



# Publication 111

February 2007

## *Illinois Schedule CR Comparison Formulas for Individuals*

The information in this publication is current as of the date of the publication. Please visit our web site at **tax.illinois.gov** to verify you have the most current revision.

This publication is written in the plain English style so the tax information is easier to understand. As a result, we do not directly quote Illinois statutes and the Illinois Administrative Code. The contents of this publication are informational only and do not take the place of statutes, rules, and court decisions. For many topics covered in this publication, we have provided a reference to the applicable section or part of the Illinois Administrative Code for further clarification or more detail. All of the sections and parts referenced can be found in Title 86 of the Code.

### ***About this publication***

Publication 111, Illinois Schedule CR Comparison Formulas for Individuals, provides a formula that shows how to compute double-taxed income and tax when figuring Illinois Schedule CR, Credit for Tax Paid to Other States. The objectives of Publication 111 are to

- further clarify Illinois' rules and regulations with regard to double-taxed income.
- specifically identify the tax forms and line references needed to correctly figure the Illinois Schedule CR credit.
- identify the additions and subtractions used in computing double-taxed income and the amount of tax that qualifies for the credit.
- identify the required attachments to Illinois Schedule CR when claiming this credit.

### ***Taxpayer Bill of Rights***

You have the right to call the Department of Revenue for help in resolving tax problems.

You have the right to privacy and confidentiality under most tax laws.

You have the right to respond, within specified time periods, to department notices by asking questions, paying the amount due, or providing proof to refute the department's findings.

You have the right to appeal department decisions, in many instances, within specified time periods, by asking for department review or by taking the issue to court.

If you have overpaid your taxes, you have the right, within specified time periods, to a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other department procedures, you may write us at the following address:

Problems Resolution Office  
Illinois Department of Revenue  
PO Box 19014  
Springfield, IL 62794-9014

**Get forms and other information faster and easier at [tax.illinois.gov](http://tax.illinois.gov)**

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# General Information

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

Previously, many taxpayers figured their Illinois credit for tax paid to other states by completing Illinois Schedule CR and entering base income and tax from their other states’ income tax returns. However, many taxpayers did not take into account that the base income and tax from the other states’ returns were not comparable to the base income and tax on their Illinois return.

Upon identifying this problem, we adopted regulations to clarify our position on the treatment of double-taxed income and tax. We created this publication to assist you with calculations to use to compute double-taxed income and tax, and help you claim the correct credit on Illinois Schedule CR.

**Note** The comparison formulas for computing double-taxed income and tax are continually being updated as states make changes to their tax forms. The most current information is always available at our web site [tax.illinois.gov](http://tax.illinois.gov).

## How do I figure the amount of double-taxed income to enter in Column B of my Illinois Schedule CR?

Figure the double-taxed income by applying the following rules:

- An item of income is double-taxed only to the extent that both Illinois and the other state or taxing jurisdiction include it as income.

*For example*, if the other state allows you to deduct 60 percent of a long-term capital gain, only 40 percent of the capital gain is double-taxed although Illinois taxes 100 percent of the capital gain.

Also, Social Security benefits can never be included in double-taxed income because Illinois does not tax this type of income.

- An expense is subtracted in figuring double-taxed income only to the extent it is deducted when figuring both Illinois base income and the taxable income of the other state.

*For example*, Do not take a deduction for federal income tax paid or for federal itemized deductions, even if the other state allows those deductions, because Illinois does not.

- Standard deductions and general exemptions are never subtracted when figuring double-taxed income.
- Some states determine income by first figuring income as if the person were a resident of that state and then
  - multiplying the income or the resulting tax by a fraction equal to the percentage of income from sources in that state; **or**

- allowing a credit equal to the tax imposed on a resident times a fraction equal to the percentage of income from sources outside the state.

Double-taxed income for any of these states is calculated by first figuring income according to the rules above, and then multiplying that income by a fraction equal to the percentage of income from sources in that state, figured in the manner prescribed by that state’s laws.

- If a state imposes an alternative minimum tax, the determination of double-taxed income is made using alternative minimum taxable income of the state only if you actually pay alternative minimum tax. Otherwise, use the regular taxable income.

## How do I figure the amount of other states’ taxes to enter in Column C of my Illinois Schedule CR?

Figure the amount of tax you paid to the other state by starting with the tax paid to the other state on the double-taxed income and subtracting all credits allowed, except credits for payments you actually made to the other state or payments made on your behalf. *For example*, you must reduce the amount of tax paid to the other state by any credit allowed by that state for taxes you paid to Illinois.

**Note** You must prorate your tax paid to the other state if the double-taxed income is less than the total income on which you paid tax to the other state. For more information refer to Illinois Schedule CR Instructions.

## What do I need to attach to my Illinois Schedule CR?

You must attach copies of the tax return(s) you filed with the other state(s). The comparison formula chart specifically identifies the forms you must attach to your Illinois Schedule CR for each state in which you paid tax. However, if the other state (typically a city or county) imposes an earnings tax and does not require you to file a tax return, you must attach a copy of your Form W-2, Wage and Tax Statement, showing taxes paid.

If you are a member of a partnership or S corporation that pays tax for you in another state, attach a copy of the letter or statement (not the federal Schedule K-1) you received from them. The letter must include the partnership or S corporation name and FEIN number, the income, and the tax paid on your behalf.

## Office locations

Maine North Regional Building  
9511 Harrison Street FA 203  
Des Plaines, Illinois 60016-1563  
847 294-4200

200 South Wyman Street  
Rockford, Illinois 61101-1237  
815 987-5210

James R. Thompson Center  
Concourse Level  
100 West Randolph Street  
Chicago, Illinois 60601-3274  
312 814-5232

Willard Ice Building  
101 West Jefferson  
Springfield, Illinois 62702  
800 732-8866  
217 782-3336

15 Executive Drive  
Business Center One, Suite 2  
Fairview Heights, Illinois 62208-1331  
618 624-6773

2309 W. Main  
Suite 114  
Marion, Illinois 62959-1196  
618 993-7650

### Out-of-state office location

Century Plaza  
45 Eisenhower Drive  
Suite 2  
Paramus, New Jersey 07352-1416  
201 845-0255

### For information or forms

Visit our web site at [tax.illinois.gov](http://tax.illinois.gov)

Call us at 1 800 732-8866 or 217 782-3336.

Call our TDD (telecommunications device for the deaf) at 1 800 544-5304.

Write us at Illinois Department of Revenue, P.O. Box 19044, Springfield, IL 62794-9044.

Call our 24-hour Forms Order Line at 1 800 356-6302.