Illinois Department of Revenue

Schedule K-1-P(1)

Instructions for Partnerships and S Corporations Completing Schedule K-1-P, Schedule K-1-P(3), and Schedule K-1-P(4)

What's New for 2025?

- A new step, Step 8, Your partner's share of retirement payments, has been added to Schedule K-1-P.
- The Illinois Gives income tax credit (Code 5670) has been added as Line 52q for tax years ending on or after December 31, 2025.
- The Advancing Innovative Manufacturing for Illinois income tax credit (Code 1050) has been added as Line 52v for tax years beginning on or after January 1, 2026.
- The Illinois Income Tax Act was amended to remove the expiration date for the pass-through entity tax.

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General Information

What is the purpose of Schedule K-1-P, Schedule K-1-P(3), and Schedule K-1-P(4)?

Schedule K-1-P —

The purpose of Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, is for you to supply each individual or entity who was a partner or shareholder at any time during your tax year with that individual's or entity's share of the amounts you reported on your federal income tax return and your Illinois business income tax return.

For Illinois Income Tax purposes, you **must** give a completed Schedule K-1-P **and** a copy of the Schedule K-1-P(2), Partner's and Shareholder's Instructions, to each partner or shareholder. This must be done by the due date, including any extended due date, of your Form IL-1065 or Form IL-1120-ST.

Schedule K-1-P(3) —

The purpose of Schedule K-1-P(3), Pass-through Withholding Calculation for Nonresident Members, is to calculate the required tax you must report and pay on behalf of your nonresident partners or shareholders that receive business or nonbusiness income from your partnership or S corporation.

Important - Investment partnerships are required to withhold an amount on behalf of their nonresident partners. To calculate investment partnership withholding, investment partnerships must complete a Schedule K-1-P(4) for each of their nonresident partners. Investment partnerships do not complete Schedule K-1-P(3) for any of their partners.

Do not complete Schedule K-1-P(3) for any of your members if you elect to pay pass-through entity (PTE) tax.

You are required to report and pay tax on behalf of your members if

- you are an S corporation or partnership with an Illinois filing obligation, and
- you have business or nonbusiness income distributable to Illinois nonresident partners or shareholders who have not provided you with Form IL-1000-E, Certificate of Exemption for Pass-through Withholding.

Do not accept Form IL-1000-E from an individual member. Individuals **may not** make the pass-through withholding exemption election. You are required to report and pay tax on behalf of your nonresident individual members.

You **must** complete a Schedule K-1-P(3) for each such member. The pass-through withholding amount calculated on Schedule K-1-P(3) will be reported to each applicable member on the Schedule K-1-P you issue to them. Each member's amounts from each Schedule K-1-P(3) you complete must also be reported to the Illinois Department of Revenue (IDOR) on your Schedule B.

For Illinois Income Tax purposes, you **must** complete Schedule K-1-P(3) to calculate the amount of pass-through withholding for each of your applicable members **and** keep the schedule with your income tax records.

Schedule K-1-P(4) —

The purpose of Schedule K-1-P(4), Investment Partnership Withholding Calculation for Nonresident Partners, is to calculate the required withholding that investment partnerships must report and pay on behalf of their nonresident partners.

You are required to report and pay investment partnership withholding on behalf of your nonresident partners if

- you are an investment partnership as defined in the Illinois Income Tax Act (IITA), Section 1501(a)(11.5) and
- you have business or nonbusiness income from other partnerships that is distributable to nonresident partners.

You must complete a Schedule K-1-P(4) for each nonresident partner unless that partner is

- exempt from tax under Internal Revenue Code (IRC) Section 501(a) or IITA Section 205, or
- a retired partner whose distributions are exempt from tax under IITA Section 203(a)(2)(F).

Note: Form IL-1000-E, Certificate of Exemption for Pass-through Withholding, will not exempt an investment partnership from investment partnership withholding.

The investment partnership withholding amount calculated on the Schedule K-1-P(4) will be reported to each applicable partner on the Schedule K-1-P you issue to them. Use Schedule K-1-P, Step 7, Line 55, Pass-through withholding or investment partnership withholding, to report each partner's share of investment partnership withholding. Additionally, all investment partnership withholding amounts calculated from each Schedule K-1-P(4) you complete will be entered on the corresponding partner's Schedule B, Section B, Line J, carried to the applicable line of Schedule B, Section A, Lines 4a through 4e, and added to the total to be entered on Schedule B, Section A, Line 5. The amount from Schedule B, Section A, Line 5 will be entered on Form IL-1065, Step 9, Line 59b.

For Illinois Income Tax purposes, you **must** complete Schedule K-1-P(4) to calculate the amount of investment partnership withholding for each of your applicable partners **and** keep the schedule with your income tax records.

Do not attach any Schedule K-1-P that you complete and issue to your partners or shareholders or any Schedule K-1-P(3) or Schedule K-1-P(4) you complete to your Form IL-1065 or Form IL-1120-ST. However, you must

- keep a copy of each Schedule K-1-P and Schedule K-1-P(3) or Schedule K-1-P(4) available for inspection by our authorized agents and employees, and
- attach any Schedule K-1-P issued to you by another partnership or S corporation, as described in Schedule K-1-P(2).

What is a resident?

A resident is

- 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;
- the estate of a decedent who at his or her death was domiciled in Illinois;
- a trust created by a will of a decedent who at his or her death was domiciled in Illinois; or
- an irrevocable trust, whose grantor was domiciled in Illinois at the time the trust became irrevocable. For purposes of this definition, a trust is irrevocable to the extent that the grantor is not treated as the owner of the trust under Internal Revenue Code (IRC) Sections 671 through 678.

What is a nonresident?

A nonresident is a person who is not a resident, as previously defined. Corporations, S corporations, partnerships, and exempt organizations are considered nonresident for purposes of Schedule K-1-P, Schedule K-1-P(3), and Schedule K-1-P(4).

What is business income?

Business income means all income, other than employee compensation, that may be apportioned by formula among the states in which you are doing business without violating the Constitution of the United States. All income of a partnership or subchapter S corporation is business income unless it is clearly attributable to only one state and is earned or received through activities totally unrelated to any business you are conducting in more than one state. Business income is net of all deductions attributable to that income.

When is business income allocable to Illinois?

For a resident of Illinois, all income received, regardless of the source, is allocable to Illinois.

For a nonresident of Illinois whose business income is derived

- wholly inside Illinois, the entire amount of business income is allocable to Illinois.
- wholly outside Illinois, none of the business income is allocable to Illinois.
- inside and outside Illinois, Step 6 of Form IL-1065 or Form IL-1120-ST should be completed. See the specific instructions for these forms.
- from trusts, estates, and other partnerships or S corporations, the business income paid to this partnership or S corporation may be allocable to Illinois. See the Schedule K-1-T, Beneficiary's Share of Income and Deductions, furnished by the fiduciary, or Schedule K-1-P furnished by the other partnership or S corporation to determine what income is allocable to Illinois.

What is nonbusiness income?

Nonbusiness income is all income other than business income or employee compensation. It is income you can clearly classify as having no connection to your business. For information about types of nonbusiness income, see the instructions for Illinois Schedule NB, Nonbusiness Income.

When is nonbusiness income allocable to Illinois?

For a resident of Illinois, all nonbusiness income is allocable to Illinois.

For a nonresident partner or shareholder, items of income and deduction that constitute nonbusiness income received through the partnership or S corporation completing Schedule K-1-P are treated as if received directly by the partner or shareholder and are allocable to Illinois according to the following rules:

- **Interest and dividend income** received by partnerships or S corporations is allocable to Illinois if the entity's commercial domicile was in Illinois at the time the interest or dividend was paid or accrued. Interest and dividend income received by a nonresident individual, trust, or estate is not allocable to Illinois.
- **Net rents and royalties**

  Real property - Rents and royalties from real property are allocable to Illinois if the property is located in Illinois.

  Tangible personal property - Rents and royalties from tangible personal property are allocable to Illinois to the extent that the property is used in Illinois. The extent of use of tangible personal property in a state is determined by multiplying the rents and royalties derived from the property by a fraction. The numerator is the number of days of physical location of the property in Illinois during the rental and royalty period in the tax year, and the denominator is the number of days of physical location of the property everywhere during all rental or royalty periods in the tax year.
- **Patent and copyright royalties** are allocable to Illinois to the extent that the patent or copyright is used in Illinois.

  A **patent** is used in Illinois to the extent that it is employed in production, fabrication, manufacturing, or other processing in Illinois or to the extent that a patented product is produced in Illinois.

  A **copyright** is used in Illinois to the extent that printing or other publication originates in Illinois.
- **Gains and losses** from sales or exchanges of real or tangible personal property are in Illinois if the property is located in Illinois at the time of the sale or exchange. Gains or losses from the sale or exchange of intangible personal property are allocable to the state of residence or commercial domicile of the partner or shareholder. Gains and losses from sales or exchanges of shares and of interests in pass-through entities are allocable to Illinois if the pass-through entity is taxable in Illinois.
- **Income from trusts, estates, and other partnerships or S corporations** paid to this partnership or S corporation is allocable as if your partner or shareholder received it directly. See the Schedule K-1-T furnished by the fiduciary or Schedule K-1-P furnished by the other partnership or S corporation to determine what income is allocable to Illinois.
- **Income from Illinois Lottery prizes and winnings from gambling games** conducted on a riverboat or in a casino or organization gaming facility licensed under the Illinois Gambling Act, pari-mutuel wagering winnings from a facility licensed under the Illinois Horse Racing Act of 1975**, and sports wagering winnings** conducted in accordance with the Sports Wagering Act is allocable to Illinois.
- **Other income allocable to Illinois**, see Schedule NB Instructions for detailed instructions.

What is pass-through entity (PTE) tax and PTE tax credit?

PTE tax is an amount equal to 4.95 percent (.0495) of the taxpayer's calculated net income for the taxable year paid by a partnership (other than a publicly traded partnership under Section 7704 of the Internal Revenue Code) or subchapter S corporation who elects to pay the tax for taxable years ending on or after December 31, 2021.

PTE tax credit is the distributive share of the credit allowed as a result of a partnership or S corporation having elected to pay the PTE tax.

PTE tax credit is

- reported **to** you on Schedule(s) K-1-P and K-1-T, and
- reported **by** you
  - to IDOR on Form IL-1065 or Form IL-1120-ST, Schedule B, Line K and
  - to your partners and shareholders on Schedule K-1-P, Line 53a.

An **investment partnership** may use PTE tax credit to offset its investment partnership withholding requirement, to the extent that such credit would otherwise be distributable to its nonresident partners. An investment partnership must complete a Schedule K-1-P(4) for each of its nonresident partners indicating the amount of PTE tax credit (Schedule K-1-P(4), Step 4, Line 12) that will be used to offset that partner's withholding amount. The Schedule K-1-P(4), Line 12 amount may not exceed the amount of investment partnership withholding before credits. In addition, the total of all Schedule K-1-P(4), Line 12 amounts, may not exceed the amount of PTE tax credit distributed to you from other entities. See Schedule K-1-P(2) for more information.

You may not use PTE tax credit to offset PTE tax liability. Any additional PTE tax credit that has been distributed to you beyond the amount used against your investment partnership withholding liability must be distributed to your partners.

See the Form IL-1065 instructions for more information.

What if a partner is engaged in a unitary business with this partnership?

If partners owning substantially all of a partnership are engaged in a unitary business with that partnership, the partners and the partnership must be included on a Schedule UB, Combined Apportionment for Unitary Business Group. Substantial ownership is defined as owning more than 90 percent of all the interest in the partnership. Otherwise, if a partner is engaged in a unitary business with this partnership, the partner must determine the portion of its business income taxed by Illinois by adding its share of this partnership's business income and apportionment factors (Illinois and everywhere) to its own business income and apportionment factors (Illinois and everywhere). See 86 Ill. Adm. Code Section 100.3380(d) for more information. The business income and factors of this partnership that must be added to the unitary partner's business income and factors must include any business income and factors that flow through to this partnership from another unitary partnership. See the "Unitary instructions" in the following steps to help you report the unitary partner's share.

What if I am an investment partnership?

If you are an investment partnership as defined in the Illinois Income Tax Act (IITA), Section 1501(a)(11.5), you are exempt from Illinois income taxation. Also, all income that one of your partners receives from you is treated as nonbusiness income that is allocable to the partner's state of residence or commercial domicile, unless the partner's investment in you is directly or integrally related to another business activity of the partner; or serves an operational function to another business activity of the partner; or where the partner's contribution to you was made out of working capital from its trade or business. Because you cannot be expected to know the facts necessary to make this determination, you should complete the Schedule K-1-P by filling in only Column A and attaching the Schedule K-1-P(2), to allow the partner to make its own determination.

Investment partnerships are required to withhold an amount on behalf of their nonresident partners. Investment partnerships must complete a Schedule K-1-P(4) for each of its nonresident partners to determine the amount of investment partnership withholding required. See Schedule K-1-P(4) and the "K-1-P(4) Step-by-Step Instructions" section below for more information.

An investment partnership that elects to pay PTE tax will determine its PTE income by completing the PTE Income Worksheet in the Form IL-1065 Instructions as if it did not qualify as an investment partnership.

Note: Electing to pay PTE tax does not exempt the investment partnership from withholding on behalf of its nonresident members. Instead, the investment partnership must calculate its investment partnership withholding prior to calculating PTE tax. The income used to determine the investment partnership withholding will be deducted from the PTE income on the PTE Income Worksheet.

Should I round?

You must round the dollar amounts on Schedules K-1-P and Schedules K-1-P(3) to whole-dollar amounts. To do this, you should drop any amount less than 50 cents and increase any amount of 50 cents or more to the next higher dollar.

What if I need additional assistance or forms?

- For assistance, forms, or schedules, visit our website at **tax.illinois.gov** or scan the QR code provided.
- Write us at:

  ILLINOIS DEPARTMENT OF REVENUE
  PO BOX 19001
  SPRINGFIELD IL 62794-9001
- Call **1 800 732-8866** or **217 782-3336** (TTY at **1 800 544-5304**).
- Visit a taxpayer assistance office - 8:00 a.m. to 5:00 p.m. (Springfield office) and 8:30 a.m. to 5:00 p.m. (all other offices), Monday through Friday.

K-1-P Step-by-Step Instructions

Important: To avoid a common error, before completing any step of Schedule K-1-P, you must enter your tax year ending in the space provided on the front of the Schedule K-1-P. Failure to provide this information will result in processing delays for your partner or shareholder. In addition, they may be advised by IDOR to contact you for a corrected Schedule K-1-P that includes a completed tax year ending.

Step 1 — Identify your partnership or S corporation

Line 1 - Check the appropriate box to identify yourself as a partnership or an S corporation.

Line 2 - Enter the name of your partnership or S corporation as shown on your Form IL-1065 or Form IL-1120-ST.

Line 3 - Enter your entire federal employer identification number (FEIN). If you are a foreign entity and do not have a FEIN, you must receive approval from IDOR to leave this line blank or to provide partial information. Send your request to:

BUSINESS PROCESSING
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19004
SPRINGFIELD, IL 62794-9004

Line 4 - Enter the apportionment factor from Step 6, Line 42, of your Form IL-1065 or Form IL-1120-ST. If you were not required to complete Step 6, enter "1" on this line.

Note: If you are an investment partnership, enter "investment partnership" on Line 4.

Unitary instructions (Form IL-1065 filers only): If the partner to whom you are sending this Schedule K-1-P is engaged in a unitary business with your partnership, enter "see attached schedule of factors" on Line 4. Attach a schedule showing the partner's share of the partnership's apportionment factors (Illinois and everywhere), and business income that the partnership directly earns, plus any factors and business income passed up to your partnership from another unitary partnership. The schedule must direct the partner to include the apportionment factors and business income shown on the schedule with its own apportionment factors and business income in apportioning its business income to Illinois.

Step 2 — Identify your partner or shareholder

Line 5 - Enter the name of the partner or shareholder to whom you will issue the Schedule K-1-P.

Line 6 - Enter the mailing address of the partner or shareholder.

Line 7 - Enter the entire Social Security number or FEIN of the partner or shareholder here and in the space provided at the top of Page 2.

Line 8 - Enter the percentage that represents this partner's or shareholder's share of income, gain, loss, deduction, or credit that was allocated among the members as required by the Internal Revenue Code (IRC) Section 704 for partners, and IRC Section 1366 for shareholders. In the event that the partnership agreement provides for a specific allocation of certain items that differs from that used to allocate income or loss, report the special items and percentage allocation on a separate sheet and attach it to this schedule.

Line 9a - Check the appropriate box to identify this partner or shareholder as an individual, a partnership, a corporation, an S corporation, a trust, or an estate.

If this partner or shareholder is

- an exempt organization and is taxed as a corporation, check the corporation box on this Schedule K-1-P.
- an exempt organization and is taxed as a trust, check the trust box on this Schedule K-1-P.
- a grantor trust or other disregarded entity, check the box on this Schedule K-1-P that corresponds to the tax type of the grantor or owner.

Line 9b - Do not check the grantor trust or disregarded entity checkbox, or enter a name or identification number on this line. These are available for your partner or shareholder to complete, as applicable.

Steps 3 through 6 —

Note: If you are a partner in a partnership, a shareholder in an S corporation, or a beneficiary of a trust or estate, you need to complete a pro forma Schedule K-1-P that identifies each partner's or shareholder's share of your share of items received from that entity. Write across the top of the pro forma Schedule K-1-P "the following information is included in the Schedule K-1-P from ________" (the name of your partnership or S corporation). Send this pro forma Schedule K-1-P along with the Schedule K-1-P you issue to your partners or shareholders.

Column A — Member's share — If the individual or entity was a partner or shareholder at any time during your tax year, you must complete Column A of Steps 3 through 6.

Column B — Illinois share — You must determine how much of each item in Column A is allocable or apportionable to Illinois and enter that amount in Column B for each partner or shareholder. Nonresidents are taxed only on the Illinois share of each item, and residents need to know the Illinois share of each item to compute the credit they are allowed for taxes paid to other states.

For all line items: If you are an investment partnership, leave Column B blank.

ALERT Failure to complete Column A when entering an amount in Column B may result in processing delays and further correspondence from the Illinois Department of Revenue.

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

Column A - Member's share

Lines 10 through 19 - Enter the partner's or shareholder's share of nonbusiness income reported on the equivalent lines of your federal Schedule K-1. Line 19 should include any items of nonbusiness income or deduction (*e.g.,* IRC Section 179) which are included in the computation of unmodified base income on Step 3, Line 13, of your Form IL-1065 or Form IL-1120-ST and are not included in Schedule K-1-P, Lines 10 through 18.

If you filed a federal Form 1065-B, you should complete a pro forma federal Form 1065, Schedule K-1, for each partner to use as a guide for completing Step 3.

Note: Enter "0" on Lines 10 through 19 if you made the election on your Form IL-1065 or IL-1120-ST to treat all of your income as business income. All items of income and expense from your federal K-1 should be reported in Step 4 - Figure your partner's or shareholder's share of your business income or loss.

Unitary instructions (Form IL-1065 filers only): If the partner to whom you are sending this Schedule K-1-P is engaged in a unitary business with your partnership, report the partner's share of all items of nonbusiness income in the same manner as you would for any other partner.

Column B - Illinois share

For all line items - If you are an investment partnership, leave Column B blank.

Lines 10, 11, and 18 - If the partner or shareholder uses an Illinois address, enter its share of nonbusiness income from Column A. Otherwise, enter "0."

Lines 12 through 17 and 19 - Enter the partner's or shareholder's share of nonbusiness income allocable to Illinois. Income reported on these lines which you allocated to Illinois as reported on your Schedule NB, Column B, or which would have been reported on your Schedule NB if included in your base income, is also allocable to Illinois by your partners or shareholders. Identify any amount reported on Line 19 and, if needed, attach a breakdown of that amount.

Note: Any gains and losses from sales or exchanges of shares and of interests in pass-through entities included as nonbusiness income or loss is allocable to Illinois if the pass-through entity (PTE) is taxable in Illinois. The Illinois share is calculated by multiplying the average of the PTE's Illinois apportionment factor computed on the return in the year of the sale or exchange and the PTE's apportionment factors from the preceding two tax years by the member's share of nonbusiness capital gains and losses from sales or exchanges of shares and of interests in pass-through entities. If the PTE was not in existence during both of the preceding two years, then only the years in which the PTE was in existence shall be considered when computing the average.

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

Note: When completing Lines 20 through 31, exclude from these amounts any nonbusiness income reported in Step 3.

Column A - Member's share

Lines 20 through 31 - Enter the partner's or shareholder's share of business income identified on these lines. See the information on the partner's or shareholder's federal Schedule K-1 and the amounts entered in Step 3, Column A. Line 31 should include any items of business income or deduction (*e.g.,* IRC Section 179) which are included in the computation of unmodified base income on Step 3, Line 13, of your Form IL-1065 or Form IL-1120-ST, and are not included in Lines 20 through 30.

Note: If you filed a federal Form 1065-B, you should complete a pro forma federal Form 1065, Schedule K-1, for each partner to use as a guide for completing Step 4.

Column B - Illinois share

For all line items - If you are an investment partnership, leave Column B blank.

Lines 20 through 31 - Enter the partner's or shareholder's share of business income apportioned to Illinois. If the business income is from your partnership or S corporation, multiply the amount in Column A by the apportionment factor on Step 1, Line 4. If you received business income from any other partnership, S corporation, or trust, see the Schedule K-1-P or Schedule K-1-T from that entity. Enter the total in Column B. Identify any amount reported on Line 31 and, if needed, attach a breakdown of that amount.

Note: Any gains and losses from sales or exchanges of shares and of interests in pass-through entities included as business income or loss is attributable to Illinois if the pass-through entity (PTE) is taxable in Illinois. The Illinois share is calculated by multiplying the average of the PTE's Illinois apportionment factor computed on the return in the year of the sale or exchange and the PTE's apportionment factors from the preceding two tax years by the member's share of business capital gains and losses from sales or exchanges of shares and of interests in pass-through entities. If the PTE was not in existence during both of the preceding two years, then only the years in which the PTE was in existence shall be considered when computing the average.

Unitary instructions: If you are included in a Schedule UB, include the combined amount of each item of business income reported in Step 2, Column E of the Schedule UB, multiplied by the apportionment factor in Step 1, Line 4 of this Schedule K-1-P. If you are a partnership and the partner to whom you are sending this Schedule K-1-P is engaged in a unitary business with you, and you are not included in the Schedule UB with this partner, report only this partner's share of the items of business income and expense you derived from non-unitary partnerships, partnerships included on a Schedule UB, S corporations, trusts, or estates.

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

Column A - Member's share

For each line in Step 5, Column A, multiply the amounts you reported on your Illinois return by the percentage shown on Step 2, Line 8.

Unitary instructions: If you are included in a Schedule UB, include the combined amount of each item of business additions and subtractions reported in Step 3, Column E of the Schedule UB, multiplied by the apportionment factor in Step 1, Line 4 of this Schedule K-1-P. If you are a partnership and the partner to whom you are sending this Schedule K-1-P is engaged in a unitary business with you, and you are not included in the Schedule UB with this partner, report only this partner's share of the items of business income and expense you derived from non-unitary partnerships, partnerships included on a Schedule UB, S corporations, trusts, or estates.

Line 32 - Enter the partner's or shareholder's share of the federally tax-exempt interest income excluded from unmodified base income as reported on Line 15 of your Form IL-1065 or Form IL-1120-ST. This includes state, municipal or other federally tax-exempt interest and all distributions of exempt interest received from regulated investment companies.

Line 33 - Enter the partner's or shareholder's share of Illinois replacement tax, surcharge, and PTE tax deducted in arriving at unmodified base income and reported on Line 16 of your Form IL-1065 or Form IL-1120-ST.

Line 34 - Enter the partner's or shareholder's share of Illinois Special Depreciation that must be added to the unmodified base income, as reported on Line 17 of your Form IL-1065 or Form IL-1120-ST.

Line 35 - Enter the partner's or shareholder's share of Related-Party Expenses that must be added to the unmodified base income, as reported on Line 18 of Form IL-1065 or Form IL-1120-ST.

Line 36 - Enter the partner's or shareholder's share of additions from any partnership, S corporation, trust, or estate from which you received income, as reported on Line 19 of your Form IL-1065 or Form IL-1120-ST.

Line 37 - Enter the partner's or shareholder's share of each of the "other additions" figured on Illinois Schedule M, Other Additions and Subtractions for Businesses, and reported on your Form IL-1065, Line 22, or Form IL-1120-ST, Line 21.

Line 38a - Enter the partner's or shareholder's share of the interest from U.S. government obligations that is included as business income on your Form IL-1065, Line 24, or Form IL-1120-ST, Line 23.

Line 38b - Enter the partner's or shareholder's share of the interest from U.S. government obligations that is included as nonbusiness income on your Form IL-1065, Line 24, or Form IL-1120-ST, Line 23.

Line 39 - Enter the partner's or shareholder's share of River Edge Redevelopment Zone Dividend subtraction from your Form IL-1065, Line 28, or Form IL-1120-ST, Line 25.

Line 40 - Enter the partner's or shareholder's share of High Impact Business within a Foreign Trade Zone (or sub-zone) Dividend subtraction from your Form IL-1065, Line 29, or Form IL-1120-ST, Line 27.

Line 41 - Enter the shareholder's share of the Contribution subtraction from your Form IL-1120-ST, Line 29.

Line 42 - Enter the shareholder's share of the Interest Subtraction - River Edge Redevelopment Zone from your Form IL-1120-ST, Line 26.

Line 43 - Enter the shareholder's share of the Interest Subtraction - High Impact Business within a Foreign Trade Zone (or sub-zone) from your Form IL-1120-ST, Line 28.

Line 44 - Enter the partner's or shareholder's share of any Illinois Special Depreciation subtraction allowed for property placed in service after September 11, 2001, from Line 30 of your Form IL-1065 or Form IL-1120-ST.

Line 45 - Enter the partner's or shareholder's share of any Related-Party Expenses subtraction allowed from Line 31 of your Form IL-1065 or Form IL-1120-ST.

Line 46 - Enter the partner's or shareholder's share of subtractions from any partnership, S corporation, trust, or estate, from which you received income from Line 32 of your Form IL-1065 or Form IL-1120-ST. Do not include any August 1, 1969, appreciation amounts included in the share.

Line 47 - Enter the partner's or shareholder's share of each of the "other subtractions" figured on Illinois Schedule M and reported on Line 33 of your Form IL-1065 or Form IL-1120-ST. Do not include any August 1, 1969, appreciation or foreign dividend amounts included in the share.

Column B - Illinois share

For all line items - If you are an investment partnership, leave Column B blank.

Lines 32 through 37 - Enter the partner's or shareholder's share of additions apportioned to Illinois. If the amount is business income from your partnership or S corporation, multiply the amount of business income in Column A by the apportionment factor on Step 1, Line 4. Allocate the amount of nonbusiness income in Column A according to the allocation rules. See "When is nonbusiness income allocable to Illinois?" in the General Information for the rules governing the allocation of nonbusiness income. If you received amounts from any other partnership, S corporation, trust, or estate, see the Schedule K-1-P or Schedule K-1-T from that entity. Enter the total in Column B.

Note: If you reported recaptured business expenses on Line 37, multiply those expenses in Column A by the fraction on Line f of the Schedule NB, Apportionment Factor Worksheet, and include the resulting amount in Column B.

Lines 38a and 39 through 47 - Enter the partner's or shareholder's share of subtractions apportioned to Illinois. If the amount is business income from your partnership or S corporation, multiply the amount of business income in Column A by the apportionment factor on Step 1, Line 4. Allocate the amount of nonbusiness income in Column A according to the allocation rules. See "When is nonbusiness income allocable to Illinois?" in the General Information for the rules governing the allocation of nonbusiness income. If you received amounts from any other partnership, S corporation, trust, or estate, see the Schedule K-1-P or Schedule K-1-T from that entity. Enter the total in Column B.

Line 38b - If the partner or shareholder uses an Illinois address, enter the amount from Column A. Otherwise, enter "0."

Note: Do not include any amount in Column B of Lines 38a, 38b, 39, or 40, unless the item was included in Column B in Step 3 or 4. This same rule applies to certain items from Illinois Schedule M (for businesses), including any refund of an overpayment of Illinois replacement tax, and income exempt from taxation by Illinois by reasons of its statutes or Constitution, or the Constitution, treaties, or statutes of the United States.

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

If you reported a gain on the disposition of property acquired before August 1, 1969, this gain may be reduced by the August 1, 1969, appreciation amount. See Schedule F, Gains from Sales or Exchanges of Property Acquired Before August 1, 1969 (Form IL-1065 or Form IL-1120-ST), for detailed instructions and information necessary to complete Lines 48 through 51.

Note: Corporations are not allowed to subtract the August 1, 1969, appreciation amount. However, S corporations may pass the subtraction through to their shareholders.

Column A - Member's share

For each line in Step 6, Column A, multiply the amounts you reported on your Illinois Schedule F (Form IL-1065 or Form IL-1120-ST) by the partner's or shareholder's share percentage shown on Step 2, Line 8.

Line 48 - Enter the partner's or shareholder's share of the August 1, 1969, appreciation amount for Sections 1245 and 1250 gains reported on your Form IL-1065, or Form IL-1120-ST, Schedule F, Line 3.

Line 49 - Enter the partner's or shareholder's share of the August 1, 1969, appreciation amount for Section 1231 gain reported on your Form IL-1065, or Form IL-1120-ST, Schedule F, Line 4.

Line 50 - Enter the partner's or shareholder's share of the August 1, 1969, appreciation amount for Section 1231 gain, less casualty and theft gain, reported on your Form IL-1065 or Form IL-1120-ST, Schedule F, Line 6. If you do not report casualty or theft gain for federal income tax purposes, leave this line blank.

Line 51 - Enter the partner's or shareholder's share of the August 1, 1969, appreciation amount for capital gain reported on your Form IL-1065, or Form IL-1120-ST, Schedule F, Line 7.

Column B - Illinois share

For all line items - If you are an investment partnership, leave Column B blank.

Lines 48 through 51 - Enter the partner's or shareholder's share of the August 1, 1969, appreciation amounts that are allocated or apportioned to Illinois.

If these appreciation amounts result from a gain on the disposition of nonbusiness property, include the August 1, 1969, amount from Column A in Column B, only if the gain from the disposition of the property was included in Column B.

Unitary instructions: If you are included in a Schedule UB, include the combined amount of each item of Illinois August 1, 1969, appreciation reported in Step 3, Column E of the Schedule UB, multiplied by the apportionment factor in Step 1, Line 4 of this Schedule K-1-P. If you are a partnership and the partner to whom you are sending this Schedule K-1-P is engaged in a unitary business with you, and you are not included in the Schedule UB with this partner, report only this partner's share of the items of business income and expense you derived from non-unitary partnerships, partnerships included on a Schedule UB, S corporations, trusts, or estates.

Step 7 — Figure your partner's or shareholder's share of your Illinois credits, recapture, withholding, pass-through entity tax credit, and federal income subject to surcharge

Line 52 - Illinois income tax credits - The following credits are reported on your Illinois Schedule 1299-A. You must complete the appropriate line to pass any of these credits through to your partners or shareholders. For each line used in Step 7, multiply the amount reported on your Illinois Schedule 1299-A by the partner's or shareholder's share percentage shown on Step 2, Line 8. Use the line reference chart below to complete Lines 52a through 52ee.

On	enter this partner's or shareholder's total share of the Income Tax Credit	from your Schedule 1299-A, Line(s) with Credit Code
Line 52a -	Film Production Services	5000
Line 52b -	Enterprise Zone Investment	5080
Line 52c -	Enterprise Zone Construction Jobs	5120
Line 52d -	High Impact Business Construction Jobs	5160
Line 52e -	Affordable Housing Donations	5260
Line 52f -	EDGE	5300
Line 52g -	New Construction EDGE	5320
Line 52h -	Research and Development	5340
Line 52i -	Wages Paid to Returning Citizens	5380
Line 52j -	Student-Assistance Contributions	5420
Line 52k -	Angel Investment	5460
Line 52l -	New Markets Development	5500
Line 52m -	River Edge Historic Preservation	5540
Line 52n -	River Edge Construction Jobs	5560
Line 52o -	Live Theater Production	5580
Line 52p -	Hospital	5620
Line 52q -	Illinois Gives	5670
Line 52r -	Data Center Construction Employment	5820
Line 52s -	Apprenticeship Education Expense	0160
Line 52t -	Historic Preservation	1030
Line 52u -	REV Illinois Investment	5230
Line 52v -	Advancing Innovative Manufacturing for Illinois	1050
Line 52w -	Recovery and Mental Health	0180
Line 52x -	REV Illinois	5240
Line 52y -	REV Construction Jobs	5250
Line 52z -	MICRO Investment	5830
Line 52aa -	MICRO Illinois	5840
Line 52bb -	MICRO Construction Jobs	5850
Line 52cc -	Quantum Computing Campuses	5480
Line 52dd -	Music and Musicians	5680
Line 52ee -	Other income tax credits	

Note: Partnerships may no longer make the election to flow through their investment credits to their partners. Investment credits earned by the partnership or the S corporation and allocable to their partners or shareholders subject to replacement tax will automatically flow through to those partners or shareholders.

Investment partnerships - If this member is a nonresident partner, complete Schedule K-1-P(4) prior to completing this line. Enter the partner's distributable shares of income tax credit on each line as instructed above less any amount associated with the same income tax credit used on this partner's Schedule K-1-P(4), Step 4, Line 10.

Note: Some credits listed above (and on Schedule K-1-P) may have expired during the previous year. However, due to differences in the filing periods between some partnerships or S corporations and their members, the affected lines have been kept on Illinois Schedule K-1-P for an additional year for flow through purposes. Please review Illinois Schedule 1299-I for more information about Illinois credits.

Line 53a - PTE Tax Credit - Enter the member's

- share of the PTE tax on Form IL-1065, Schedule B, Line K, or Form IL-1120-ST, Schedule B, Line K, and
- distributive share(s) of any PTE tax credit you received on Schedules K-1-P and K-1-T.

The credit on Line 53a is allowed against the tax imposed on the member under IITA subsections 201(a) and (b).

Investment partnerships - If this member is a nonresident partner, complete Schedule K-1-P(4) prior to completing this line. Enter the partner's distributable share of PTE tax credit as instructed above less the amount, if applicable, reported on this partner's Schedule K-1-P(4), Step 4, Line 12.

Line 53b - Replacement Tax Investment Credits - Enter this member's share of the Replacement Tax Investment Credit listed on Form IL-477, Step 1, Line 5.

Investment partnerships - If this member is a nonresident partner, complete Schedule K-1-P(4) prior to completing this line. Enter the partner's distributable share of replacement tax investment credit distributed to you on your Schedule K-1-P, Step 7, Line 53b, less the amount, if applicable, reported on this partner's Schedule K-1-P(4), Step 4, Line 11.

Line 54 - Recapture - Use the line reference chart below to complete Lines 54a through 54e.

On	enter this partner's or shareholder's share of the	from your Schedule 4255,
Line 54a -	Enterprise Zone/River Edge Redevelopment Zone Investment Credit recapture	Step 6, Column A, Line 22
Line 54b -	REV Illinois Investment Credit recapture	Step 6, Column C, Line 22
Line 54c -	Replacement Tax Investment Credit recapture	Step 6, Column D, Line 22
Line 54d -	MICRO Investment Credit recapture	Step 6, Column E, Line 22
Line 54e -	Additional income tax credit recapture	Step 7, Line 33

Each partner's or shareholder's share of any recapture is limited to his or her share of the original investment credit. If a partner or shareholder who shared in the original credit is no longer an owner in the year of recapture, report that former owner's share of the recapture on Lines 54a, 54b, 54c, 54d, and 54e. You must send a copy of Schedule K-1-P (that will show an amount only on Lines 54a, 54b, 54c, 54d, and 54e) and Schedule 4255, Recapture of Investment Tax Credits, to this former owner.

If the partner's or shareholder's share in the year of the credit is different from his or her share in the year of the recapture, report that member's share of the recapture on Lines 54a, 54b, 54c, 54d, and 54e and attach a separate sheet explaining the difference. You must attach a copy of Schedule 4255 to this partner's or shareholder's Schedule K-1-P.

Unitary instructions: If a partner is engaged in a unitary business with your partnership, report the partner's share of credits and recapture amounts in the same manner as you would for any other partner.

Line 55 - If this member is a nonresident and has not submitted Form IL-1000-E to you, complete Schedule K-1-P(3), as applicable, for this member **before** completing this line. After you have completed Schedule K-1-P(3) for this member, enter on Line 55 the partner's or shareholder's share of pass-through withholding from Schedule K-1-P(3), Step 3, Line 19. You must also report specific amounts from Schedule K-1-P(3) on Schedule B of your Form IL-1065 or IL-1120-ST. See the instructions for Schedule K-1-P(3) and the Schedule B instructions for more information. **Do not** complete this line or Schedule K-1-P(3) if you elected to pay PTE tax.

You must complete Schedule K-1-P, Step 1, Line 3, or your member may not be able to claim this pass-through withholding.

Do not accept Form IL-1000-E from an individual member. See "What is the purpose of Schedule K-1-P and Schedule K-1-P(3)?" in the General Information section.

Investment partnerships - Line 55 is used to report both pass-through withholding and investment partnership withholding. Investment partnership withholding is calculated using Schedule K-1-P(4) rather than Schedule K-1-P(3). As a result, an investment partnership must complete a Schedule K-1-P(4) for a nonresident partner prior to completing Line 55 for that partner. Enter the amount from Schedule K-1-P(4), Step 4, Line 14, for this partner. You must also report specific amounts from Schedule K-1-P(4) on Schedule B of your Form IL-1065 or IL-1120-ST. See the instructions for Schedule K-1-P(4) and the Schedule B instructions for more information.

Note: Pass-through withholding credits distributed to investment partnerships cannot be passed through to their partners. Investment partnerships must claim the pass-through withholding distributed to them on Form IL-1065, Step 10, Line 65c.

Line 56 - Enter the partner's or shareholder's share of any taxable gains attributable to transactions subject to the Compassionate Use of Medical Cannabis Program Act surcharge. **Attach** a breakdown of any items reported on this line.

Definitions

Organization registrant means a corporation, partnership, trust, limited liability company (LLC), or other organization, that holds 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.

Transactions subject to the surcharge means sales and exchanges of

- capital assets;
- depreciable business property;
- real property used in the trade or business; and
- Section 197 intangibles of an organization registrant.

What is the surcharge?

For each taxable year beginning or ending during the Compassionate Use of Medical Cannabis Program, a surcharge is imposed on all taxpayers on income arising from the transactions subject to the surcharge of an organization registrant under the Compassionate Use of Medical Cannabis Program Act.

The amount of the surcharge is equal to the amount of federal income tax liability for the taxable year attributable to the transactions subject to the surcharge.

To whom does the surcharge apply?

The surcharge is imposed on any taxpayer who incurs a federal income tax liability on the income realized on a "transaction subject to the surcharge", including individuals and other taxpayers who are not themselves the "organization registrant" that engaged in the transaction.

A partnership will not incur a surcharge because it has no federal income tax obligation. An S corporation would incur a surcharge on a transaction subject to built-in gains tax. Partners and shareholders who incur a federal income tax liability on income from a transaction subject to surcharge passed through to them by a partnership or S corporation will incur a surcharge.

Note: Although a unitary business group filing combined Illinois returns is treated as a single taxpayer and its members are jointly and severally liable for any surcharge imposed on the group, the group itself is not an organization registrant and transactions of any member that is not itself an organization registrant are not subject to the surcharge.

What do I report to my partners or shareholders?

Enter this partner's or shareholder's share of any federal income attributable to transactions subject to the surcharge on Line 56. In order to enable your partner or shareholder to correctly figure the surcharge, attach a report itemizing any amount reported on Line 56 and provide it to your partner or shareholder along with this schedule.

Note: Report **federal income** attributable to transactions subject to the surcharge on Line 56. **Do not** report your federal income tax liability for the taxable year attributable to the transactions subject to the surcharge on this line.

For more information, see 86 Ill. Adm. Code Section 100.2060.

Line 57 - Enter the partner's or shareholder's share of any taxable gains attributable to transactions subject to the surcharge on the sale of assets by gaming licensee. **Attach** a breakdown of any items reported on this line.

Definitions

Gaming licensee is an organization licensee under the Illinois Horse Racing Act of 1975 and/or an organization gaming licensee under the Illinois Gambling Act.

Transactions subject to the surcharge means sales and exchanges of

- capital assets;
- depreciable business property;
- real property used in the trade or business; and
- Section 197 intangibles of a gaming licensee.

What is the surcharge?

For each taxable year 2019 through 2027, a surcharge is imposed on all taxpayers on income arising from the transactions subject to the surcharge on the sale of assets by gaming licensee.

The amount of the surcharge is equal to the amount of federal income tax liability for the taxable year attributable to the transactions subject to the surcharge.

To whom does the surcharge apply?

The surcharge is imposed on any taxpayer who incurs a federal income tax liability on the income realized on a "transaction subject to the surcharge," including individuals and other taxpayers who are not themselves the "gaming licensee" that engaged in the transaction.

The surcharge imposed shall not apply if

- the organization gaming license, organization license, or racetrack property is transferred as a result of any of the following:
  - bankruptcy, a receivership, or a debt adjustment initiated by or against the initial licensee or the substantial owners of the initial licensee;
  - cancellation, revocation, or termination of any such license by the Illinois Gaming Board or the Illinois Racing Board;
  - a determination by the Illinois Gaming Board that transfer of the license is in the best interests of Illinois gaming;
  - the death of an owner of the equity interest in a licensee;
  - acquisition of a controlling interest in the stock or substantially all of the assets of a publicly traded company;
  - a transfer by a parent company to a wholly owned subsidiary; or
  - the transfer or sale to or by one person to another person where both persons were initial owners of the license when the license was issued;

- the controlling interest in the organization gaming license, organization license, or racetrack property is transferred in a transaction to lineal descendants in which no gain or loss is recognized or as a result of a transaction in accordance with Section 351 of the Internal Revenue Code in which no gain or loss is recognized; or
- live horse racing was not conducted in 2010 at a racetrack located within 3 miles of the Mississippi River under a license issued pursuant to the Illinois Horse Racing Act of 1975.

The transfer of an organization gaming license, organization license, or racetrack property by a person other than the initial licensee to receive the organization gaming license is not subject to a surcharge.

A partnership will not incur a surcharge because it has no federal income tax obligation. An S corporation would incur a surcharge on a transaction subject to built-in gains tax. Partners and shareholders who incur a federal income tax liability on income from a transaction subject to surcharge passed through to them by a partnership or S corporation will incur a surcharge.

Note: Although a unitary business group filing combined Illinois returns is treated as a single taxpayer and its members are jointly and severally liable for any surcharge imposed on the group, the group itself is not a gaming licensee and transactions of any member that is not itself a gaming licensee are not subject to the surcharge.

What do I report to my partners or shareholders?

Enter this partner's or shareholder's share of any federal income attributable to transactions subject to the surcharge on Line 57. In order to enable your partner or shareholder to correctly figure the surcharge, attach a report itemizing any amount reported on Line 57 and provide it to your partner or shareholder along with this schedule.

Note: Report **federal income** attributable to transactions subject to the surcharge on Line 57. **Do not** report your federal income tax liability for the taxable year attributable to the transactions subject to the surcharge on this line.

Step 8 — Your partner's share of retirement payments

Line 58 -

Column A - Partner's share

IL-1065 filers only - Enter the retired partner's distributive share of retirement payments paid directly to the retired partner. This amount is the amount of retirement payments that you distributed to this partner on federal Schedule K-1. Do not include any amount that you also distributed to this partner as a subtraction modification on Schedule K-1-P, Lines 38 through 47.

Column B - Partner's share allocated to Illinois

Enter the partner's distributive share of retirement payments apportioned or allocated to Illinois. If the retired partner is a

- **Resident** - enter the amount from Column A.
- **Nonresident -** enter the retired partner's distributive share of retirement payments, to the extent that distributive share is apportioned or allocated to Illinois.
  - If the payment is **business income** from your partnership, multiply the amount of business income in Column A by the apportionment factor on Step 1, Line 4.
  - If the payment is **nonbusiness income** from your partnership, allocate the amount of nonbusiness income in Column A according to the allocation rules.

Note: If you are an investment partnership, leave Column B blank.

K-1-P(3) Step-by-Step Instructions

Read this information first:

- **Do not** complete Schedule K-1-P(3) if you elected to pay PTE Tax.
- Individuals may **not** complete Form IL-1000-E.
- 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.
- You **must** keep Schedule K-1-P(3) with your income tax records.
- **Do not** send Schedule K-1-P(3) to your partners or shareholders or submit it to the Illinois Department of Revenue (IDOR) unless we request it from you.

Note: See "What is a resident?" and "What is a nonresident?" in the General Information section of these instructions for help determining if your member is a resident or nonresident.

Completion of Schedule K-1-P(3) for each of your applicable members is required and will aid in the completion of your Form IL-1065 or Form IL-1120-ST, Schedule B.

Complete all lines of Schedule K-1-P except Step 7, Line 55 before completing this schedule.

Important: Investment partnerships must use Schedule K-1-P(4) instead of Schedule K-1-P(3) to calculate withholding for its nonresident partners. See the "K-1-P(4) Step-by-Step Instructions" section in these instructions for more information.

Step 1 — Identify your partnership or S corporation

Line 1 - Enter the name of your partnership or S corporation as shown on your Form IL-1065 or Form IL-1120-ST.

Line 2 - Enter your entire federal employer identification number (FEIN). If you are a foreign entity and do not have a FEIN, leave Line 2 blank. If you leave this line blank or provide partial information and we request that you submit this schedule, you may be contacted for further information.

Step 2 — Identify your nonresident partner or shareholder

Line 3 - Enter the name of the nonresident partner or shareholder for whom you are reporting pass-through withholding.

Line 4 - Enter the entire Social Security number or FEIN of the nonresident partner or shareholder.

Line 5 - Check the appropriate box to identify this nonresident partner or shareholder as an individual, a partnership, a corporation, an S corporation, a trust, or an estate.

If this partner or shareholder is

- an exempt organization and is taxed as a corporation, check the corporation box on this schedule and treat it as a corporation for the purposes of completing this schedule.
- an exempt organization and is taxed as a trust, check the trust box on this schedule and treat it as a trust for the purposes of completing this schedule.
- a grantor trust or other disregarded entity, check the box on this schedule that corresponds to the tax type of the grantor or owner and treat it as that type of taxpayer for the purposes of completing this schedule.

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 Schedule K-1-P(3) for this member. **Do not** accept Form IL-1000-E from an individual member. See "What is the purpose of Schedule K-1-P and Schedule K-1-P(3)?" in the General Information section.

Line 6 - Add the amounts from this member's Schedule K-1-P, Step 3, Column B, Lines 12 through 17 and 19; however, you should not double count items reported as both unrecaptured Section 1250 gains and as Section 1231 gains.

> **If this member is an individual partner or shareholder,** do not include itemized deductions such as charitable contributions, investment expenses or portfolio expenses because individuals are not allowed to take these deductions in computing Illinois net income.

Line 7 - Add the amounts from this member's Schedule K-1-P, Step 4, Column B, Lines 20 through 27 and 29 through 31; however, you should not double count items reported as both unrecaptured Section 1250 gains and as Section 1231 gains.

> **If this member is an individual partner or shareholder,** do not include itemized deductions such as charitable contributions, investment expenses, or portfolio expenses because individuals are not allowed to take these deductions in computing Illinois net income.
>
> **If this member is an individual, corporation, estate, trust, partner or shareholder,** include any amount of the federal domestic production activity or oil and gas depletion deductions that you are not allowed to claim on your Form IL-1065 or Form IL-1120-ST, but may pass through to your eligible partners or shareholders.

Line 8 through Line 10 - Follow the instructions on the schedule.

Line 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.

> **Note:** If this member is an individual, partnership, trust, or estate and received Illinois August 1, 1969, appreciation amounts from you, include those amounts in the total you enter on their Schedule K-1-P(3), Line 11 as follows.
>
> If this member is
>
> - an individual, **and** their Schedule K-1-P, Column B, Line 50 is
>   - blank, total the amounts on their Schedule K-1-P, Column B, Lines 48, 49, and 51 and include it in the total you enter on their Schedule K-1-P(3), Line 11.
>   - greater than zero, total the amounts on their Schedule K-1-P, Column B, Lines 48, 50, and 51 and include it in the total you enter on their Schedule K-1-P(3), Line 11.
> - a partnership, trust, or estate, total the amounts on their Schedule K-1-P, Column B, Lines 48, 49, and 51 and include it in the total you enter on their Schedule K-1-P(3), Line 11. Do not include any amount shown on their Schedule K-1-P, Column B, Line 50.
>
> If this member is a corporation (including S corporations) and received Illinois August 1, 1969, appreciation amounts from you, **do not** include any amounts shown on their Schedule K-1-P, Column B, Lines 48 through 51, in the total you enter on their Schedule K-1-P(3), Line 11.
>
> **Note:** If the retirement payments that you distributed to this partner on Schedule K-1-P, Line 58, were included in your federal reporting, include those payments in the total you enter on their Schedule K-1-P(3), Line 11.

Line 12 - Follow the instructions on the schedule. Enter this amount here **and** on your Form IL-1065 or Form IL-1120-ST, Schedule B, Section B, Line G, on the line which reports this member's amounts.

Note: Individuals and estates are not subject to replacement tax. If this member is a nonresident individual or estate, enter "0" on Line 13 through Line 15 and continue on Line 16.

Line 13 - Determine your member's tax type, multiply the amount on Line 12 by the applicable percentage, and enter the result on this line.
You must also add the amount on Line 13 and the amount on Line 16 (if applicable) and enter the result on your Form IL-1065 or Form IL-1120-ST, Schedule B, Section B, Line H, on the line which reports this member's amounts.

Line 14 - Enter the total amount of replacement tax investment credit passed through to this member and available for use this year, as shown on their Schedule K-1-P.

You must also add the amount on Line 14 and the amount on Line 17 (if applicable) and enter the result on your Form IL-1065 or Form IL-1120-ST, Schedule B, Section B, Line I, on the line which reports this member's amounts.

Line 15 - Follow the instructions on the schedule.

Line 16 - Multiply your member's share of Illinois income subject to pass-through withholding [Line 12 of Schedule K-1-P(3)] by

- 4.95% (.0495) if they are a **nonresident individual, estate, or trust**, and enter the result here.
- 7.0% (.07) if they are a **corporation** and enter the result here.

You must also add the amount on Line 16 and the amount on Line 13 (if applicable) and enter the result on your Form IL-1065 or Form IL-1120-ST, Schedule B, Section B, Line H, on the line which reports this member's amounts.

Line 17 - Enter the total amount of income tax credits passed through to this member and available for use this year, as shown on their Schedule K-1-P.

Note: If you are a partnership or S corporation who received PTE tax credit and you have not elected to pay PTE tax, then you should include the member's share of any PTE tax credit you received on this line. The PTE tax credit you pass through will be reported on each member's Schedule K-1-P, Line 53a and the pass-through withholding you are paying will be reported on each member's Schedule K-1-P, Line 55.

You must also add the amount on Line 17 and the amount on Line 14 (if applicable) and enter the result on your Form IL-1065 or Form IL-1120-ST, Schedule B, Section B, Line I, on the line which reports this member's amounts.

Line 18 - Follow the instructions on the schedule.

Line 19 - Follow the instructions on the schedule. This is your member's total pass-through withholding. Enter the result on this line and on this member's Schedule K-1-P, Step 7, Line 55.

You must also enter the result on your Form IL-1065 or Form IL-1120-ST, Schedule B, Section B, Line J, on the line which reports this member's amounts.

K-1-P(4) Step-by-Step Instructions

Read this information first:

- Investment partnerships complete Schedule K-1-P(4) instead of Schedule K-1-P(3) for their nonresident partners.
- You **must** complete Schedule K-1-P(4) for each of your nonresident partners, unless a nonresident partner is:
  - exempt from tax under IRC Section 501(a) or IITA Section 205, or
  - a retired partner whose distributions are exempt from tax under IITA Section 203(a)(2)(F).
- **Do not** complete Schedule K-1-P(4) for any partner who is a resident.
- You must complete Schedule K-1-P(4) for each partner that is a partnership or S corporation.
- You **must** keep Schedule K-1-P(4) with your income tax records.
- **Do not** send Schedule K-1-P(4) to your partners or submit it to the Illinois Department of Revenue (IDOR) unless we request it from you.
- Form IL-1000-E, Certificate of Exemption for Pass-through Withholding, will not exempt an investment partnership from investment partnership withholding.

Note: See "What is a resident?" and "What is a nonresident?" in the General Information section of these instructions for help determining if your partner is a resident or nonresident. For the purpose of this schedule, treat all partnerships and S corporations as nonresident partners.

Complete all lines (as applicable) of Schedule K-1-P except Step 7, Lines 52a through 52ee, Lines 53a and 53b, and Line 55, before completing this schedule.

Enter your tax year ending in the space provided on the front of the Schedule K-1-P(4).

Step 1 — Identify your investment partnership

Line 1 - Enter the name of your partnership as shown on your Form IL-1065.

Line 2 - Enter your entire federal employer identification number (FEIN). If you are a foreign entity and do not have a FEIN, leave Line 2 blank. If you leave this line blank or provide partial information and we request that you submit this schedule, you may be contacted for further information.

Step 2 — Identify your nonresident partner

Line 3 - Enter the name of the nonresident partner for whom you are reporting investment partnership withholding.

Line 4 - Enter the entire Social Security number or FEIN of the nonresident partner.

Line 5 - Check the appropriate box to identify this nonresident partner as an individual, a partnership, a corporation, an S corporation, a trust, or an estate.

If this partner is a grantor trust or other disregarded entity, check the box on this schedule that corresponds to the tax type of the grantor or owner and treat it as that type of taxpayer for the purposes of completing this schedule.

Step 3 — Figure your nonresident partner's investment partnership withholding before credits

Line 6 - Enter the partner's share of Illinois apportioned business income from other partnerships under IITA Section 305(a). Illinois apportioned business income is typically reported to you on Schedule K-1-P, Step 4, Column B, Lines 20 through 27 and Lines 29 through 31.

If you received income from another partnership but did not receive a Schedule K-1-P, you must calculate the partner's share as if the amounts were reported on Schedule K-1-P, Step 4.

If you received income from other investment partnerships, you must calculate how much of the income received on the Schedule(s) K-1-P is considered business income and, if applicable, calculate its apportionment by completing a pro-forma Form IL-1065 as instructed in Schedule K-1-P(2). Use the apportioned business income calculated to determine the partner's share.

Line 7 - Enter the partner's share of Illinois allocated nonbusiness income from other partnerships under IITA Sections 305(b) and 303 (other than nonbusiness income that is allocated based on commercial domicile). Illinois allocated nonbusiness income is typically reported to you on Schedule(s) K-1-P, Step 3, Column B, Lines 12 through 17 and 19. If you received income from another partnership but did not receive a Schedule K-1-P, you must calculate the partner's share as if the amounts were reported on Schedule K-1-P, Step 3.

Line 8 - Investment partnerships may not adjust a partner's income subject to investment partnership withholding by income modifications that the investment partnership itself may be provided to use pursuant to the IITA. However, the investment partnership may adjust the partner's income subject to investment partnership withholding by the partner's share of income modifications distributed to the investment partnership on a Schedule K-1-P by an operating partnership.

If this partner is entitled to addition or subtraction modifications from Schedule(s) K-1-P, see the Line 8 Modification Worksheet. Otherwise, add Line 6 to Line 7 and enter the result.

Note: If this partner is an individual, partnership, trust, or estate and is entitled to their share of Illinois August 1, 1969, appreciation amounts, include those amounts in the total you enter on Line 5 of the modification worksheet. The amounts should be added as follows:

If this partner is

- an individual, and their share of Schedule K-1-P, Line 50 is
  - zero, total their share allocable to Illinois from Schedule K-1-P, Lines 48, 49, and 51 and include it in the total you enter on Line 5.
  - greater than zero, total their share allocable to Illinois from Schedule K-1-P, Lines 48, 50, and 51 and include it in the total you enter on their Line 5.
- a partnership, trust, or estate, total their share allocable to Illinois from Schedule K-1-P, Lines 48, 49, and 51 and include it in the total you enter on Line 5. Do not include any amount shown on Schedule K-1-P, Line 50.

If this partner is a corporation (including S corporations), do not include any amounts shown on their Schedule K-1-P, Lines 48 through 51, in the total you enter on Line 5.

Line 8 Modification Worksheet

Complete this worksheet for each partner entitled to addition or subtraction modifications reported to the investment partnership on Schedule(s) K-1-P.

1 Enter this partner's share of business income from other partnerships allocable to Illinois from Schedule K-1-P(4), Line 6. **1** ________________

2 Enter this partner's share of nonbusiness income from other partnerships allocable to Illinois from Schedule K-1-P(4), Line 7. **2** ________________

3 Enter this partner's distributive share of additions from other partnerships that is allocable to Illinois and received by the investment partnership on Schedule(s) K-1-P, Lines 32 through 37. **3** ________________

4 Add Lines 1, 2, and 3. **4** ________________

5 Enter this partner's distributive share of subtractions from other partnerships that is allocable to Illinois and received by the investment partnership on Schedule(s) K-1-P, Lines 38a through 47.

- If this partner is an individual, partnership, trust, or estate and is entitled to their Illinois share of Illinois August 1, 1969, appreciation amounts from Schedule(s) K-1-P, Lines 48 through 51, include those amounts on this line.
- If the retirement payments that you distributed to this partner on Schedule K-1-P, Line 58, were included in your federal reporting, include those payments on this line.

This is your member's share of subtractions allocable to Illinois. **5** ________________

6 Subtract Line 5 from Line 4.
If **zero** or **negative**, enter **zero** on this line and on this partner's Schedule K-1-P(4), Line 8.
If **positive**, enter the result here and on this partner's Schedule K-1-P(4), Line 8. **6** ________________

Line 9 - Multiply Line 8 by the applicable rate.

- If the partnership, S corporation, individual, or estate checkbox was selected on Step 2, Line 5, multiply Line 8 by 4.95% (.0495) and enter the result.
- If the trust checkbox was selected on Step 2, Line 5, multiply Line 8 by 6.45% (.0645) and enter the result.
- If the corporation checkbox was selected on Step 2, Line 5, multiply Line 8 by 9.5% (.095) and enter the result.

Step 4 — Figure your nonresident partner's investment partnership withholding

The sum of the credit amounts entered on Lines 10 through 12 cannot be greater than the investment partnership withholding before credits amount on Line 9 of this schedule. Any excess credits must be distributed to your partners. See the "K-1-P Step-by-Step Instructions" section in these instructions for more information.

You may only use tax credits passed through in this reporting period to offset the investment partnership withholding liability. Credit carry forward amounts may not be used to reduce investment partnership withholding.

Note: Credits are distributed to partners in accordance with IRC Section 704 and the partnership agreement. Each partner is entitled to only their distributive share of credits when offsetting their investment partnership withholding liability.

Line 10 - Enter the total amount of Illinois income tax credits that is being used to offset this partner's investment partnership withholding. This amount would be the partner's share of any income tax credits distributed to you on Schedule(s) K-1-P, Step 7, Lines 52a through 52ee.

Line 11 - Enter the total amount of Illinois replacement tax investment credits that is being used to offset this partner's investment partnership withholding. This amount would be the partner's share of any replacement tax investment credits distributed to you on Schedule(s) K-1-P, Step 7, Line 53b.

Line 12 - Enter the total amount of pass-through entity (PTE) tax credit that is being used to offset this partner's investment partnership withholding. This amount would be the partner's share of any PTE tax credits distributed to you on Schedule(s) K-1-P, Step 7, Line 53a and Schedule(s) K-1-T, Step 7, Line 50.

Line 13 - Follow the instructions on the schedule.

Line 14 - Follow the instructions on the schedule. The amount on this line cannot be negative. Enter this amount on Line 55 of this partner's Schedule K-1-P. In addition, this amount will be entered on the corresponding partner's Schedule B, Section B, Line J, carried to the applicable line of Schedule B, Section A, Lines 4a through 4e, and added to the total to be entered on Schedule B, Section A, Line 5. The amount from Schedule B, Section A, Line 5 will be entered on your Form IL-1065, Step 10, Line 59b. See Form IL-1065 instructions for more information.

Illinois Department of Revenue

Schedule K-1-P(2) Partner's and Shareholder's Instructions

What's New for 2025?

- A new step, Step 8, Your partner's share of retirement payments, has been added to Schedule K-1-P.
- The Illinois Gives income tax credit (Code 5670) has been added as Line 52q for tax years ending on or after December 31, 2025.
- The Advancing Innovative Manufacturing for Illinois income tax credit (Code 1050) has been added as Line 52v for tax years beginning on or after January 1, 2026.
- The Illinois Income Tax Act was amended to remove the expiration date for the pass-through entity tax.

Table of Contents

General Information

What is the purpose of Schedule K-1-P?

The partnership or the S corporation listed on the front of Schedule K-1-P has completed and provided you with the schedule to reflect your specific share of the partnership's or the S corporation's income, modifications, and credits. Use the completed schedule and these instructions to help you report the items shown on Schedule K-1-P on your Illinois Income Tax return.

What must I attach?

You **must** attach a copy of **any Schedule K-1-P** you receive from partnerships and S corporations to your tax return. You should also keep a copy for your records.

If you receive a Schedule K-1-P that has "the following information is included in the Schedule K-1-P from _______" (the name of the partnership or S corporation) written at the top, it is a pro forma Schedule K-1-P. The pro forma Schedule K-1-P has been included to aid you in the completion of your return and should **not** be submitted with your tax return.

Definitions

- **Pass-through entity** - the partnership or S corporation that sent you Schedule K-1-P is a pass-through entity.
- **Pass-through entity income** is the income reported on your Schedule K-1-P.
- **Pass-through withholding** is the amount paid by the pass-through entity on your behalf. This amount is listed on Line 55 of your Schedule K-1-P. Not everyone who receives a Schedule K-1-P will have pass-through withholding reported. If you are a resident of Illinois or if you submitted Form IL-1000-E, Certificate of Exemption for Pass-through Withholding Payments, to the pass-through entity, then you will not have pass-through withholding reported on your Schedule K-1-P. In this case, you will be responsible for reporting and paying Illinois Income tax on the pass-through income.

- **Investment partnership withholding** is the amount paid by an investment partnership on your behalf. This amount is listed on Line 55 of your Schedule K-1-P. Not everyone who receives a Schedule K-1-P will have investment partnership withholding reported. If you are an Illinois resident partner of an investment partnership, or if the investment partnership in which you are a partner does not have any income subject to investment partnership withholding, then you will not have investment partnership withholding reported on your Schedule K-1-P. In this case, you will be responsible for reporting and paying Illinois Income tax on any income distributed to you on the Illinois Schedule K-1-P less any Pass-through Entity tax credit distributed to you.
- **Pass-through Entity (PTE) tax** is an amount equal to 4.95 percent (.0495) of the taxpayer's calculated net income for the taxable year paid by a partnership (other than a publicly traded partnership under Section 7704 of the Internal Revenue Code) or subchapter S corporation who elects to pay the tax for taxable years ending on or after December 31, 2021.
- **PTE tax credit** is the amount distributed to partners or shareholders by a partnership or S corporation if the election to pay PTE tax was made. This amount is reported on Schedule K-1-P.

  If a PTE made the election to pay PTE tax, then it passed through to its members both
  - the credit for PTE tax it paid and
  - each member's distributive share of the PTE tax credit it received from electing pass-through entities in which it is a member.

  Note: Investment partnerships may use the PTE tax credit to offset their investment partnership liability, to the extent that such credit would otherwise be distributable to its nonresident partners. See the Form IL-1065 and Schedule K-1-P(1) for more information.

  A nonresident individual member of a partnership or S corporation for a taxable year in which the election to pay PTE tax was made shall not be required to file an income tax return under the Illinois Income Tax Act (IITA) for such taxable year if the only source of net income of the individual (or the individual and the individual's spouse in the case of a joint return) is from an entity making the PTE election and the credit allowed to the member equals or exceeds the individual's liability for the tax imposed under subsections (a) and (b) of Section 201 of the IITA for the taxable year.

When is pass-through entity income earned?

Pass-through entity income is considered earned on the last day of the pass-through entity's taxable year. Pass-through entity income is not considered received equally throughout the year. The pass-through entity's tax year ending date is listed in the upper right corner of the Schedule K-1-P you received.

What if the partnership is an investment partnership?

If the partnership that completed the Schedule K-1-P entered "investment partnership" in Step 1, Line 4, all of the income you receive from the partnership is usually treated as nonbusiness income that is allocable to your state of residence (individuals) or state of commercial domicile (all other persons or entities). However, the income you receive from the partnership will be treated as business income if your investment in the partnership is related to another business activity of yours or serves an operational function to another business activity of yours or where your contribution to the partnership was made out of working capital from your trade or business.

If you are a nonresident partner and your income is treated as nonbusiness income, you are not eligible to use the investment partnership withholding credit reported to you on Schedule K-1-P, Step 7, Line 55, from the investment partnership.

If your income is treated as business income, you must apportion it as if you had earned the income directly, rather than through the partnership, and you may use the investment partnership withholding reported to you on Schedule K-1-P, Step 7, Line 55, to offset your liability. The apportionment should be completed on the correct forms, as follows:

- **Nonresident individuals** - use Form IL-1040, Schedule NR.
- **Nonresident trusts and estates** - use Form IL-1041, Schedule NR.
- **Corporations** (excluding S corporations) - use Form IL-1120 and complete Step 4, Figure your income allocable to Illinois.
- **Partnerships or S corporations** - use Form IL-1065 or Form IL-1120-ST and complete Step 6, Figure your income allocable to Illinois.
- **Exempt organizations** - use Form IL-990-T and complete Step 3, Figure your income allocable to Illinois.

If you are eligible to use the investment partnership withholding to offset your liability, treat the investment partnership withholding credit the same way you treat the pass-through withholding credit, unless specific instructions are given.

Illinois residents may not include any income from an investment partnership in Column B of their Schedule CR.

Note: Investment partnerships receiving income from other investment partnerships must determine if the income received is considered business income. If so, they must complete a pro-forma Form IL-1065 where the business income received from investment partnerships is apportioned as if the receiver had earned it directly. The apportioned amount will be used to calculate investment partnership withholding on Schedule(s) K-1-P(4). See Schedule K-1-P (1) for more information.

What if I am engaged in a unitary business with this partnership?

If you are engaged in a unitary business with this partnership but the partnership is not included in your Schedule UB, Combined Apportionment for Unitary Business Group, the partnership should have attached a schedule showing your share of the partnership's apportionment factors and business income. You must determine the portion of your business income taxed by Illinois by adding your share of the partnership's business income and apportionment factors to your own business income and apportionment factors. If the partnership is included in your Schedule UB, report the items on the Schedule K-1-P in the same manner as you would report the items from a non-unitary partner.

What if I am a Grantor Trust or Disregarded Entity?

If you are a grantor trust or other disregarded entity for federal and Illinois income tax purposes, check the applicable box on Line 9b, enter the name and identification number of the taxpayer that will report the income or loss from your Schedule K-1-P on their tax return, and provide them with a copy of the Schedule K-1-P and a copy of these instructions.

What if I received Schedule K-1-P from a Grantor Trust or Disregarded Entity?

If the grantor trust or disregarded entity checkbox on Line 9b is checked and your name and identification number are listed, report the items from the Schedule K-1-P as if it were provided to you by the taxpayer in Step 1.

What if I believe the partnership or the S corporation has made an error on my Schedule K-1-P?

If you believe the partnership or the S corporation has made an error on your Schedule K-1-P, notify the partnership or the S corporation and ask for a corrected Schedule K-1-P. Do not change any items on your copy.

What does Column A represent?

Column A represents your specific share of the partnership's or the S corporation's income, modifications, and credits. The partnership or the S corporation is required to complete this column if you were a partner or shareholder at any time during the partnership's or the S corporation's tax year. If you were a resident of Illinois on the last day of the partnership's or S corporation's taxable year, all amounts in Column A must be included as income, modifications, and credits allocated to Illinois. If you were a resident of Illinois on the last day of the partnership's or the S corporation's tax year, **and you are** claiming a credit for taxes paid to another state, see "What does Column B represent?" below.

What does Column B represent?

Column B represents the portion of Column A that is allocated or apportioned to Illinois. If you were not a resident of Illinois on the last day of the partnership's or the S corporation's tax year, be sure the amounts reported in Column B are included in the Illinois amounts reported on your

- Form IL-1040, Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax, Column B;
- Form IL-1041, Schedule NR, Nonresident Computation of Fiduciary Income, Column B;
- Form IL-1120, Step 4, Figure your income allocable to Illinois;
- Form IL-1065 or Form IL-1120-ST, Step 6, Figure your income allocable to Illinois; or
- Form IL-990-T, Step 3, Figure your income allocable to Illinois.

If you were a resident of Illinois on the last day of the partnership's or the S corporation's tax year, **and you are** claiming a credit for taxes paid to another state, subtract the amount of each item in Column B from the amount of that item in Column A, and include the difference in the Non-Illinois Portion column for that item on your

- Form IL-1040, Schedule CR, Credit for Tax Paid to Other States, or
- Form IL-1041, Schedule CR, Credit for Tax Paid to Other States.

What does Steps 3 and 4, Column B, represent?

Step 3, Column B, represents your share of the partnership's or the S corporation's nonbusiness income allocated to Illinois. Step 4, Column B, represents your share of the partnership's or the S corporation's business income apportioned to Illinois.

Why are retirement payments to retired partners included on Schedule K-1-P?

Retirement payments distributed to retired partners are eligible as a subtraction modification for individual, trust, and estate taxpayers to the extent that the income realized from the payments are included in the individual's federal adjusted gross income or the trust's or estate's federal taxable income.

Should I round?

You must round the dollar amounts on Schedules K-1-P and Schedules K-1-P(3) to whole-dollar amounts. To do this, you should drop any amount less than 50 cents and increase any amount of 50 cents or more to the next higher dollar.

What if I need additional assistance or forms?

- For assistance, forms, or schedules, visit our website at tax.illinois.gov or scan the QR code provided.
- Write us at:

  ILLINOIS DEPARTMENT OF REVENUE
  PO BOX 19001
  SPRINGFIELD IL 62794-9001
- Call **1 800 732-8866** or **217 782-3336** (TTY at **1 800 544-5304**).
- Visit a taxpayer assistance office - 8:00 a.m. to 5:00 p.m. (Springfield office) and 8:30 a.m. to 5:00 p.m. (all other offices), Monday through Friday.

Step-by-Step Instructions for individuals filing Form IL-1040

If you were a resident of Illinois on the last day of the partnership's or S corporation's taxable year **and you are not** claiming a credit for taxes paid to another state, you will follow the Column A instructions beginning with Step 5. The figures in Steps 3 and 4 are included in the Adjusted Gross Income reported on Line 1 of your Form IL-1040.

If the partnership that completed the Schedule K-1-P entered "investment partnership" in Step 1, Line 4, then Column B should be blank. Do not use the Column B instructions. **Instead, refer to the instructions under General Information, "What if the partnership is an investment partnership?"**

Steps 3 and 4 - Your share of nonbusiness and business income or loss —

Follow the Steps 3 and 4 instructions to determine the amounts to include on your Form IL-1040, Schedule NR or Schedule CR.

Column A - Member's share — The amounts reported on Lines 10 through 31 must match your federal Schedule K-1.

Column B - Illinois share — To determine the amount to include on specific lines of your Form IL-1040 and Schedule NR, add specific lines in Step 3, Column B, to specific lines in Step 4, Column B. The following instructions explain what lines to add together and on what line of your form or schedule these totals are to be included.

Use the following instructions in order to include the income from Schedule K-1-P, Steps 3 and 4, on your

- Form IL-1040, Schedule NR, Step 3, Lines 5 through 19, Column B, or
- Form IL-1040, Schedule CR, Step 2, Lines 1 through 15, Column B.

Interest income - (Lines 10 and 23)

Nonbusiness interest is allocable to your state of residence. If you are a nonresident, Step 3, Line 10, Column B, should be "0." If the Schedule K-1-P you received shows an amount in Column B of this line, you should notify the partnership or S corporation who issued you the schedule and ask for a corrected Schedule K-1-P.

Nonresidents: Include the amount from Step 4, Line 23, Column B, on your Form IL-1040, Schedule NR, Step 3, Line 6, Column B.

Residents claiming credit for taxes paid in other states: Subtract the amount on Step 4, Line 23, Column B, from the amount on Step 4, Line 23, Column A, and include the result on your Form IL-1040, Schedule CR, Step 2, Line 2, Column B.

Dividend income - (Lines 11 and 24)

Nonbusiness dividends are allocable to your state of residence. If you are a nonresident, Step 3, Line 11, Column B, should be "0." If the Schedule K-1-P you received shows an amount in Column B of this line, you should notify the partnership or S corporation who issued you the schedule and ask for a corrected Schedule K-1-P.

Nonresidents: Include the amount from Step 4, Line 24, Column B, on your Form IL-1040, Schedule NR, Step 3, Line 7, Column B.

Residents claiming credit for taxes paid in other states: Subtract the amount on Step 4, Line 24, Column B, from the amount on Step 4, Line 24, Column A, and include the result on your Form IL-1040, Schedule CR, Step 2, Line 3, Column B.

Rents, royalties, partnerships, S corporations, estates, and trusts - (Lines 12 - 15, 20 - 22, 25, and 28 - 29)

Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 12	________	________
Line 13	________	________
Line 14	________	________
Line 15	________	________
Line 20	________	________
Line 21	________	________
Line 22	________	________
Line 25	________	________
Line 28	________	________
Line 29	________	________
Total	________	________

Do not double count items reported as both unrecaptured Section 1250 gains on Schedule K-1-P, Line 28, and as Section 1231 gains on Schedule K-1-P, Line 30.

Nonresidents: Include the total amount from Column B on your Form IL-1040, Schedule NR, Step 3, Line 15, Column B.

Residents claiming taxes paid in other states: Subtract the amount in Column B from the total amount in Column A, and include the result on your Form IL-1040, Schedule CR, Step 2, Line 11, Column B.

Capital gain or loss - (Lines 16 - 18 and 26 - 27)

Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 16	______________	______________
Line 17	______________	______________
Line 18	______________	______________
Line 26	______________	______________
Line 27	______________	______________
Total	______________	______________

Nonresidents: Include the total amount from Column B on your Form IL-1040, Schedule NR, Step 3, Line 11, Column B.

You may include any capital loss amounts on your Form IL-1040, Schedule NR, Step 3, Line 11, Column B, only to the extent those loss amounts are included in your federal adjusted gross income.

Residents claiming taxes paid in other states: Subtract the amount in Column B from the total amount in Column A, and include the result on your Form IL-1040, Schedule CR, Step 2, Line 7, Column B.

Other gains or losses - (Lines 28 and 30)

Do not double count items reported as both unrecaptured Section 1250 gains on Schedule K-1-P, Line 28, and as Section 1231 gains on Schedule K-1-P, Line 30.

Nonresidents: Include the amount from Step 4, Line 30, Column B, on your Form IL-1040, Schedule NR, Step 3, Line 12, Column B.

Residents claiming taxes paid in other states: Subtract the amount on Step 4, Line 30, Column B, from the amount on Step 4, Line 30, Column A, and include the result on your Form IL-1040, Schedule CR, Step 2, Line 8, Column B.

Other income - (Lines 19 and 31)

The partnership or the S corporation is required to identify or send you a breakdown of the items reported on Step 3, Line 19, and Step 4, Line 31. This identification or breakdown will determine on what lines of your federal return you need to report the income in Column A.

Nonresidents: The amounts reported in Column B need to be reported on the corresponding lines of your Form IL-1040, Schedule NR, Step 3, Column B.

Residents claiming taxes paid in other states: Subtract the amounts in Column B from the corresponding amounts in Column A, and include the results on the appropriate lines of your Form IL-1040, Schedule CR, Step 2, Column B.

Step 5 - Your share of Illinois additions and subtractions —

Column A - Member’s share of additions and subtractions —

Lines 32 through 37 - Enter the amounts from Column A for each line, and total the amounts for the column.

	Column A
Line 32	______________
Line 33	______________
Line 34	______________
Line 35	______________
Line 36	______________
Line 37	______________
Total	______________

Enter the total on Form IL-1040, Schedule M, Other Additions and Subtractions for Individuals, Step 2, Line 2 (see Form IL-1040, Schedule M instructions).

Lines 38a, 38b and 41 - 47 - Enter the amounts from Column A for each line, and total the amounts for the column.

	Column A
Line 38a	
Line 38b	
Line 41	
Line 42	
Line 43	
Line 44	
Line 45	
Line 46	
Line 47	
Total	

Enter the total on Form IL-1040, Schedule M, Step 3, Line 14 (see Form IL-1040, Schedule M Instructions).

Line 39 - Include the amount from Line 39 on your Form IL-1040, Schedule 1299-C, Income Tax Subtractions and Credits (for individuals), Step 1, Line 2.

Line 40 - Include the amount from Line 40 on your Form IL-1040, Schedule 1299-C, Step 1, Line 5.

Column B - Illinois share of additions and subtractions —

Lines 32 through 37 - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 32		
Line 33		
Line 34		
Line 35		
Line 36		
Line 37		
Total		

Nonresidents: Include the total amount from Column B on your Form IL-1040, Schedule NR, Step 4, Line 40, Column B.

Residents claiming credit for taxes paid in other states: Subtract the total amount in Column B from the total amount in Column A, and enter the result on your Form IL-1040, Schedule CR, Step 3, Line 35, Column B.

Lines 38a through 47 - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 38a		
Line 38b		
Line 39		
Line 40		
Line 41		
Line 42		
Line 43		
Line 44		
Line 45		
Line 46		
Line 47		
Total		

Nonresidents: Include the total amount from Column B on your Form IL-1040, Schedule NR, Step 4, Line 44, Column B.

Residents claiming credit for taxes paid to other states: Subtract the total amount in Column B from the total amount in Column A, and enter the result on your Form IL-1040, Schedule CR, Step 3, Line 39, Column B.

Step 6 - Your share of the Illinois August 1, 1969, appreciation amounts —

Column A - Member's share —

Line 48 - Include the amount from Line 48 on your Form IL-1040, Schedule F, Gains from Sales or Exchanges of Property Acquired Before August 1, 1969, Step 3, Line 6, Column H.

Lines 49 and 50 - If Line 50 is blank, include the amount on Line 49 on your Schedule F, Step 3, Line 6, Column I. Otherwise, skip Line 49 and include the amount on Line 50 on your Form IL-1040, Schedule F, Step 3, Line 6, Column I.

Line 51 - Include the amount from Line 51 on your Form IL-1040, Schedule F, Step 2, Line 2.

Column B - Illinois share —

Lines 48 through 51 - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

If Line 50 is blank, add Lines 48, 49, and 51 for both Columns A and B. Otherwise, add Lines 48, 50, and 51.

	Column A	Column B
Line 48		
Line 49		
Line 50		
Line 51		
Total		

Nonresidents: Include the total amount from Column B as a subtraction on your Form IL-1040, Schedule NR, Step 4, Line 44, Column B.

Residents claiming taxes paid in other states: Subtract the total amount in Column B from the total amount in Column A, and include the result on your Form IL-1040, Schedule CR, Step 3, Line 39, Column B.

Step 7 - Your share of Illinois credits, recapture, withholding payments, pass-through entity tax credit, and federal income subject to surcharge — If the partnership or S corporation has passed through to you any credit, recapture amounts, income tax payments made on your behalf, or federal income subject to surcharge on Lines 52a through 57, see the specific instructions for Step 7 at the end of these instructions for more information.

Step 8 - Your partner's share of retirement payments —

Line 58 — The amount distributed to you may only be used as a modification if the amount is also included in your federal adjusted gross income as reported on your Form IL-1040, Line 1.

Column A - Partner's share — Include the amount from Column A on your Form IL-1040, Schedule M, Other Additions and Subtractions for Individuals, Step 3, Line 14.

Column B - Partner's share allocated to Illinois —

Nonresidents: Include the amount from Line 58, Column B, on your Form IL-1040, Schedule NR, Step 4, Line 44, Column B.

Residents claiming taxes paid in other states: Subtract the total amount on Line 58, Column B, from the total amount on Line 58, Column A, and include the result on your Form IL-1040, Schedule CR, Step 3, Line 39, Column B.

Step-by-Step Instructions for trusts or estates filing Form IL-1041

If you were a resident of Illinois on the last day of the partnership's or S corporation's taxable year **and you are not** claiming a credit for taxes paid to another state, you will follow the Column A instructions beginning with Step 5. The figures in Steps 3 and 4 are included in the Federal Taxable Income reported on Line 1 of your IL-1041.

If the partnership that completed the Schedule K-1-P entered "investment partnership" in Step 1, Line 4, then Column B should be blank. Do not use the Column B instructions for this step. Instead, refer to the instructions under General Information, "What if the partnership is an investment partnership?"

Steps 3 and 4 - Your share of nonbusiness and business income or loss —

Follow the Steps 3 and 4 instructions to determine the amounts to include on your Form IL-1041, Schedule NR or Schedule CR.

Column A - Member's share — The amounts reported on Lines 10 through 31 must match your federal Schedule K-1.

Column B - Illinois share — To determine the amount to include on specific lines of your Form IL-1041 and Schedule CR or NR, add specific lines in Step 3, Column B, to specific lines in Step 4, Column B. The following instructions explain what lines to add together and on what line of your form or schedule these totals are to be included.

Interest income - (Lines 10 and 23)

Nonbusiness interest is allocable to your state of residence. If you are a nonresident, Step 3, Line 10, Column B, should be "0." If the Schedule K-1-P you received shows an amount in Column B of this line, you should notify the partnership or S corporation who issued you the schedule and ask for a corrected Schedule K-1-P.

Nonresidents: Include your fiduciary's share of business interest from Step 4, Line 23, Column B, on your Form IL-1041, Schedule NR, Step 3, Line 1, Column C.

Residents claiming credit for taxes paid in other states: Subtract the amount on Step 4, Line 23, Column B, from the amount on Step 4, Line 23, Column A, and include the result on your Form IL-1041, Schedule CR, Step 2, Line 1, Column C.

Dividend income - (Lines 11 and 24)

Nonbusiness dividends are allocable to your state of residence. If you are a nonresident, Step 3, Line 11, Column B, should be "0." If the Schedule K-1-P you received shows an amount in Column B of this line, you should notify the partnership or S corporation who issued you the schedule and ask for a corrected Schedule K-1-P.

Nonresidents: Include your fiduciary's share of business dividends from Step 4, Line 24, Column B, on your Form IL-1041, Schedule NR, Step 3, Line 2, Column C.

Residents claiming credit for taxes paid in other states: Subtract the amount on Step 4, Line 24, Column B, from the amount on Step 4, Line 24, Column A, and include the result on your Form IL-1041, Schedule CR, Step 2, Line 2, Column C.

Income or loss from partnerships and S corporations – (Lines 12 - 22, and 25 - 31)

Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 12		
Line 13		
Line 14		
Line 15		
Line 16		
Line 17		
Line 18		
Line 19		
Line 20		
Line 21		
Line 22		
Line 25		
Line 26		
Line 27		
Line 28		
Line 29		
Line 30		
Line 31		
Total		

Note: Do not double count items reported as both unrecaptured Section 1250 gains on Schedule K-1-P, Line 28, and as Section 1231 gains on Schedule K-1-P, Line 30.

Nonresidents: Include your fiduciary's share of this total amount from Column B on your Form IL-1041, Schedule NR, Step 3, Line 6, Column C.

Note: You may include any capital loss amounts on your Form IL-1041, Schedule NR, Step 3, Line 6, Column C, only to the extent those loss amounts are included in your federal taxable income.

Residents claiming credit for taxes paid in other states: Subtract the total amount in Column B from the total amount in Column A, and include the result on your Form IL-1041, Schedule CR, Step 2, Line 6, Column C.

Step 5 - Your share of Illinois additions and subtractions —

Column A - Member's share of additions and subtractions —

Lines 32 through 37 - Enter the amounts from Column A for each line and total the amounts for the column.

	Column A
Line 32	
Line 33	
Line 34	
Line 35	
Line 36	
Line 37	
Total	

Enter the total on Form IL-1041, Step 2, Line 9.

Lines 38a, 38b and 41 - 47 -

Enter the amounts from Column A for each line, and total the amounts for the column.

	Column A
Line 38a	
Line 38b	
Line 41	
Line 42	
Line 43	
Line 44	
Line 45	
Line 46	
Line 47	
Total	

Enter the total on Form IL-1041, Step 3, Line 22.

Line 39 - Include the amount from Line 39 on your Schedule 1299-B, River Edge Redevelopment Zone or Foreign Trade Zone (or sub-zone) Subtractions (for corporations and fiduciaries), Step 1, Line 2.

Line 40 - Include the amount from Line 40 on your Schedule 1299-B, Step 1, Line 5.

Column B - Illinois share of additions and subtractions —

Lines 32 through 37 - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 32		
Line 33		
Line 34		
Line 35		
Line 36		
Line 37		
Total		

Nonresidents: Include the total amount from Column B on your Form IL-1041, Schedule NR, Step 4, Line 35, Column B.

Residents claiming credit for taxes paid in other states: Subtract the total amount in Column B from the total amount in Column A, and enter the result on your Form IL-1041, Schedule CR, Step 3, Line 32, Column B.

Lines 38a, 38b, and 41 - 47 - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 38a		
Line 38b		
Line 41		
Line 42		
Line 43		
Line 44		
Line 45		
Line 46		
Line 47		
Total		

Nonresidents: Include the total amount from Column B on your Form IL-1041, Schedule NR, Step 4, Line 47, Column B.

Residents claiming credit for taxes paid in other states: Subtract the total amount in Column B from the total amount in Column A, and enter the result on your Form IL-1041, Schedule CR, Step 3, Line 45. Column B.

Line 39 -

Nonresidents: Include the amount from Column B on your Form IL-1041, Schedule NR, Step 4, Line 42, Column B.

Residents claiming credit for taxes paid in other states: Subtract the amount in Column B from the amount in Column A, and enter the result on your Form IL-1041, Schedule CR, Step 3, Line 40, Column B.

Line 40 -

Nonresidents: Include the amount from Column B on your Form IL-1041, Schedule NR, Step 4, Line 43, Column B.

Residents claiming credit for taxes paid in other states: Subtract the amount in Column B from the amount in Column A, and enter the result on your Form IL-1041, Schedule CR, Step 3, Line 41, Column B.

Step 6 - Your share of the Illinois August 1, 1969, appreciation amounts —

Column A - Member's share —

Line 48 - Include the amount from Line 48 on your Form IL-1041, Schedule F, Line 2, Column K.

Line 49 - Include the amount from Line 49 on your Form IL-1041, Schedule F, Line 2, Column L.

Line 51 - Include the amount from Line 51 on your Form IL-1041, Schedule F, Line 2, Column M.

Column B - Illinois share —

Lines 48, 49, and 51 - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 48		
Line 49		
Line 51		
Total		

Nonresidents: Add Lines 48, 49 and 51, Column B. Include the total amount as a subtraction on your Form IL-1041, Schedule NR, Step 4, Line 38, Column B.

Residents claiming taxes paid in other states: Subtract the total amount in Column B from the total amount in Column A, and include the result on your Form IL-1041, Schedule CR, Step 3, Line 36, Column B.

Step 7 - Your share of Illinois credits, recapture, withholding payments, pass-through entity tax credit, and federal income subject to surcharge — If the partnership or S corporation has passed through to you any credit, recapture amounts, income tax payments made on your behalf, or federal income subject to surcharge on Lines 52a through 57, see the specific instructions for Step 7 at the end of these instructions for more information.

Step 8 - Your partner's share of retirement payments —

Line 58 — The amount distributed to you may only be used as a modification if the amount is also included in your federal taxable income as reported on your Form IL-1041, Line 1 and excluded in computing net earnings from self-employment by IRC Section 1402.

Column A - Partner's share — Include the amount from Line 58, Column A, on Form IL-1041, Step 3, Line 16.

Column B - Partner's share allocated to Illinois —

Nonresidents: Include the amount from Line 58, Column B, on Form IL-1041, Schedule NR, Step 4, Line 41, Column B.

Residents claiming taxes paid in other states: Subtract the total amount on Line 58, Column B, from the total amount on Line 58, Column A, and include the result on your Form IL-1041, Schedule CR, Step 3, Line 39, Column B.

Step-by-Step Instructions for partnerships filing Form IL-1065 and S corporations filing Form IL-1120-ST

If the partnership that completed the Schedule K-1-P entered "investment partnership" in Step 1, Line 4, then Column B should be blank. Do not use the Column B instructions. Instead, refer to the instructions under General Information, "What if the partnership is an investment partnership?"

Steps 3 and 4 - Your share of nonbusiness and business income or loss —

Column A - Member's share — The amounts reported on Lines 10 through 31 must match your federal Schedule K-1.

Column B - Illinois share — The following information allows you to determine the amounts to include on specific lines of your Form IL-1065 or Form IL-1120-ST.

Lines 10 through 31 - Include the amounts in Step 3, Column B in the total amount you report on your Schedule NB.

Do not double count items reported as both unrecaptured Section 1250 gains on Schedule K-1-P, Line 28, and as Section 1231 gains on Schedule K-1-P, Line 30.

You may include any capital loss amounts on your Schedule NB only to the extent those loss amounts are included in your unmodified base income on Form IL-1065 or Form IL-1120-ST, Step 3, Line 13.

Include the amounts in Step 4, Column B in the total amount you report on Step 6, Line 45, of your Form IL-1065 or Form IL-1120-ST.

Note: You may include any capital loss amounts on your Form IL-1065 or Form IL-1120-ST, Step 6, Line 45, only to the extent those loss amounts are included in your unmodified base income on Form IL-1065 or Form IL-1120-ST, Step 3, Line 13.

Step 5 - Your share of Illinois additions and subtractions —

Column A - Member's share of additions and subtractions —

Lines 32 through 37 - The amounts on these lines are reported in your Illinois base income by including them on Step 4, Line 19, of your Form IL-1065 or IL-1120-ST.

Lines 38a, 38b, and 44 through 47 - The amounts on these lines are reported in your Illinois base income by including the total of these lines on Step 5, Line 32, of your Form IL-1065 or Form IL-1120-ST.

Line 39 - Include the amount from Line 39 on your Schedule 1299-A, Tax Subtractions and Credits (for partnerships and S corporations), Step 1, Line 2.

Line 40 - Include the amount from Line 40 on your Schedule 1299-A, Step 1, Line 5.

Line 41 - Include the amount from Line 41 on your Schedule 1299-A, Step 1, Line 8.*

Line 42 - Include the amount from Line 42 on your Schedule 1299-A, Step 1, Line 11.*

Line 43 - Include the amount from Line 43 on your Schedule 1299-A, Step 1, Line 14.*

*Partnerships filing Form IL-1065 are not eligible for these subtractions.

In addition, report the business and nonbusiness amounts in Column A, Lines 32 through 47 as indicated in the following instructions.

Column A - Member's share of business and nonbusiness amounts —

Lines 32 through 47 -

Nonbusiness amounts - Enter the total of any nonbusiness amounts from Lines 32 through 37 and 38b through 47 (do not include amounts from Line 38a), Column A.

A Total of nonbusiness amounts from Lines 32 through 37, Column A. ________________

B Total of nonbusiness amounts from Lines 38b through 47, Column A. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on your Schedule NB.

Business amounts - Enter the total of any business amounts from Lines 32 through 37 and 38a through 47 (excluding Line 38b), Column A.

A Total of business amounts from Lines 32 through 37, Column A. ________________

B Total of business amounts from Lines 38a through 47 (excluding Line 38b), Column A. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on Step 6, Line 37, of your Form IL-1065 or Form IL-1120-ST.

Column B - Illinois share of business and nonbusiness amounts —

Lines 32 through 47 -

Nonbusiness amounts - Enter the total of any nonbusiness amounts from Lines 32 through 37 and 38b through 47 (do not include amounts from Line 38a), Column B.

A Total of nonbusiness amounts from Lines 32 through 37, Column B. ________________

B Total of nonbusiness amounts from Lines 38b through 47, Column B. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on your Schedule NB.

Business amounts - Enter the total of any business amounts from Lines 32 through 37 and 38a through 47 (excluding Line 38b), Column B.

A Total of business amounts from Lines 32 through 37, Column B. ________________

B Total of business amounts from Lines 38a through 47 (excluding Line 38b),Column B. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on Step 6, Line 45, of your Form IL-1065 or Form IL-1120-ST.

Step 6 - Your share of the Illinois August 1, 1969, appreciation amounts —

Column A - Member's share —

Line 48 - Include the amount from Line 48 on your Schedule F, Line 2, Column K.

Line 49 - Include the amount from Line 49 on your Schedule F, Line 2, Column L.

Line 51 - Include the amount from Line 51 on your Schedule F, Line 2, Column M.

Column B - Illinois share —

Use the information in Column B when completing Step 6 of the Schedule K-1-P for your partners or shareholders.

Step 7 - Your share of Illinois credits, recapture, withholding payments, pass-through entity tax credit, and federal income subject to surcharge — If the partnership or S corporation has passed through to you any credit, recapture amounts, income tax payments made on your behalf, or federal income subject to surcharge on Lines 52a through 57, see the specific instructions for Step 7 at the end of these instructions for more information.

Note: If an investment partnership is distributed income modifications on a Schedule K-1-P from an operating partnership, the investment partnerships may adjust their partners' income subject to investment partnership withholding by the partners' shares of those income modifications. See Schedule K-1-P(1) for more information.

Step 8 - Your partner's share of retirement payments — Disregard this section. S corporations and partnerships are not eligible to report Line 58 as a modification on their own return.

Step-by-Step Instructions for corporations filing Form IL-1120

If the partnership that completed the Schedule K-1-P entered "investment partnership" in Step 1, Line 4, then Column B should be blank. Do not use the Column B instructions for this step. Instead, refer to the instructions under General Information, "What if the partnership is an investment partnership?"

Steps 3 and 4 - Your share of nonbusiness and business income or loss —

Column A - Member's share — The amounts reported on Lines 10 through 31 must match your federal Schedule K-1.

Column B - Illinois share — The following information allows you to determine the amounts to include on specific lines of your Form IL-1120.

Lines 10 through 31 - Include the amounts in Step 3, Column B in the total amount you report on your Schedule NB.

Do not double count items reported as both unrecaptured Section 1250 gains on Schedule K-1-P, Line 28, and as Section 1231 gains on Schedule K-1-P, Line 30.

You may include any capital loss amounts on your Schedule NB only to the extent those loss amounts are included in your federal taxable income.

Include the amounts in Step 4, Column B in the total amount you report on your Form IL-1120, Step 4, Line 33.

Note: You may include any capital loss amounts on your Form IL-1120, Step 4, Line 33, only to the extent those loss amounts are included in your federal taxable income.

Step 5 - Your share of Illinois additions and subtractions —

Column A - Member's share of additions and subtractions —

Lines 32 through 37 - The amounts on these lines are reported in your Illinois base income by including them on your Form IL-1120, Step 2, Line 7.

Lines 38a, 38b, and 44 - 47 - The amounts on these lines are reported in your Illinois base income by including the total of these lines on your Form IL-1120, Step 3, Line 20.

Line 39 - Include the amount from Line 39 on your Schedule 1299-B, Step 2, Line 10.

Line 40 - Include the amount from Line 40 on your Schedule 1299-B, Step 2, Line 13.

Line 41 - Include the amount from Line 41 on your Schedule 1299-B, Step 2, Line 16.

Line 42 - Include the amount from Line 42 on your Schedule 1299-B, Step 2, Line 19.

Line 43 - Include the amount from Line 43 on your Schedule 1299-B, Step 2, Line 22.

In addition, report the business and nonbusiness amounts in Lines 32 through 47, Column A, as indicated in the following instructions.

Column A - Member's share of business and nonbusiness amounts —

Lines 32 through 47 -

Nonbusiness amounts - Enter the total of any nonbusiness amounts from Lines 32 through 37 and 38b through 47 (do not include amounts from Line 38a), Column A.

A Total of nonbusiness amounts from Lines 32 through 37, Column A. ________________

B Total of nonbusiness amounts from Lines 38b through 47, Column A. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on your Schedule NB.

Business amounts - Enter the total of any business amounts from Lines 32 through 37 and 38a through 47 (excluding Line 38b), Column A.

A Total of business amounts from Lines 32 through 37, Column A. ________________

B Total of business amounts from Lines 38a through 47 (excluding Line 38b), Column A. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on Step 4, Line 25, of your Form IL-1120.

Column B - Illinois share of business and nonbusiness amounts —

Lines 32 through 47 -

Nonbusiness amounts - Enter the total of any nonbusiness amounts from Lines 32 through 37 and 38b through 47 (do not include amounts from Line 38a), Column B.

A Total of nonbusiness amounts from Lines 32 through 37, Column B. ________________

B Total of nonbusiness amounts from Lines 38b through 47, Column B. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on your Schedule NB.

Business amounts - Enter the total of any business amounts from Lines 32 through 37 and 38a through 47 (excluding Line 38b), Column B.

A Total of business amounts from Lines 32 through 37, Column B. ________________

B Total of business amounts from Lines 38a through 47 (excluding Line 38b), Column B. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on Step 4, Line 33, of your Form IL-1120.

Step 7 - Your share of Illinois credits, recapture, withholding payments, pass-through entity tax credit, and federal income subject to surcharge — If the partnership or S corporation has passed through to you any credit, recapture amounts, income tax payments made on your behalf, or federal income subject to surcharge on Lines 52a through 57, see the specific instructions for Step 7 at the end of these instructions for more information.

Step 8 - Your partner's share of retirement payments — Disregard this section. Corporations are not eligible to report Line 58 as a modification.

Step-by-Step Instructions for exempt organizations filing Form IL-990-T

Step 4 - Your share of business income or loss —

Column A - Member's share — The amounts reported on Lines 20 - 31 must match your federal Schedule K-1.

Column B - Illinois share — The following information allows you to determine the amounts to include on specific lines of your Form IL-990-T.

If the partnership that completed the Schedule K-1-P entered "investment partnership" in Step 1, Line 4, then Column B should be blank. Do not use the Column B instructions for this step. Instead, refer to the instructions under General Information, "What if the partnership is an investment partnership?"

Lines 20 through 31 - Include the amounts in Step 4, Column A in the total amount you report on Form IL-990-T, Step 3, Line 4.

Do not double count items reported as both unrecaptured Section 1250 gains on Schedule K-1-P, Line 28, and as Section 1231 gains on Schedule K-1-P, Line 30.

You may include any capital loss amounts on your Form IL-990-T, Step 3, Line 4, only to the extent those loss amounts are included in your unrelated business taxable income.

Include the amounts in Step 4, Column B in the total amount you report on your Form IL-990-T, Step 3, Line 10.

Note: You may include any capital loss amounts on your Form IL-990-T, Step 3, Line 10, only to the extent those loss amounts are included in your unrelated business taxable income.

Step 5 - Your share of Illinois additions and subtractions —

Column A - Member's share of business amounts —

Lines 32 through 47 (excluding Line 38b) **-**

Enter the total of any business amounts from Lines 32 through 37 and 38a through 47 (excluding Line 38b), Column A.

A Total of business amounts from Lines 32 through 37, Column A. ________________

B Total of business amounts from Lines 38a through 47 (excluding Line 38b), Column A. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on Step 3, Line 4, of your Form IL-990-T.

Column B - Illinois share of business amounts —

Lines 32 through 47 (excluding Line 38b) **-**

Enter the total of any business amounts from Lines 32 through 37 and 38a through 47 (excluding Line 38b), Column B.

A Total of business amounts from Lines 32 through 37, Column B. ________________

B Total of business amounts from Lines 38a through 47 (excluding Line 38b), Column B. ________________

C Subtract Line B from Line A. ________________

Include the total amount from Line C in the total amount reported on Step 3, Line 10, of your Form IL-990-T.

Step 7 - Your share of Illinois credits, recapture, withholding payments, pass-through entity tax credit, and federal income subject to surcharge — If the partnership or S corporation has passed through to you any credit, recapture amounts, income tax payments made on your behalf, or federal income subject to surcharge on Lines 52a through 57, see the specific instructions for Step 7 at the end of these instructions for more information.

Step 8 - Your partner's share of retirement payments — Disregard this section. Exempt organizations are not eligible to report Line 58 as a modification.

Step-by-Step Instructions for Step 7 - Your share of the Illinois credits, recapture, withholding, pass-through entity tax credit, and federal income subject to surcharge

Line 52 - Illinois Income Tax Credits — For each Line 52a through 52ee that has an amount listed in Step 7 of Schedule K-1-P, enter, on your Schedule 1299, the corresponding Credit Code and the amount of Distributive Share of Credit from Schedule K-1-P. See your Schedule 1299 Instructions for details. Attach Schedule K-1-P to your Schedule 1299. Use the chart below to complete your Schedule 1299.

Enter the amount from Schedule K-1-P, Step 7, Line	**Individuals:** on Schedule 1299-C, Step 3	**Trusts/Estates/Corporations/ Exempt Organizations:** on Schedule 1299-D, Step 3	**Partnerships/S corporations:** on Schedule 1299-A, Step 3
52a *Film Production Services*	5000	5000	5000
52b *Enterprise Zone Investment*	5080	5080	5080
52c *Enterprise Zone Construction Jobs*	5120	5120	5120
52d *High Impact Business Construction Jobs*	5160	5160	5160
52e *Affordable Housing Donations*	5260	5260	5260
52f *EDGE*	5300	5300	5300
52g *New Construction EDGE*	5320	5320	5320
52h *Research and Development*	5340	5340	5340
52i *Wages Paid to Returning Citizens*	5380	5380	5380
52j *Student-Assistance Contributions*	5420	5420	5420
52k *Angel Investment*	5460	5460	5460
52l *New Markets Development*	5500	5500	5500
52m *River Edge Historic Preservation*	5540	5540	5540
52n *River Edge Construction Jobs*	5560	5560	5560
52o *Live Theater Production*	5580	5580	5580
52p *Hospital*	5620	5620	5620
52q Illinois Gives	5670	5670	5670
52r *Data Center Construction Employment*	5820	5820	5820
52s *Apprenticeship Education Expense*	0160	0160	0160
52t *Historic Preservation*	1030	1030	1030
52u *REV Illinois Investment*	5230	5230	5230
52v *Advancing Innovative Manufacturing for IL*	1050	1050	1050
52w *Recovery and Mental Health*	0180	0180	0180
52x *REV Illinois*	5240	5240	5240
52y *REV Construction Jobs*	5250	5250	5250
52z *MICRO Investment*	5830	5830	5830
52aa *MICRO Illinois*	5840	5840	5840
52bb *MICRO Construction Jobs*	5850	5850	5850
52cc *Quantum Computing Campuses*	5480	5480	5480
52dd *Music and Musicians*	5680	5680	5680
52ee *Other Income Tax Credits*	n/a	n/a	n/a

Note: For tax years ending on or after December 31, 2000, partnerships and S corporations automatically pass the following credits through to their partners or shareholders:

Line 52a - Film Production Services

Line 52b - Enterprise Zone Investment

Line 52c - Enterprise Zone Construction Jobs

Line 52d - High Impact Business Construction Jobs

Line 52e - Affordable Housing Donations

Line 52f - Economic Development for a Growing Economy (EDGE)

Line 52g - New Construction EDGE

Line 52h - Research and Development

Line 52i - Wages Paid to Returning Citizens

Line 52j - Student-Assistance Contributions

Line 52k - Angel Investment

Line 52l - New Markets Development

Line 52m - River Edge Historic Preservation

Line 52n - River Edge Construction Jobs

Line 52o - Live Theater Production

Line 52p - Hospital

Line 52q - Illinois Gives

Line 52r - Data Center Construction Employment

Line 52s - Apprenticeship Education Expense

Line 52t - Historic Preservation

Line 52u - REV Illinois Investment

Line 52v - Advancing Innovative Manufacturing for Illinois

Line 52w - Recovery and Mental Health

Line 52x - REV Illinois

Line 52y - REV Construction Jobs

Line 52z - MICRO Investment

Line 52aa - MICRO Illinois

Line 52bb - MICRO Construction Jobs

Line 52cc - Quantum Computing Campuses

Line 52dd - Music and Musicians

Line 52ee - Other income tax credits

Note: Partnerships and S corporations that receive income tax credit may use the credit to offset their nonresident members' withholding liability. Amounts or portions of the amounts received on Lines 52a through 52ee may be entered on Schedule K-1-P(3), Step 3, Line 17, to offset pass-through withholding or Schedule K-1-P(4), Step 4, Line 10, to offset investment partnership withholding. See Schedule K-1-P(1) for more information.

Line 53a — PTE tax credit — If the partnership or S corporation distributed PTE tax credit to you, include the amount on

- **Individuals** — Form IL-1040, Step 8, Line 28.
- **Trusts or Estates** —
  - Form IL-1041, Line 55d, if the PTE tax credit amount is retained by the fiduciary.
  - Schedule K-1-T, Line 50, if the PTE tax credit amount is distributed to your beneficiaries.
- **Partnerships or S corporations** — each partner's or shareholder's Schedule K-1-P, Line 53a. Enter that partner's or shareholder's distributive share.
- **Corporations** — Form IL-1120, Line 61d.
- **Exempt organizations** — Form IL-990-T, Line 29d.

The credit on Line 53a is allowed against the tax imposed on the member under IITA subsections 201(a) and (b).

A nonresident individual member of a partnership or S corporation for a taxable year in which the election to pay PTE tax was made shall not be required to file an income tax return under the IITA for such taxable year if the only source of net income of the individual (or the individual and the individual's spouse in the case of a joint return) is from an entity making the PTE election and the credit allowed to the member equals or exceeds the individual's liability for the tax imposed under subsections (a) and (b) of Section 201 of the IITA for the tax year.

Note: Investment partnerships that receive PTE tax credit may use the credit to offset their investment partnership withholding liability, to the extent that such credit would otherwise be distributable to its nonresident partners. The amount or a portion of the amount received on Line 53a may be entered on Schedule K-1-P(4), Step 4, Line 12, to offset investment partnership withholding. See Schedule K-1-P (1) for more information.

Line 53b — Enter this amount on Form IL-477, Line 4.

Note: Partnerships and S corporations that receive replacement tax investment credit may use the credit to offset their nonresident members' withholding liability. The amount or a portion of the amount received on Lines 53b may be entered on Schedule K-1-P(3), Step 3, Line 14, to offset pass-through withholding or Schedule K-1-P(4), Step 4, Line 11, to offset investment partnership withholding. See Schedule K-1-P(1) for more information.

Lines 54a, 54b, 54c, 54d, and 54e — Recapture — Your share of recapture is based on your share of the original investment credit.

- If you shared in the original investment credit and you are no longer a partner or shareholder of the partnership or the S corporation in the year of recapture, Lines 54a, 54b, 54c, 54d, and 54e will be the only lines completed on this schedule.
- If your share in the year of the original investment credit is different from your share in the year of the recapture, Lines 54a, 54b, 54c, 54d, and 54e will be completed and the partnership or the S corporation will attach a sheet explaining the difference.

If recapture is reported to you for a particular investment credit, and you claimed the corresponding credit against your Illinois income or replacement tax liability in a previous year, you must file a completed Illinois Income Tax return including Schedule 4255. Include the total amount from

- Schedule K-1-P, Lines 54a, 54b, 54c, and 54d on Schedule 4255, Step 6, Line 19, and
- Schedule K-1-P, Line 54e on Schedule 4255, Step 7, Line 32.

Line 55 — If the partnership or S corporation made income tax payments on your behalf, include the amount on your

- Form IL-1040, Step 8, Line 27,
- Form IL-1041, Step 7, Line 55c,
- Form IL-1065, Step 10, Line 65c,
- Form IL-1120-ST, Step 10, Line 65c,
- Form IL-1120, Step 8, Line 61c, or
- Form IL-990-T Step 6, Line 29c.

Schedule K-1-P, Step 1, Line 3, must be completed or the pass-through withholding (including any applicable investment partnership withholding) reported on this line may not be credited to your return.

Note: Individuals, trusts, estates, partnerships, and corporations (including S corporations) only - Pass-through withholding payments made on your behalf and reported to you on Schedule K-1-P, Line 55, are based on items of business income and certain items of nonbusiness income only. If you had Illinois income from other sources and the payments made on your behalf do not cover your liability, you must file a return to report the tax on all of your Illinois income and claim a credit for pass-through withholding payments made on your behalf.

Note: Partners in an investment partnership that have been distributed an investment partnership withholding credit must determine if they are eligible to claim the credit prior to claiming the credit on their return. See “What if the partnership is an investment partnership?” section in these instructions for more information.

Line 56 — This is your share of taxable gains attributable to transactions subject to the Compassionate Use of Medical Cannabis Program Act surcharge. Use this information when calculating the surcharge on your return.

See the following instructions and the instructions for the return you are filing for more information.

Definitions related to the surcharge —

Organization registrant means a corporation, partnership, trust, limited liability company (LLC), or other organization that holds 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.

Transactions subject to the surcharge means sales and exchanges of

- capital assets;
- depreciable business property;
- real property used in the trade or business; and
- Section 197 intangibles of an organization registrant.

What is the surcharge?

For each taxable year beginning or ending during the Compassionate Use of Medical Cannabis Program, a surcharge is imposed on all taxpayers on income arising from the transactions subject to the surcharge of an organization registrant under the Compassionate Use of Medical Cannabis Program Act.

The amount of the surcharge is equal to the amount of federal income tax liability for the taxable year attributable to the transactions subject to the surcharge.

To whom does the surcharge apply?

The surcharge is imposed on any taxpayer who incurs a federal income tax liability on the income realized on a “transaction subject to the surcharge,” including individuals and other taxpayers who are not themselves the “organization registrant” that engaged in the transaction.

A partner or shareholder who incurs a federal income tax liability on income from a transaction subject to surcharge passed through from a partnership or S corporation will incur a surcharge.

Note: Although a unitary business group filing combined Illinois returns is treated as a single taxpayer and its members are jointly and severally liable for any surcharge imposed on the group, the group itself is not an organization registrant and transactions of any member that is not itself an organization registrant are not subject to the surcharge.

How do I use the amount reported on Line 56?

The amount reported on Line 56 identifies your share of any taxable gains attributable to transactions subject to the surcharge. The partnership and S corporation listed in Step 1 should have also provided you with a breakdown itemizing any amount reported on Line 56.

Use this information when completing the **"**Surcharge Worksheet" found in the Form IL-1120 Instructions. Line 56 identifies taxable gains attributable to transactions subject to the surcharge that should not be included when you complete Line 2 of the worksheet.

Note: The amount on Line 56 identifies taxable gains attributable to transactions subject to the surcharge, **not** federal income tax liability for the taxable year attributable to the transactions subject to the surcharge. Exclude this income before figuring the federal income tax amount on Line 2 of the worksheet.

For more information, see 86 Ill. Adm. Code Section 100.2060.

Line 57 — This is your share of taxable gains attributable to transactions subject to the surcharge on the sale of assets by gaming licensee. Use this information when calculating the surcharge on your return.

See the instructions below and the instructions for the return you are filing for more information.

Definitions related to the surcharge —

Gaming licensee is an organization licensee under the Illinois Horse Racing Act of 1975 and/or an organization gaming licensee under the Illinois Gambling Act.

Transactions subject to the surcharge means sales and exchanges of

- capital assets;
- depreciable business property;
- real property used in the trade or business; and
- Section 197 intangibles of a gaming licensee.

What is the surcharge?

For each taxable year 2019 through 2027, a surcharge is imposed on all taxpayers on income arising from the transactions subject to the surcharge on the sale of assets by gaming licensee.

The amount of the surcharge is equal to the amount of federal income tax liability for the taxable year attributable to the transactions subject to the surcharge.

To whom does the surcharge apply?

The surcharge is imposed on any taxpayer who incurs a federal income tax liability on the income realized on a "transaction subject to the surcharge," including individuals and other taxpayers who are not themselves the "gaming licensee" that engaged in the transaction.

The surcharge imposed shall not apply if

- the organization gaming license, organization license, or racetrack property is transferred as a result of any of the following:
  - bankruptcy, a receivership, or a debt adjustment initiated by or against the initial licensee or the substantial owners of the initial licensee;
  - cancellation, revocation, or termination of any such license by the Illinois Gaming Board or the Illinois Racing Board;
  - a determination by the Illinois Gaming Board that transfer of the license is in the best interests of Illinois gaming;
  - the death of an owner of the equity interest in a licensee;
  - acquisition of a controlling interest in the stock or substantially all of the assets of a publicly traded company;
  - a transfer by a parent company to a wholly owned subsidiary; or
  - the transfer or sale to or by one person to another person where both persons were initial owners of the license when the license was issued; or
- the controlling interest in the organization gaming license, organization license, or racetrack property is transferred in a transaction to lineal descendants in which no gain or loss is recognized or as a result of a transaction in accordance with Section 351 of the Internal Revenue Code in which no gain or loss is recognized; or
- live horse racing was not conducted in 2010 at a racetrack located within 3 miles of the Mississippi River under a license issued pursuant to the Illinois Horse Racing Act of 1975.

The transfer of an organization gaming license, organization license, or racetrack property by a person other than the initial licensee to receive the organization gaming license is not subject to a surcharge.

A partner or shareholder who incurs a federal income tax liability on income from a transaction subject to surcharge passed through from a partnership or S corporation will incur a surcharge.

Note: Although a unitary business group filing combined Illinois returns is treated as a single taxpayer and its members are jointly and severally liable for any surcharge imposed on the group, the group itself is not a gaming licensee and transactions of any member that is not itself a gaming licensee are not subject to the surcharge.

How do I use the amount reported on Line 57?

The amount reported on Line 57 identifies your share of any taxable gains attributable to transactions subject to the surcharge. The partnership and S corporation listed in Step 1 should have also provided you with a breakdown itemizing any amount reported on Line 57.

Use this information when completing the "Surcharge Worksheet" found in the Form IL-1120 instructions. Line 57 identifies federal income attributable to transactions subject to the surcharge that should not be included when you complete Line 2 of the worksheet.

Note: The amount on Line 57 identifies taxable gains attributable to transactions subject to the surcharge, **not** federal income tax liability for the taxable year attributable to the transactions subject to the surcharge. Exclude this income before figuring the federal income tax amount on Line 2 of the worksheet.

Illinois Schedule B Instructions

General Information

Read this information before completing Illinois Schedule B.

Amounts listed on the Schedule(s) K-1-P, Schedule(s) K-1-P(3), and Schedule(s) K-1-P(4) you complete are carried to your Illinois Schedule B and then reported on your Form IL-1065. Therefore, you **must** complete Schedule(s) K-1-P and Schedule(s) K-1-P(3) or Schedule(s) K-1-P(4) **before** completing Schedule B.

In order to ensure you complete Schedule B correctly, do the following in order:

- Complete all Schedule(s) K-1-P and Schedule(s) K-1-P(3) or Schedule(s) K-1-P(4), as applicable, for your partners **before** completing any section of Illinois Schedule B. The information reported on Schedule(s) K-1-P, Schedule(s) K-1-P(3), and Schedule(s) K-1-P(4) will be used to complete Illinois Schedule B. See Schedule K-1-P(1) instructions for more information.
- Complete Section B of Illinois Schedule B **before** completing Section A of Illinois Schedule B. Section B reports specific amounts from each Schedule(s) K-1-P, Schedule(s) K-1-P(3), and Schedule(s) K-1-P(4) you completed. Section B is required to be completed in full in order to avoid processing delays, further correspondence, or delays in the processing of any overpayments.
- Complete Section A of the Illinois Schedule B. Section A reports total amounts from Section B, and is required to be completed in full in order to avoid processing delays, further correspondence, or delays in the processing of any overpayments.
- Carry the amount from Illinois Schedule B, Section A, Line 3 and Line 5 to your Form IL-1065, as applicable.

See the Schedule K-1-P(1) instructions and Illinois Schedule B specific instructions for more information.

What is the purpose of Illinois Schedule B?

The purpose of Illinois Schedule B, Partners' or Shareholders' Information, is for you to identify any person who was a partner at any time during your tax year.

The Illinois Schedule B also allows you to identify your partners that are subject to the Illinois Personal Property Tax Replacement Income Tax and to figure the share of distributable income or loss that is to be added to or subtracted from your base income.

Is Schedule B required?

Yes. You are required to have a copy of this form on file. You **must** attach a copy of Schedule B to your Form IL-1065, Illinois Partnership Replacement Tax Return to support

- the addition modification claimed on Form IL-1065, Step 4, Line 21,
- the subtraction modification claimed on Form IL-1065, Step 5, Line 27,
- the pass-through withholding you owe on behalf of your nonresident members on Form IL-1065, Step 9, Line 59a,
- the investment partnership withholding you owe on behalf of your nonresident partners on Form IL-1065, Step 9, Line 59b.
- the pass-through entity tax you pay on behalf of your members on Form IL-1065, Step 9, Line 61, and
- the PTE tax credit you received and distributed to your partners on Schedule(s) K-1-P.

Therefore, you **must** follow the instructions for Illinois Schedule B, complete it in full, and attach it to your return.

Note: You must use forms prescribed by IDOR. Separate statements not on forms provided or approved by IDOR will not be accepted and you will be asked for appropriate documentation. **Failure to comply with this requirement may delay the processing of your return or the generation of any overpayment.** Additionally, failure to submit appropriate documentation when requested may result in a referral to our Audit Bureau for compliance action.

Partnerships must complete Illinois Schedule B. Do not send a computer printout with line numbers and dollar amounts attached to a blank copy of the schedule. Computer generated printouts are not acceptable, even if they are in the same format as IDOR's forms. Computer generated forms from an IDOR-approved software developer are acceptable.

Note: Investment partnerships that file Form IL-1065 must complete all applicable lines of Schedule B, Section B for each of their partners. Each amount entered on Schedule B, Section B, Line J, must match the corresponding Schedule K-1-P(4), Line 14, and be carried to the applicable line of Schedule B, Section A, Lines 4a through 4e, and added to the total to be entered on Schedule B, Section A, Line 5. For reporting purposes, investment partnerships must treat any investment partnership withholding amounts entered on Schedule B, Section B, Line J, as if they were pass-through withholding amounts, with the exception that the amount from Schedule B, Section A, Line 5, would be entered on Form IL-1065, Line 59b, rather than on Line 59a. Investment partnerships making the election to pay PTE tax must complete all other applicable lines of Schedule B, Section B (most notably Lines K and L), for each of their partners, and Schedule B, Section A, Lines 6 and 7.

What is a resident?

A resident is

- 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;
- the estate of a decedent who at his or her death was domiciled in Illinois;
- a trust created by a will of a decedent who at his or her death was domiciled in Illinois; or
- an irrevocable trust, whose grantor was domiciled in Illinois at the time the trust became irrevocable. For purposes of this definition, a trust is irrevocable to the extent that the grantor is not treated as the owner of the trust under IRC Sections 671 through 678.

What is a nonresident?

A nonresident is a person who is not a resident, as previously defined. Corporations, S corporations, partnerships, and exempt organizations are considered nonresidents for purposes of Illinois Schedule B.

What do Section B, Lines G through J report?

Lines G through J report certain items of income, credits, and pass-through withholding you reported to your nonresident partners on the Schedule K-1-P you issued to them.

How do I determine the amounts to report in Section B, Lines G through J?

Before completing Illinois Schedule B you must complete Schedule(s) K-1-P and Schedule(s) K-1-P(3) or Schedule(s) K-1-P(4) for each of your nonresident partners, as applicable. The amounts reported on those schedules will be used to complete Illinois Schedule B, Section B, Lines G through J.

See Schedule K-1-P(1) for instructions and more information about Schedule K-1-P(3). See Schedule K-1-P(1) for more information about Schedule K-1-P(4).

What do I report in Section B, Line K?

Line K is used to report the PTE tax credit you distribute to your partners if you elected to file and pay pass-through entity tax.

How do I determine the amounts to report in Section B, Line K?

Before completing Illinois Schedule B, Line K, you must determine each partner's portion of the PTE tax credit using the formula in the Schedule B, Section B, Line K instructions.

What do I report in Section B, Line L?

Line L is used to report the PTE tax credit you receive and distribute to your partners. **Do not include any PTE tax you are paying on this line.**

How do I determine the amounts to report in Section B, Line L?

Use the Schedule(s) K-1-P or K-1-T you received to determine the amount of PTE tax credit you received. Distribute the PTE tax credit based on each partner's share.

Specific Instructions

Section A: Total members' information

Note: Complete Schedule(s) K-1-P and Schedule(s) K-1-P(3), as applicable, **and** all of Illinois Schedule B, Section B, before completing Section A.

Illinois Schedule B, Section A should be completed using the totals from Illinois Schedule B, Section B. When you submit your return you should only attach a single page of Section A. If you require multiple pages of Section B, you may attach as many pages of Section B as required behind Section A.

Lines 1 through 3 — Report amounts for **both resident and nonresident partners**.

Line 1 — Add the amounts you reported on Step 3, Column A, Line 10 through Line 19, of all the Schedule(s) K-1-P you issued to your partners and enter the total here. Include amounts you reported to both your resident and nonresident partners.

Line 2 — Add the amounts you reported on Step 7, Line 52a through Line 52ee, and Step 7, Lines 53a through 53b, of all the Schedule(s) K-1-P you issued to your partners and enter the total here. Include amounts you reported to both your resident and nonresident partners.

Line 3 — Add the amounts shown in Section B, Line E for all the partners for which you have checked the box in Section B, Line D.

Note: Do not include

- partners that are identified as individuals or estates in Section B, Line B, or
- grantor trusts or other disregarded entities whose grantor or owner is an individual or estate.

Enter the total amount on this line. If this is a

- positive amount, enter this amount on your Form IL-1065, Line 27.
- negative amount (loss), enter this amount as a positive amount on your Form IL-1065, Line 21.

Lines 4 through 5 — Report amounts for **nonresident partners only**.

Line 4a — Enter the total amount of pass-through withholding or investment partnership withholding you reported on the Schedule(s) K-1-P you issued to your **nonresident individual members only**. Total the amounts reported in Section B, Line J, for partners that are identified with an **"I"** in Section B, Line B, and enter it here.

Line 4b — Enter the total amount of pass-through withholding or investment partnership withholding you reported on the Schedule(s) K-1-P you issued to your **nonresident estate members only**. Total the amounts reported in Section B, Line J, for partners that are identified with an **"M"** in Section B, Line B, and enter it here.

Line 4c — Enter the total amount of pass-through withholding or investment partnership withholding you reported on the Schedule(s) K-1-P you issued to your **partnership and S corporation members only**. Total the amounts reported in Section B, Line J, for partners that are identified with a **"P"** or **"S"** in Section B, Line B, and enter it here.

Line 4d — Enter the total amount of pass-through withholding or investment partnership withholding you reported on the Schedule(s) K-1-P you issued to your **nonresident trust members only**. Include partners identified as an exempt organization (trust). Total the amounts reported in Section B, Line J, for partners that are identified with a **"T"** or **"A"** in Section B, Line B, and enter it here.

Line 4e — Enter the total amount of pass-through withholding or investment partnership withholding you reported on the Schedule(s) K-1-P you issued to your **C corporation members only**. Include partners identified as an exempt organization (corporation). Total the amounts reported in Section B, Line J, for partners that are identified with a **"C"** or **"N"** in Section B, Line B, and enter it here.

Line 5 — Add Section A, Lines 4a through 4e of this Illinois Schedule B and enter this amount here and on

- Form IL-1065, Line 59a, for pass-through withholding, or
- Form IL-1065, Line 59b, for investment partnership withholding.

The amount on Line 5 should match the total amount from Schedule B, Section B, Line J, for all partners on all pages.

Lines 6 and 7 —

Line 6 — Add Section B, Line K, for all partners of this Illinois Schedule B and enter the total here. Enter zero if you paid pass-through withholding.

Line 7 — Add Section B, Line L, for all partners of this Illinois Schedule B and enter the total here. This amount should equal the total of all Schedule(s) K-1-P, Step 7, Line 53a, and Schedule(s) K-1-T, Step 7, Line 50, you received. **Attach copies of all Schedule(s) K-1-P and K-1-T you received to your Form IL-1065.**

If you completed multiple pages of Section B, only complete Section A once reporting the totals from all pages of Section B. Place all pages of Section B behind the single page of Section A, and attach them to your return.

Section B: Members' information

Columns 1 through 3 — Enter each partner's information using the instructions below.

Line A — Enter the name and address of each partner. Use the following examples as a guide.

If the partner is an individual, use the following formats:

John Doe
111 W. Main Street
Anytown
IL 62666

John and Mary Doe
111 W Main Street
Anytown
IL 62666

John Doe
% Mary Doe
111 W Main St. #5A
Anytown
IL 62666

If the partner is a trust or an estate, use the following formats:

John Doe Bankruptcy Trust
% Mary Doe, Trustee
111 W Main Street, Suite 4A
Anytown
IL 62666

Estate of John Doe
111 W Main St., Ste 4A
Anytown
IL 62666

If the partner is a corporation (including S corporations), or a partnership, use the following formats:

Illinois Big Business Group
% John Doe, VP Finance
111 West Main Street, Suite 4
Anytown
IL 62666

Illinois Small Business Group
% Mary Doe
111 West Main Street
Anytown
IL 62666

Line B — Indicate each partner's entity type. Enter

- "I" for individual
- "P" for partnership
- "M" for estate
- "T" for trust
- "C" for C corporation
- "S" for S corporation
- "A" for exempt organization (trust)
- "N" for exempt organization (corporation)

Note: If this partner is a grantor trust or other disregarded entity, enter the letter that corresponds to the tax type of the grantor or owner.

Line C — Enter the entire Social Security number (SSN) or federal employer identification number (FEIN) of each partner.

Note: If the partner is a foreign entity and does not have an SSN or FEIN, leave this line blank for that partner. If you leave this line blank, you may be contacted for further information.

Line D — Check the box if the partner is subject to the Illinois Personal Property Tax Replacement Income Tax or is an exempt organization (including an Employee Stock Ownership Plan (ESOP)). Individuals, estates, or grantor trusts and other disregarded entities whose grantors or owners are individuals or estates are **not** subject to this tax.

Line E — Enter the total amount of base income or loss distributable to this partner, using the Line E Worksheet. Enter the amount from Line E Worksheet, Line 5, here. The total of all the amounts in Line E must equal your total base income, computed without regard to the addition claimed on your Form IL-1065, Step 4, Line 21, or the subtractions claimed on your Form IL-1065, Step 5, Lines 26 and 27.

Line E Worksheet

Complete this worksheet for each partner.

1	Enter the share of income from Form IL-1065, Line 14, for this partner.	**1** _______________
2	Enter the share of additions distributable to this partner from Form IL-1065, Lines 15 through 20 and Line 22.	**2** _______________
3	Add Lines 1 and 2.	**3** _______________
4	Enter the share of subtractions distributable to this partner from Form IL-1065, Lines 24 through 25 and 28 through 33.	**4** _______________
5	Subtract Line 4 from Line 3. If Line 3 is greater than Line 4 (income), enter the result as a positive amount in Line E for this partner. If Line 4 is greater than Line 3 (loss), enter the result as a negative amount in Line E for this partner.	**5** _______________

Line F — If the partner was excluded from pass-through withholding indicate the reason by entering

- "T" if you elect to pay PTE tax,
- "R" if the partner is an Illinois resident,
- "E" if the partner provided you a Form IL-1000-E, Certificate of Exemption for Pass-through Withholding, indicating that they would pay their own tax liability,

  Note: Partners who provide you Form IL-1000-E must not be individual taxpayers.
- "P" if you are a publicly-traded partnership or an investment partnership and therefore not required to make pass-through withholding payments on behalf of your partners, or
- "N" if the partner was an exempt organization and you did not make pass-through withholding payments on their behalf.

  Note: Taxpayers are not required to make pass-through withholding payments on behalf of their exempt organization partners, but may do so for tax year ending on or after December 31, 2014.

  If you elected to make pass-through withholding payments on behalf of an exempt organization partner, leave this line blank for that partner and complete Lines G through J.

Lines G through J — Provide the following information from the Schedule(s) K-1-P and Schedule(s) K-1-P(3) or Schedule(s) K-1-P(4) you completed for each partner listed.

Line G — For pass-through withholding - Enter the amount you reported on Step 3, Line 12, of the Schedule K-1-P(3) you completed for this partner. This amount is this partner's share of Illinois income subject to pass-through withholding.

For investment partnership withholding - Enter the amount you reported on Step 3, Line 8, of the Schedule K-1-P(4) you completed for this partner. This amount is this partner's share of Illinois income subject to investment partnership withholding.

Note: The amount reported on Line G is a dollar amount. Do not list a percentage on this line.

Line H — For pass-through withholding - Total the amount you reported on Step 3, Line 13, and Step 3, Line 16, of the Schedule K-1-P(3) you completed for this partner. Enter that amount on Line H for this partner. This amount is this partner's pass-through withholding before credits.

For investment partnership withholding - Enter the amount you reported on Step 3, Line 9, of the Schedule K-1-P(4) you completed for this partner. This amount is this partner's investment partnership withholding before credits.

Line I — For pass-through withholding - Total the amount you reported on Step 3, Line 14, and Step 3, Line 17, of the Schedule K-1-P(3) you completed for this partner. Enter that amount on Line I for this partner. This amount is this partner's distributable share of credits.

For investment partnership withholding - Enter the amount you reported on Step 4, Line 13, of the Schedule K-1-P(4) you completed for this partner. This amount is this partner's distributive share of credits.

Line J — Enter the amount of **pass-through withholding or investment partnership withholding** that you made on behalf of each partner and reported to them on Schedule K-1-P, Step 7, Line 55. This should match the amount reported on Step 3, Line 19, of the Schedule K-1-P(3), or on Step 4, Line 14, of Schedule K-1-P(4), you completed for this partner. This amount cannot be negative.

Note: For partnerships other than those that qualify as investment partnerships, this line should be blank if you elected to pay PTE tax.

Lines K and L - If the pass-through entity is itself a member in an electing pass-through entity, the credit for PTE tax paid by the electing pass-through entity passes through to its partners as follows:

- If the pass-through entity **does not make** the election to pay PTE tax, it will only be passing through each partner's distributive share of the PTE tax credit that it received on Schedule(s) K-1-P from electing pass-through entities in which it is a member (Line L).
- If the pass-through entity **does make** the election to pay PTE tax, then it passes through to its partners **both**
  - the credit for the PTE tax it pays (Line K) and
  - each partner's distributive share of the PTE tax credit it received from electing pass-through entities in which it is a member (Line L).

  Add each partner's Line K and Line L. Enter the total on each partner's Schedule K-1-P, Step 7, Line 53a.

Note: Investment partnerships are allowed to use PTE tax credit that was distributed to them to offset their investment partnership withholding liability. Investment partnerships should reduce the amount of PTE tax credit available for distribution to its partners by the amount used to offset their investment partnership withholding liability as calculated on Illinois Schedule(s) K-1-P(4). See the Schedule K-1-P(1) for more information.

Line K — Enter the partner's share of the PTE tax credit. To determine the share of PTE tax credit due for each partner, multiply the partner's distributive share of pass-through entity income reported on Form IL-1065, Line 60, by 4.95 percent (.0495). This amount cannot be negative.

Special Note: The total credits allocated to all partners may not exceed the PTE amount actually paid to IDOR. If you overpaid your PTE liability, the overpayment may be refunded to the electing partnership or S corporation.

Include this amount on each partner's Schedule K-1-P, Step 7, Line 53a.

Note: This line should be blank if you made pass-through withholding payments.

$$\frac{\text{Member's Schedule B, Line E amount}}{\text{Total of positive Schedule B, Line E amounts}} \times \text{Total PTE tax paid} = \text{Member's share of PTE tax credit}$$

Line L — Enter each partner's distributive share of PTE tax credit you are passing through from Schedule(s) K-1-P or K-1-T you received. The PTE tax credit is passed through to your partners in the same proportion that the pass-through income is distributed to your partners. Also include this amount on each partner's Schedule K-1-P, Step 7, Line 53a. This amount cannot be negative.

If you have more than three partners to report, and additional space is needed, complete and attach additional pages of Illinois Schedule B, Section B. After you have completed Section B, listing all required amounts for your partners, complete the single page of Illinois Schedule B, Section A.

Note: To avoid potential delays in processing, IDOR recommends that you add page numbers to Illinois Schedule B, Section B, when additional pages are needed.

Appendix A - Extension Tax Payment Worksheet

Use this worksheet if all of the following apply to you:

- you are required to file Form IL-1065,
- you cannot file your annual tax return by the due date, and
- you complete this worksheet and determine you owe a tentative tax.

If Line 7 of the worksheet shows you owe tentative tax, pay the full amount due either by filing and paying with Form IL-1065-V or by making your payment electronically. **An extension of time to file does not extend the amount of time you have to make your payment.**

Reminder: Entities electing to pay PTE tax must make estimated payments if their total tax due is expected to be greater than $500. See Appendix C.

Extension Tax Payment Worksheet (for your records)

1	Enter the total tax you expect to owe for this tax year.	1	________
2	Enter the total amount of estimated tax payments or prepayments you made and any overpayment you elected to be credited for this tax year.	2	________
3	Enter any withholding reported to you and pass-through withholding (including any eligible investment partnership withholding) made on your behalf for this tax year.	3	________
4	Enter the amount of any previous tax payment you have made for this tax year.	4	________
5	Enter the estimated replacement tax investment credits.	5	________
6	Add lines 2 through 5 and enter the result here.	6	________
7	Subtract Line 6 from Line 1. This is your tentative tax due. Enter the result here and on Form IL-1065-V.	7	________

Extension Tax Payment Worksheet Instructions

Line 1 — Enter the total amount of replacement tax you expect to owe for this tax year (including recapture of investment credits using Schedule 4255 and pass-through withholding payments you will owe on behalf of your partners or PTE tax you elect to pay on Schedule B).

Line 2 — Enter the total amount of estimated tax payments or prepayments you made and any overpayment you elected to be credited for this tax year.

Line 3 — Enter the total amount of Illinois income tax withheld on Form(s) W-2G and the amount of pass-through withholding (including any eligible investment partnership withholding) paid on your behalf and reported to you on Illinois Schedule(s) K-1-P or K-1-T.

Line 4 — Enter the amount of any previous tax payment you have made for this tax year.

Line 5 — Enter the amount of any estimated replacement tax investment credits from Form IL-477, Replacement Tax Investment Credit.

Line 6 — Add Lines 2 through 5. This is your total tax payments and credits.

Line 7 — Subtract Line 6 from Line 1. This is your **tentative tax due**. If Line 7 is $1 or more, you must pay the amount due. If Line 7 is less than $1, you do not have to pay. **Do not attach your federal Form 7004 to your Form IL-1065-V.**

Note: Pay electronically at tax.illinois.gov or use Form IL-1065-V, Payment Voucher for Partnership Replacement Tax.

Failure to use the correct voucher for your payments may result in your payment being misapplied, penalties and interest, a delay in the processing of your return, or a delay in the generation of any overpayment.

Appendix B - Pass-through Withholding Prepayment Worksheets

Use this worksheet to determine the amount to voluntarily prepay pass-through withholding on behalf of your partners.

Pass-through withholding prepayments are entirely voluntary; however, we suggest that you make your prepayments in four equal installments during the course of a year.

Note: Use Appendix C to prepay your own estimated tax liability, including investment partnership withholding and PTE tax.

Special Note: If you are an investment partnership or elect to file and pay PTE tax, do not use this worksheet. Investment partnerships and taxpayers electing to file and pay PTE tax cannot report and pay pass-through withholding for their partners.

Check the following boxes to determine which worksheets you should complete. (You may check multiple boxes.)

1 If you have nonresident individual and estate partners that you wish to voluntarily prepay pass-through withholding on behalf of, check this box and complete Worksheet 1. . . . . ☐

2 If you have partnership or S corporation partners that you wish to voluntarily prepay pass-through withholding on behalf of, check this box and complete Worksheet 2. . . . . ☐

3 If you have nonresident trust partners that you wish to voluntarily prepay pass-through withholding on behalf of, check this box and complete Worksheet 3. . . . . ☐

4 If you have corporation partners that you wish to voluntarily prepay pass-through withholding on behalf of, check this box and complete Worksheet 4. . . . . ☐

Once the worksheets are complete, add the total from each worksheet:

Worksheet 1, Line 7 ______________

Worksheet 2, Line 7 ______________

Worksheet 3, Line 11 ______________

Worksheet 4, Line 11 ______________

TOTAL ______________

This is the amount of each of your voluntary quarterly prepayments for pass-through withholding. Add this total to the amount from Appendix C, Step 3, Line 27 to determine your voluntary quarterly prepayments to be made with Form IL-1065-V. These payments may be made at any time, up to and including the original due date of your return.

Note: Pay electronically at tax.illinois.gov or use Form IL-1065-V to mail your payment.

Failure to use the correct voucher for your pre-payments may result in your payment being misapplied, penalties and interest, a delay in the processing of your return, or a delay in the generation of any overpayment.

Worksheet 1: Figure your pass-through withholding prepayments for nonresident individual and estate partners. If you have nonresident individual and estate partners that you wish to voluntarily prepay pass-through withholding on behalf of, complete this worksheet to determine the amount of your prepayment. Keep this record for your files.

1 Enter your nonresident individual and estate partners' share of business income apportioned to Illinois expected in the tax year (cannot be less than zero). 1 ______________

2 Enter your nonresident individual and estate partners' share of nonbusiness income allocable to Illinois expected in the tax year (cannot be less than zero). 2 ______________

3 Add Lines 1 and 2 and enter the result. 3 ______________

4 Multiply Line 3 by 4.95 percent (.0495) and enter the result. 4 ______________

5 Enter the amount of Illinois income tax credits expected in the tax year to be passed to the partners whose income is included on Lines 1 or 2. 5 ______________

6 Subtract Line 5 from Line 4 and enter the result. 6 ______________

7 Divide Line 6 by 4. This is the amount of each of your voluntary prepayments for nonresident individual and estate partners. 7 ______________

Appendix B - continued

Worksheet 2: Figure your pass-through withholding prepayments for partnership or S corporation partners. If you have partnership or S corporation partners that you wish to voluntarily prepay pass-through withholding for, complete this worksheet to determine the amount of your prepayment. Keep this record for your files.

1	Enter your partnership or S corporation partners' share of business income apportioned to Illinois expected in the tax year (cannot be less than zero).	1	_______________
2	Enter your partnership or S corporation partners' share of nonbusiness income allocable to Illinois expected in the tax year (cannot be less than zero).	2	_______________
3	Add Lines 1 and 2 and enter the result.	3	_______________
4	Multiply Line 3 by 1.5 percent (.015) and enter the result.	4	_______________
5	Enter the amount of Illinois replacement tax investment credits expected in the tax year to be passed to the partners whose income is included on Lines 1 or 2.	5	_______________
6	Subtract Line 5 from Line 4 and enter the result.	6	_______________
7	Divide Line 6 by 4. This is the amount of each of your voluntary prepayments for partnership or S corporation partners.	7	_______________

Worksheet 3: Figure your pass-through withholding prepayments for nonresident trust partners. If you have nonresident trust partners that you wish to voluntarily prepay pass-through withholding for, complete this worksheet to determine the amount of your prepayment. Keep this record for your files.

1	Enter your nonresident trust partners' share of business income apportioned to Illinois expected in the tax year (cannot be less than zero).	1	_______________
2	Enter your nonresident trust partners' share of nonbusiness income allocable to Illinois expected in the tax year (cannot be less than zero).	2	_______________
3	Add Lines 1 and 2 and enter the result.	3	_______________
4	Multiply Line 3 by 1.5 percent (.015) and enter the result.	4	_______________
5	Enter the amount of Illinois replacement tax investment credits expected in the tax year to be passed to the partners whose income is included on Lines 1 or 2.	5	_______________
6	Subtract Line 5 from Line 4 and enter the result.	6	_______________
7	Multiply Line 3 by 4.95 percent (.0495) and enter the result.	7	_______________
8	Enter the amount of Illinois income tax credits expected in the tax year to be passed to the partners whose income is included on Lines 1 or 2.	8	_______________
9	Subtract Line 8 from Line 7 and enter the result.	9	_______________
10	Add Line 6 and Line 9 and enter the result.	10	_______________
11	Divide Line 10 by 4. This is the amount of each of your voluntary prepayments for nonresident trust partners.	11	_______________

Appendix B - continued

Worksheet 4: Figure your pass-through withholding prepayments for corporation partners. If you have corporation partners that you wish to voluntarily prepay pass-through withholding for, complete this worksheet to determine the amount of your prepayment. Keep this record for your files.

1	Enter your corporation partners' share of business income apportioned to Illinois expected in the tax year (cannot be less than zero).	1	______
2	Enter your corporation partners' share of nonbusiness income allocable to Illinois expected in the tax year (cannot be less than zero).	2	______
3	Add Lines 1 and 2 and enter the result.	3	______
4	Multiply Line 3 by 2.5 percent (.025) and enter the result.	4	______
5	Enter the amount of Illinois replacement tax investment credits expected in the tax year to be passed to the partners whose income is included on Lines 1 or 2.	5	______
6	Subtract Line 5 from Line 4 and enter the result.	6	______
7	Multiply Line 3 by 7 percent (.07) and enter the result.	7	______
8	Enter the amount of Illinois income tax credits expected in the tax year to be passed to the partners whose income is included on Lines 1 or 2.	8	______
9	Subtract Line 8 from Line 7 and enter the result.	9	______
10	Add Line 6 and Line 9 and enter the result.	10	______
11	Divide Line 10 by 4. This is the amount of each of your voluntary prepayments for corporation partners.	11	______

Appendix C - Estimated Payment and Prepayment Worksheet

Instructions

If you elect to file and pay PTE tax and reasonably expect your total tax liability, including replacement tax and PTE tax, to exceed $500 after Illinois tax credits and withholding payments made on your behalf, you are required to make estimated payments. Estimated Payments are due on the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. Complete Steps 1, 2, and 3 of this worksheet to compute your next tax year's estimated tax payments.

If you elect to file and pay PTE tax but you do not expect your tax liability, including replacement tax and PTE tax, to exceed $500, you may voluntarily prepay next year's taxes including PTE tax. Complete Steps 1, 2, and 3 of this worksheet to determine the amount of your quarterly prepayment.

If you do not elect to file and pay PTE tax, you may voluntarily prepay next year's tax liability. Complete Steps 2 and 3 of this worksheet to determine the amount of your quarterly tax liability prepayment. If you completed Appendix B, add the total from Step 3 to the total amount from Appendix B to determine your quarterly prepayments to be made with Form IL-1065-V.

If you are an investment partnership with an expected investment partnership withholding liability, are electing to file and pay PTE tax, and reasonably expect your total tax liability to exceed $500 after Illinois tax credits and withholding payments made on your behalf, you are required to make estimated payments. Estimated Payments are due on the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. Complete Steps 1 and 4 of this worksheet to compute your next tax year's estimated tax payments.

If you are an investment partnership with an expected investment partnership withholding liability and are electing to file and pay PTE tax, but do not expect your total tax liability to exceed $500, you may voluntarily prepay by completing Steps 1 and 4 of this worksheet.

If you are an investment partnership with an expected investment partnership withholding liability but are not electing to file and pay PTE tax, you may voluntarily prepay by completing Step 4 of this worksheet.

If your income or your original estimated tax changes during the year, complete Step 5 of this worksheet to determine your adjusted payment.

Note: Keep this record for your files.

Note: Pay electronically at tax.illinois.gov or use Form IL-1065-V to mail your payment.

Failure to use the correct voucher for your estimated payments or prepayments may result in your payment being misapplied, penalties and interest, a delay in the processing of your return, or a delay in the generation of any overpayment.

Appendix C - continued

Step 1 - Figure your PTE Tax - *Complete Step 1 only if you are filing and paying PTE tax.*

1a	Enter the amount of base income (Line 35) expected in the next tax year. **Investment partnerships** - Subtract any income subject to investment partnership withholding from the base income (Line 35) amount.			1a	______.00
1b	Enter the amount of distributions included in Line 1a for retired partners whose distributions are exempt from tax under 35 ILCS 5/203(a)(2)(F).			1b	______.00
1	Subtract Line 1b from Line 1a.			1	______.00
2a	Enter the amount of Personal service income or reasonable allowance for compensation of partners expected in the next tax year (Line 26).	2a	______.00		
2b	Enter the amount of income distributable to a partner subject to replacement tax expected in the next tax year (Line 27).	2b	______.00		
3	Add Lines 2a and 2b.			3	______.00
4	PTE base income. Add Lines 1 and 3.			4	______.00
5	Enter the amount of nonbusiness income or loss expected in the next tax year.			5	______.00
6	Enter the amount of business income or loss included in Line 4 from non-unitary partnerships, partnerships included on a Schedule UB, S corporations, trusts, or estates expected in the next tax year.			6	______.00
7	Add Lines 5 and 6.			7	______.00
8	Expected base income or loss. Subtract Line 7 from Line 4.			8	______.00
9	Enter the amount of total sales everywhere expected in the next tax year.	9	______.00		
10	Enter the amount of total sales inside Illinois expected in the next tax year.	10	______.00		
11	Divide Line 10 by Line 9. Round to six decimal places.	11	___.______		
12	Business income or loss apportionable to Illinois expected in the next tax year. Multiply Line 8 by Line 11.			12	______.00
13	Enter the amount of nonbusiness income or loss allocable to Illinois expected in the next tax year.			13	______.00
14	Enter the amount of business income or loss apportionable to Illinois from non-unitary partnerships, partnerships included on a Schedule UB, S corporations, trusts, or estates expected in the next tax year. Do not include any income from a partnership or S corporation that will make the PTE election.			14	______.00
15	PTE Income. Add Lines 12 through 14.			15	______.00
16	**PTE Tax.** Multiply Line 15 by 4.95 percent (.0495).			16	______.00

Step 2 - Figure your Replacement Tax

17	Enter the amount of Illinois net income expected in the next tax year.	17	______.00
18	Multiply Line 17 by 1.5 percent (.015) and enter the result.	18	______.00
19	Enter the amount of recapture of investment credits expected in the next tax year.	19	______.00
20	Add Lines 18 and 19. Enter the result.	20	______.00
21	Enter the amount of Illinois tax credits expected in the next tax year as calculated on the corresponding Form IL-477 or Schedule 1299-A.	20	______.00
22	Enter the amount of pass-through withholding (including any eligible investment partnership withholding) expected to be made on your behalf in the next tax year on any Schedule K-1-P or Schedule K-1-T you receive.	22	______.00
23	Enter the amount of any Illinois gambling and sports wagering winnings withholding shown on the next tax year Form W-2G you expect to receive.	23	______.00
24	Add Lines 21 through 23. Enter the result.	24	______.00
25	Subtract Line 24 from Line 20 and enter the result.	25	______.00

Step 3 - Figure your Estimated Payments or Prepayments

26	If you completed Step 1, add Lines 16 and 25. Otherwise, enter the amount from Line 25.	26	______.00
27	Divide Line 26 by 4. This is the amount of your quarterly estimated payments or prepayments.	27	______.00

Appendix C - continued

Step 4 - Figure your investment partnership withholding - *Complete Step 4 only if you are an investment partnership.*

1	Enter the total amount of Illinois apportioned business income from other partnerships under IITA Section 305(a).		1	.00
2	Enter the total amount of Illinois allocated nonbusiness income from other partnerships under IITA Sections 305(b) and 303 (other than nonbusiness income that is allocated based on commercial domicile)		2	.00
3	Add Lines 1 and 2. This is the amount of income subject to investment partnership withholding.		3	.00
4a	Enter the share of the amount on Line 3 for your partners identified as estates, partnerships, S corporations, and nonresident individuals.	4a .00		
4	Multiply the amount on Line 4a by 4.95 percent (.0495).		4	.00
5a	Enter the share of the amount on Line 3 for your partners identified as trusts.	5a .00		
5	Multiply the amount on Line 5a by 6.45 percent (.0645).		5	.00
6a	Enter the share of the amount on Line 3 for your partners identified as corporations.	6a .00		
6	Multiply the amount on Line 6a by 9.5 percent (.095).		6	.00
7	Add Lines 4, 5, and 6.		7	.00
8	Enter the amount of PTE tax credit you expect to be made on your behalf in the next tax year and in which you want to use to offset your investment partnership withholding.		8	.00
9	Subtract Line 7 by Line 8.		9	.00
10	Enter the amount from Appendix C, Step 1, Line 16, if applicable.		10	.00
11	Add Lines 9 and 10.		11	.00
12	Enter the amount of Illinois tax credits expected to be earned in the next tax year as would be calculated on the Form IL-477 or Schedule 1299-A.		12	.00
13	Enter the amount of pass-through withholding (including any eligible investment partnership withholding) expected to be made on your behalf in the next tax year as would be reported to you on any Schedule K-1-P or Schedule K-1-T you receive.		13	.00
14	Enter the amount of any Illinois gambling and sports wagering winnings withholding expected to be made on your behalf in the next tax year as would be reported to you on Form W-2G.		14	.00
15	Add Lines 12 through 14. Enter the result.		15	.00
16	Subtract Line 15 from Line 11 and enter the result.		16	.00
17	Divide Line 16 by 4. This is the amount of your quarterly estimated payments or prepayments.		17	.00

Special Note

- You may use pass-through withholding (including any eligible investment partnership withholding) made on your behalf on any Schedule K-1-P or K-1-T you received to reduce the estimated tax payment for the quarter in which the tax year shown on the Schedule K-1-P or K-1-T falls and any subsequent tax payment until the entire credit is used.
- You may use Illinois gambling and sports wagering withholding shown on any Form W-2G you receive to reduce the estimated tax payment for the quarter in which the gambling winnings were received and any subsequent tax payment until the entire credit is used.
- If you made the election to credit a prior year overpayment to the next tax year and
  - the election was made on or before the extended due date of that prior year return, use the credit to reduce the first estimated tax payment and any subsequent tax payments until the entire credit is used.
  - the election was made after the extended due date of that prior year return, the credit will be treated as paid on the date you submitted the election. If that payment date is on or before an estimated payment due date, you may use the credit to reduce that estimated tax payment and any subsequent tax payments until the entire credit is used.

Step 5 - Amended worksheet - *Complete Step 5 if a change occurs in your original estimated tax.*

1	Enter the amount of PTE income expected in the next tax year. If you are not electing to file and pay PTE tax, enter zero.	1	_______
2	**PTE Tax**. Multiply Line 1 by 4.95 percent (.0495).	2	_______
3	Enter the amount of Illinois net income expected in the next tax year.	3	_______
4	Multiply Line 3 by 1.5 percent (.015) and enter the result.	4	_______
5	Enter the amount of recapture of investment credits expected in the next tax year.	5	_______
6	**Replacement Tax**. Add Lines 4 through 5 and enter the result.	6	_______
7	Enter the amount of Illinois tax credits expected in the next tax year as calculated on the corresponding Form IL-477 or Schedule 1299-A.	7	_______
8	Enter the amount of pass-through withholding (including any eligible investment partnership withholding) expected to be made on your behalf in the next tax year on any Schedule K-1-P or Schedule K-1-T you receive.	8	_______
9	Enter the amount of any Illinois gambling and sports wagering winning withholding expected on the next tax year Form W-2G.	9	_______
10	Add Lines 7 through 9 and enter the result.	10	_______
11	Subtract Line 10 from Line 6 and enter the result. This amount may be negative.	11	_______
12	Add Line 2 and 11.	12	_______
13	Divide Line 12 by 4.	13	_______
14	Multiply Line 13 by the number of previously due estimated payments.	14	_______
15	Enter the amount of any estimated tax payments actually paid, timely prior year overpayments, timely pass-through withholding (including any eligible investment partnership withholding) and pass-through entity tax credit paid on your behalf, or timely Illinois gambling and sports wagering winnings withholding shown on Form W-2G you received.	15	_______
16	Subtract Line 15 from Line 14 and enter the result. This amount may be negative.	16	_______
17	Add Lines 13 and 16 and enter the result. If positive, this is the amount due on your next payment due date. If zero or negative, the amount due on your next payment due date is zero. If Line 17 is negative, continue to Line 18. Otherwise, stop here.	17	_______
18	If Line 17 is negative, enter that amount as a positive number.	18	_______
19	Subtract Line 18 from Line 13 and enter the result. This is the amount due on the following due date, if applicable.	19	_______

Note: Pay electronically at tax.illinois.gov or use Form IL-1065-V to mail your payment.

Failure to use the correct voucher for your estimated payments or prepayments may result in your payment being misapplied, penalties and interest, a delay in the processing of your return, or a delay in the generation of any overpayment.