain an exemption certificate from the operator.<sup>148</sup> The exemption certificate must be signed by the operator and include the following information.

1. Name and address of the operator
2. Name of the production unit
3. Number assigned to the production unit by the first purchaser, if available
4. Legal description of the production unit
5. Statement that the production unit is exempt from the tax

If the first purchaser obtains an exemption certificate with the required information and reasonably relies on it but it is later determined that the production unit **is subject to tax**, the first purchaser is relieved of any liability. IDOR will collect any tax due from the operator and producers.<sup>149</sup>

## TAX RETURNS

### Purchaser

Each purchaser must file a return with IDOR that details the following for each month.<sup>150</sup>

- Quantity of oil or gas purchased during the month
- Price paid
- Total value
- Name and address of the operator or other person from whom the product was purchased
- Description of the production unit from which the product was severed
- Amount of tax due from each production unit

Any tax due must be paid with the return. The return must be filed electronically on or before the last day of the month after the calendar month for which the return is required. A purchaser must make tax payments through electronic funds transfer unless IDOR grants an exemption.<sup>151</sup>

### Operator

An operator is responsible for filing a return and paying the tax if:<sup>152</sup>

- Oil or gas is transported off a production unit where it was severed by an operator,
- Oil or gas is used on the production unit where it was severed, or
- The manufacture and conversion of oil and gas into refined products occurs on the production unit where it was severed.

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<sup>148</sup>. IL PA 098-0022 §2-30(b).

<sup>149</sup>. Ibid.

<sup>150</sup>. IL PA 098-0022 §2-45.

<sup>151</sup>. Ibid.

<sup>152</sup>. IL PA 098-0022 §2-50(a).

The return must include the following information.<sup>153</sup>

- Gross quantity of oil or gas removed during the month
- Price paid (if no price is paid, the value of the oil and gas should be included)
- Description of the production unit
- Amount of tax

## ACCOUNTANT'S PRIVILEGE

On March 19, 2015, the Illinois Supreme Court ruled in *Brunton v. Kruger* that accountant's privilege resides with the accountant, rather than the client.<sup>154</sup> Accountant's privilege protects the confidentiality of communication between an accountant and client.<sup>155</sup> The Illinois Public Accounting Act states that "a licensed or registered CPA shall not be required by any court to divulge information or evidence which has been obtained by him in his confidential capacity as a licensed or registered CPA."<sup>156</sup> However, an accountant has an "obligation to comply with a validly issued and enforceable subpoena or summons."<sup>157</sup>

The dispute in the case involved the contest of a will brought by June Brunton, daughter of Helen and Gordon Kruger, against her brother, Robert Kruger, as trustee of the trusts established by their late parents and as personal representative of their estates. Ms. Brunton was excluded from her parents' will as a result of what she believed to be undue influence by certain family members and her mother's diminished capacity. Both Ms. Brunton and Mr. Kruger subpoenaed the accounting firm Striegel, Knobloch & Co. (Striegel) for confidential documents used in drafting the estate plan for Helen and Gordon Kruger. Striegel denied Ms. Brunton's request, asserting that the documents were privileged. However, Striegel provided Mr. Kruger with the documents.

The circuit court held that the estate-planning documents were privileged but that Striegel waived the privilege by providing the documents to Mr. Kruger. Because of this waiver, the circuit court ordered Striegel to produce the documents. Striegel's attorney refused to comply and was found in contempt. Because of this, the case was taken to the appellate court.

The appellate court held that the client, not the CPA, is the holder of the privilege. The appellate court also held that Mr. Kruger and the other heirs had waived the privilege by filing briefs with the appellate court in which they urged the court to affirm the circuit court's discovery order. The appellate court vacated the finding of contempt but otherwise affirmed the circuit court's ruling.

The Illinois Supreme Court affirmed the judgment of the appellate court but ruled that **the privilege belongs to the accountant, not the client**. Because the accountant waived the privilege by disclosing information to Mr. Kruger, the accountant could not claim the privilege to avoid disclosure of the same information to Ms. Brunton.

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<sup>153</sup>. Ibid.

<sup>154</sup>. *Brunton v. Kruger*, 2015 IL 117663, 32 N.E.3d 567 (Mar. 19, 2015).

<sup>155</sup>. See IRC §7525(a).

<sup>156</sup>. 225 ILCS 450/27.

<sup>157</sup>. IL Admin Code §1430.3010(b)(2).

# 2015 Workbook

## Internal Revenue Service

Serving Illinois

LOCATION	ADDRESS	PHONE
<b>Bloomington</b>	301 S. Prospect Road Bloomington, IL 61704	309-661-0032 <b>FAX 309-662-4792</b>
<b>Champaign</b>	310 W. Church Street Champaign, IL 61820	217-398-5210 <b>FAX 217-398-5414</b>
<b>Chicago</b>	230 S. Dearborn Street Chicago, IL 60604	312-292-4912 <b>FAX 312-292-4915</b>
<b>Davenport, IA</b>	101 W. 2nd Street, 6th Floor Davenport, IA 52801	563-326-6052 <b>FAX 563-328-4452</b>
<b>Decatur</b>	306 W. Eldorado Street Decatur, IL 62522	217-862-6015 <b>FAX 217-429-0843</b>
<b>Downers Grove</b>	2001 Butterfield Road, 12th Floor Downers Grove, IL 60515	630-493-5291 <b>FAX 630-493-5404</b>
<b>Fairview Heights</b>	380 Fountain Office Court Fairview Heights, IL 62208	618-632-2567 <b>FAX 618-632-5357</b>
<b>Galesburg</b>	2066 Windish Drive Galesburg, IL 61401	309-345-4158 <b>FAX 309-342-8246</b>
<b>Mount Vernon</b>	105 South Sixth Street Mt. Vernon, IL 62864	618-632-2567 <b>FAX 618-632-9410</b>
<b>Orland Park</b>	14479 John Humphrey Dr. Orland Park, IL 60462	708-873-8310 <b>FAX 708-346-7878</b>
<b>Peoria</b>	2415 W. Cornerstone Ct. Peoria, IL 61614	309-671-7264 <b>FAX 309-693-1117</b>
<b>Quincy</b>	3701 East Lake Centre Drive Quincy, IL 62305	217-224-8208 <b>FAX 217-224-9877</b>
<b>Rockford</b>	211 S. Court Street, Rm. 101 Rockford, IL 61101	815-334-7026 <b>FAX 815-987-4271</b>
<b>Schiller Park</b>	5100 River Road Schiller Park, IL 60176	847-737-6688 <b>FAX 847-671-7518</b>
<b>Springfield</b>	3101 Constitution Drive Springfield, IL 62704	217-862-6015 <b>FAX 217-862-6037</b>



## Illinois IRS Subject Matter Points of Contact

### Automated Collection Service (ACS)

<b>W&amp;I</b>	<b>800-829-7650</b>
<b>SBSE, LB &amp; I, TE/GE</b>	<b>800-829-3903</b>
<b>ATIN</b>	<b>512-460-7898</b>

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** **Fax: 309-556-5062**

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

<b>Springfield Taxpayer Advocate (case related)</b>	<b>217-862-6382</b>
<b>Chicago Taxpayer Advocate (case related)</b>	<b>312-292-3800</b>
<b>Governmental Liaison (non-case related)</b>	<b>312-292-3520</b>

### CP 2000 Notices

<b>Generated from Brookhaven, Ogden, or Philadelphia</b>	<b>800-829-8310</b>
<b>Generated from Atlanta, Austin, or Fresno</b>	<b>800-829-3009</b>

### Criminal Investigation (CI) Division

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

### Electronic Federal Tax Payment System (EFTPS) **800-555-4477** **Web: [www.eftps.gov](http://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](http://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**

**866-455-7438**

## **National Distribution Center**

**800-829-3676**

For obtaining forms and publications

## **Office of Professional Responsibility**

**Fax: 202-317-6338**

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.

# 2015 Workbook

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

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

## **Small Business Tax Workshops**

**Web:** [www.irs.gov](http://www.irs.gov)

**Small Business Community Website:** [www.irs.gov/smallbiz](http://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.

# 2015 Workbook

## Illinois Directory

IRS Small Business Self-Employed Division  
Communications & Stakeholder Outreach

### IRS TELEPHONE DIRECTORY for Practitioners



12/01/2015

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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<b>Appeals</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Appeals Team Manager - Collection	Chicago and Peoria	Debra Dufek	312-582-6838
Appeals Team Manager - Examination	Chicago	Scott W. Hultsch	312-582-6940
Appeals Team Manager - Examination	Chicago	Jim R. Helfrich	312-582-6840
Appeals Team Manager – Appeals Team Case Leader Operations	Chicago	Clarence H. Phillips	312-582-6877
Appeals Team Manager – Policy, Quality & Case Support	Chicago	David H. Kantor	312-582-6829

<b>Area Counsel</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Tax Court Case Inquiries	Chicago	Receptionist	312-368-8152
Collection Issues	Chicago	Receptionist	312-368-8228
All Other Inquiries – Assoc. Area Counsel IRS Small Business/Self-Employed Division	Chicago	Mayer Y. Silber Abby Carlson	312-368-8230 312-368-8156

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<b>Criminal Investigation – Special Agent-in-Charge</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Acting Special Agent-in-Charge (SAC) (through 11/30/15)	Chicago, Downers Grove, Fairview Heights, Orland Park, Peoria, Rockford, Schiller Park, Springfield	Stephen Boyd	312-292-4502
Special Agent-in-Charge (beginning 1/4/16)	Same as Above	James Robnett	312-292-4502
Public Information Officer		Kerry Hannigan	708-898-9815

<b>Large Business &amp; International Division</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
International Business Compliance - Territory Manager, Territory 9	Chicago, Downers Grove, Schiller Park	Ismael Carreno	847-737-6537
Retailers, Food, Transportation & Healthcare Territory Manager, Territory 2	Chicago	Renee Banks	312-292-3962
Retailers, Food, Transportation & Healthcare Territory Manager, Territory 3 (Through Feb. 2016)	Cases originate out of Schiller Park. Revenue Agents located in Chicago, Matteson, Schiller Park & Peoria	Shah Mobed	847-737-6435
Retailers, Food, Transportation & Healthcare Territory Manager, Territory 4	Bloomington, Decatur, Downers Grove, Matteson, Peoria, Quincy, Springfield,	Robert D. Budney	630-493-5802



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Lien Cases		
<u>Title</u>		<u>Phone</u>
Centralized Lien Processing		800-913-6050

Privacy, Governmental Liaison & Disclosure			
<u>Title</u>	<u>IRS IL Offices</u>	<u>Name</u>	<u>Phone</u>
Area Manager – Governmental Liaison	Chicago	William C. Maier	408-283-1777
IRS Governmental Liaison for Illinois	Chicago	Lynda Dyer	312-292-3520
Disclosure Manager (Freedom of Information Act)	Chicago	Bruce Hayes	312-292-4311

Small Business/Self-Employed - Collection Operations - Field Collection			
<u>Title</u>	<u>IRS IL Offices</u>	<u>Name</u>	<u>Phone</u>
Acting Program Manager, Downers Grove Territory	Downers Grove, Chicago, Matteson	Theresa Memmel	414-231-2419
Program Manager, Milwaukee Territory	Schiller Park, Rockford	David W. Preston	847-737-6298
Program Manager, Great Lakes Territory	Orland Park	John Anthony	248-848-8596 248-699-9592
Program Manager, St. Louis Territory,	Fairview Heights, Peoria, Springfield, Champaign, Quincy, Mt. Vernon	Beverly Morris	636-255-1280

Small Business/Self-Employed - Collection Operations - Specialty – Insolvency			
<u>Title</u>	<u>IRS IL Offices</u>	<u>Name</u>	<u>Phone</u>
Territory Manager	Chicago, Mt. Vernon	James Garrison	513-263-3193

# 2015 Workbook

<b>Small Business/Self-Employed - Collection Operations - Specialty – Offers &amp; Liens</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Territory Manager	Chicago	Doreen Peterson	206-946-3307

<b>Small Business/Self-Employed – Communications &amp; Stakeholder Outreach– Stakeholder Liaison Field</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Acting Area Manager	Chicago, Springfield, Downers Grove	Craig Crews	615-250-5791

<b>Small Business/Self-Employed – Examination Operations – Field Examination</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Program Manager Territory Chicago-1	Chicago & Schiller Park (Office Auditors), Downers Grove (Revenue Agents)	Jeanine Jones	312-292-2801
Program Manager Territory St. Louis-1	Chicago, Schiller Park (Revenue Agents – Special Enforcement Program.)	Brenda Kessel	636-255-1354
Program Manager Territory Wisconsin	Chicago, Schiller Park (Revenue Agents, Flow- Through Entities)	Lori A. Carmichael	651-312-8086
Program Manager Territory St. Louis-2	Bloomington, Champaign, Decatur, Fairview Hts., Orland Park, Peoria, Quincy, Rockford, Springfield (Revenue Agents)	Kevin Harris	314-612-4597
Program Manager Territory MO/KS	Bloomington, Downers Grove, Galesburg, Matteson, Orland Park, Peoria (Office Auditors)	Christina Sedlacek	913-722-7561
Program Manager Territory Chicago-2	Chicago, Matteson, Schiller Park (Revenue Agents)	Annette Jones	312-292-2501

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<b>Small Business/Self-Employed – Examination Operations- Specialty Examination – Employment Tax Program</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Territory Manager - Mid States – Territory – Group 1	Chicago & Downers Grove	Anita Bartels	321-441-2553

<b>Small Business/Self-Employed – Examination Operations- Specialty Examination – Estate &amp; Gift Tax Program</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Supervisory Attorney – Group 1405	Chicago	Sarah Daya	312-292-4485

<b>Tax Exempt &amp; Government Entities</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Program Manager, Employee Retirement Plans Exam, Great LakesTerritory		Janice Gore	262-513-3465
Supervisory Internal Revenue Agent – Government Entities		Amy Myers	419-522-2259
Supervisory Internal Revenue Agent - Tax Exempt Bonds		Bob Griffio	214-413-5529
Program Manager - Exempt Organizations - Examination		Michael Glass	954-423-7470

<b>Taxpayer Advocate Service</b>			
<b><u>Title</u></b>	<b><u>IRS IL Offices</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Supervisory Associate Advocate	Chicago	Pamela Bates	312-292-3801
Supervisory Associate Advocate	Springfield	Debora Mangis	217-993-6608

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Treasury Inspector General for Tax Administration - Investigations			
<u>Title</u>	<u>IRS IL Offices</u>	<u>Name</u>	<u>Phone</u>
Assistant Special Agent-in-Charge	Chicago	Frank Boenzi	312-554-8741

Wage & Investment Division – Stakeholder, Partnerships, Education & Communication (SPEC)			
<u>Title</u>	<u>IRS IL Offices</u>	<u>Name</u>	<u>Phone</u>
Territory Manager	Chicago and Springfield	Mary L. Solomon	402-233-7311

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<b>Wage &amp; Investment Division – Field Assistance -Taxpayer Assistance Centers (TAC) in Illinois</b> <b><u><a href="http://www.irs.gov/uac/Contact-Your-Local-IRS-Office-1">http://www.irs.gov/uac/Contact-Your-Local-IRS-Office-1</a></u></b>					
<b>Always check the website or call for the most up-to-date information on hours of service, location and services provided</b>					
<b><u>City</u></b>	<b><u>Address</u></b>	<b><u>TAC Phone</u></b>	<b><u>Title</u></b>	<b><u>Name</u></b>	<b><u>Phone</u></b>
Bloomington	301 S. Prospect Rd. Bloomington, IL 61704	309-661-0032	Territory Manager	Suzanne Ooley	317-685-7782
Champaign	310 W. Church Street Champaign, IL 61820	217-398-5210	Territory Manager	Suzanne Ooley	317-685-7782
Chicago	230 S. Dearborn Street 24 <sup>th</sup> Floor Chicago, IL 60604	312-292-4912	Territory Manager	Lula Watkins	312-292-3201
Decatur	306 W. Eldorado Decatur, IL 62522	217-862-6015	Territory Manager	Suzanne Ooley	317-685-7782
Downers Grove	2001 Butterfield Rd. Downers Grove, IL 60515	630-493-5291	Territory Manager	Lula Watkins	312-292-3201
Fairview Heights	380 Fountain Office Ct. Fairview Heights, IL 62208	618-632-2567	Territory Manager	Kathy Oost	615-250-5437
Galesburg	2066 Windish Dr. Galesburg, IL 61401	309-345-4158	Territory Manager	Suzanne Ooley	317-685-7782
Orland Park	14479 John Humphrey Dr. Orland Park, IL 60462	708-873-8310	Territory Manager	Lula Watkins	312-292-3201
Peoria	2415 West Cornerstone Ct. Peoria, IL 61614	309-621-7273	Territory Manager	Suzanne Ooley	317-685-7782
Quincy	3701 East Lake Centre Dr. Quincy, IL 62305	217-224-8208	Territory Manager	Suzanne Ooley	317-685-7782
Rockford	4920 E. State St. Rockford, IL 61108	815-334-7026	Territory Manager	Lula Watkins	312-292-3201
Schiller Park	5100 River Rd. Schiller Park, IL 60176	847-737-6688	Territory Manager	Lula Watkins	312-292-3201
Springfield	3101 Constitution Drive Springfield, IL 62704	217-862-6015	Territory Manager	Suzanne Ooley	317-685-7782

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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
Bloomington	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	855-213-5288
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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