



Addendum to the 2023 IL-1065 Instructions

For investment partnerships required to calculate and report investment partnership withholding on behalf of their nonresident partners.

Instructions

To report the investment partnership withholding on Form IL-1065,

- for investment partnerships that are only filing to pay investment partnership withholding - check the appropriate box on Form IL-1065, Line F, and enter the total amount of investment partnership withholding on Form IL-1065, Line 59b. Complete the remainder of the return with the appropriate figures.
- for investment partnerships electing to file a completed Form IL-1065 with IDOR - check the appropriate box on Form IL-1065, Line F, and complete the return with the appropriate figures. Enter zero on Step 6, Lines 36 through 46, and Step 7, Line 47. Enter the total amount of investment partnership withholding on Form IL-1065, Line 59b. Complete the remainder of the return with the appropriate figures.

Investment partnerships must also complete

- Illinois Schedule K-1-P(4) for each of their nonresident partners,
- Illinois Schedule K-1-P for each of their partners (and distribute the Schedules K-1-P to the partners),
- Schedule B, Section B, Lines A through C, for each of their partners, and
- Schedule B, Section B, Line J, to report the amount of investment partnership withholding withheld for each applicable partner as calculated on the corresponding Schedule K-1-P(4), Line 14. In addition, each amount entered on Schedule B, Section B, Line J, must 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, 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 also 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.

See the specific form, schedule, or line instructions for more detail.

Credit for investment partnership withholding is distributed to partners on Illinois Schedule K-1-P, Step 7, Line 55. Partners in an investment partnership may not be eligible to claim an investment partnership withholding credit reported to them by an investment partnership. See Schedule K-1-P(2) for information about when a partner may claim investment partnership withholding credit.