Illinois Department of Revenue

2025 IL-1041 Schedule NR Instructions

General Information

What is the purpose of Schedule NR?

Do not use this schedule if you are filing Form IL-1040, Individual Income Tax Return.

Schedule NR allows a trust or estate that is a nonresident of Illinois to determine the income that is taxed by Illinois during the tax year. Resident trusts and estates are not permitted to allocate their fiduciary base income.

Attach Illinois Schedule NR to your Form IL-1041.

What is a nonresident trust or estate?

A nonresident trust or estate is defined as

- the estate of a decedent who at his or her death was not domiciled in Illinois;
- a trust created by a will of a decedent who at his or her death was not domiciled in Illinois; or
- an irrevocable trust, whose grantor was not 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.

Note: Your domicile is the place where you reside and the place where you intend to return after temporary absences.

What is business income?

Business income means all income, other than employee compensation, that may be apportioned among the states in which you are doing business without violating the Constitution of the United States. All income of a trust or estate 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 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, you must complete Illinois Schedule NR, Step 6, Figure your business income apportionment factor. You will use this factor to figure the Illinois portion of each item of your business income.
- from S corporations, partnerships, and other fiduciaries, the business income may be allocable to Illinois. See the Illinois Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, furnished by the S corporation or partnership or the Illinois Schedule K-1-T, Beneficiary's Share of Income and Deductions, furnished by the trust or estate 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.

When is nonbusiness income allocable to Illinois?

For a nonresident of Illinois, items of income and deduction that constitute nonbusiness income are allocable to Illinois according to the following rules:

- **Interest and dividend income** received by a nonresident 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 by multiplying the rents and royalties derived from the property by a fraction, in which the numerator is the number of days in which the property is located in Illinois during the rental and royalty period in the tax year, and the denominator is the total number of days of 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.

Printed by the authority of the state of Illinois - electronic only - one copy.

- **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 not allocable to Illinois. Gains or losses from sales or exchanges of shares and of interests in a pass-through entity are allocable to Illinois if the pass-through entity is taxable in Illinois.
- **Illinois State Lottery winnings and proceeds from sales or other transfers of rights to lottery winnings** are allocable to Illinois.
- **Sports wagering winnings** from Illinois sources are allocable to Illinois for tax years ending on or after December 31, 2021.
- **Other unspecified items** of income or deduction of a nonresident trust or estate are not allocable to Illinois.
- **Nonbusiness income from S corporations, partnerships, and other fiduciaries** is allocated to Illinois as if the trust or estate received it directly. See the Illinois Schedule K-1-P furnished by the S corporation or partnership, or the Illinois Schedule K-1-T furnished by the fiduciary to determine what income is allocable to Illinois.

Should I round?

You must round the dollar amounts on Schedule NR 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.

Specific Instructions

If a specific line is not referenced, follow the instructions on the form.

Step 1 — Provide the following information

Enter your name and federal employer identification number as shown on your Form IL-1041.

Step 2 — Complete Form IL-1041

Complete Lines 1 through 26 of your Form IL-1041 as if you were an Illinois resident. Follow the Form IL-1041 instructions. You will use Lines 1 through 25 when you complete Illinois Schedule NR, Steps 4 and 5.

Step 3 — Figure the Illinois portion of your federal taxable income

Business income election — If you are making the election to treat all of your income other than employee compensation as business income for this tax year, you must check the box in Step 3 and report all income as business income, including any amount on Step 3, Line 4. **This election must be made by the extended due date of this return. Once made, the election is irrevocable.**

If you received income from a partnership or an S corporation, the partnership or S corporation is required to send you an Illinois Schedule K-1-P and a copy of Illinois Schedule K-1-P(2), Partner's and Shareholder's Instructions.

If you received income from another trust or estate, the trust or estate is required to send you an Illinois Schedule K-1-T and a copy of Illinois Schedule K-1-T(2), Beneficiary's Instructions.

Note: If you have made the election to treat all income as business income and the income reported on the Illinois Schedule K-1-P or K-1-T is derived from

- **business income,** follow the Illinois Schedule K-1-P(2), or Illinois Schedule K-1-T(2) instructions for completing Illinois Schedule NR.
- **nonbusiness income,** you must report this income as business income and include this income on Illinois Schedule NR, Step 3, Lines 6 and 7.

Column A — Federal Form 1041, U.S. Income Tax Return for Estates and Trusts

Enter the amounts exactly as reported on your federal Form 1041, unless noted in the following instructions:

Line 5 — Enter the portion of net rent and royalty income included on federal Form 1041, Line 5.

Line 6 — Enter the portion of income from partnerships and S corporations included on federal Form 1041, Line 5.

Line 7 — Enter the portion of income from trusts and estates included on federal Form 1041, Line 5.

Line 8 — Enter the portion of Real Estate Mortgage Investment Conduits (REMIC) income included on federal Form 1041, Line 5.

Note: The total of Lines 5 through 8 should equal the amount entered on your federal Form 1041, Line 5.

Column B — Fiduciary's Share

For each line, enter your share, as fiduciary, of the amounts shown in Column A.

Line 22 — Enter the amount from Column B, Line 20. This amount should equal the amount shown on Column A, Line 22, because the "income distribution deduction" claimed on Column A, Line 21 is the federal deduction allowed for the beneficiaries' share of all items of income and deduction.

Line 23 — Enter the total of the amounts reported on your federal Form 1041, Lines 19 and 20.

Line 24 — Enter the amounts reported on your federal Form 1041, Line 21.

Line 26 — Follow the instructions on Illinois Schedule NR. Column B, Line 26, is your federal taxable income as shown on your federal Form 1041, Line 23.

Column C — Illinois Portion

Enter the portion of Column B, Fiduciary's Share, that is taxed by Illinois. To determine the taxable amount, you must read and follow the instructions for each line.

If you received an Illinois Schedule K-1-P or K-1-T, refer to Schedule K-1-P(2), Partner's and Shareholder's Instructions, or Schedule K-1-T(2), Beneficiary's Instructions, to figure the amount to include on each line.

Note: If the fiduciary's share of any business income was received from both inside and outside Illinois, you must complete Step 6, Figure your business income apportionment factor, before you can correctly complete this form.

Line 1— Nonbusiness interest income that you received is not taxed by Illinois.

Business interest income that you received as part of a business conducted in Illinois is taxed by Illinois. If this income was received

- entirely from Illinois sources, enter the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 2 — Nonbusiness dividend income that you received is not taxed by Illinois.

Business dividend income that you received as part of a business conducted in Illinois is taxed by Illinois. If this income was received

- entirely from Illinois sources, enter the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 3 — Business income or loss that you received as part of a business conducted in Illinois is taxed by Illinois. If your business income or loss was received

- entirely from Illinois sources, enter the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 4 — Enter any nonbusiness capital gains or losses that you received from the sale of real property or tangible personal property located in Illinois at the time of the sale or exchange. Nonbusiness capital gains or losses that resulted from your sale of intangibles are not taxed by Illinois.

Capital gains or losses that you received as part of a business conducted in Illinois are taxed by Illinois. If you received your business income or loss

- entirely from Illinois sources, enter the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Include any gains or losses you received from sales or exchanges of shares and of interests in pass-through entities that are allocable to Illinois. Gains or losses from sales or exchanges of shares and of interests in pass-through entities are allocable to Illinois if the pass-through entity (PTE) is taxable in Illinois. The Illinois portion is determined by multiplying the average of the PTE's apportionment factor for this year and the PTE's apportionment factors of the previous two tax years by the fiduciary's share of gains or losses from sales or exchanges of shares and of interests in pass-through entities. If the PTE filed a tax return for only one tax year prior to this year, calculate the average by using the PTE's apportionment factors from this year's tax return and the prior year's tax return. If the PTE has no prior tax returns, use the PTE's apportionment factor from this year's tax return only. The result will be included in the amount reported on this line.

Do not include gains or losses from sales or exchanges of nonbusiness property from partnerships, S corporations, trusts, or estates on this line.

Note: You may include any capital loss amounts only to the extent those loss amounts were included in your federal taxable income.

Line 5 — ***Figure the total amount to enter on this line by adding***

- the net amount of nonbusiness income or loss that you received from
  - — real estate located in Illinois;
  - — tangible personal property, to the extent it was used in Illinois; and

    Note: You can determine the extent of Illinois use of tangible personal property by multiplying the rents and royalties derived from the property by a fraction, in which the numerator is the total number of days in which the property is located in Illinois during the rental and royalty period in the tax year, and the denominator is the total number of days of all rental or royalty periods in the tax year.

— patents and copyrights (the amount that was used in Illinois).

Note: A **patent** is used in Illinois when it is employed in the production, fabrication, manufacturing, or other processing of a product, or when a patented product is produced in Illinois.

A **copyright** is used in Illinois when the printing or publication originated in Illinois.

- the net rent and royalty income that you received as part of a business conducted in Illinois are taxed by Illinois. If you received your business income or loss
  - — entirely from Illinois sources, enter the amount from Column B.
  - — from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 6 — Enter the amount of net gain or loss you received from partnerships or S corporations as directed by Illinois Schedule K-1-P.

Line 7 — Enter the amount of net gain or loss you received from other trusts and estates as directed by Illinois Schedule K-1-T.

Line 8 — REMIC income is treated as interest income. Follow the instructions for Step 3, Column C, Line 1.

Line 9 — All farm income or loss that you included on federal Schedule F (Form 1040), Profit or Loss From Farming, and that you received from an Illinois farm is taxed by Illinois. If your farm income or loss was received

- entirely from Illinois sources, enter the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 10 — Enter any nonbusiness capital gains or losses that you received from the sale of real property or tangible personal property located in Illinois at the time of the sale or exchange.

Gains or losses that you received as part of a business conducted in Illinois are taxed by Illinois. If you received your business income or loss

- entirely from Illinois sources, enter the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Do not include gains or losses from sales or exchanges of business property from partnerships, S corporations, trusts, or estates on this line.

Line 11 — Enter the total amount of

- income that you received from the **Illinois State Lottery.**
- winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 or from winnings from gambling games conducted on a riverboat or in a casino or organization gaming facility licensed under the Illinois Gambling Act.
- sports wagering winnings from Illinois sources conducted in accordance with the Sports Wagering Act for tax years ending on or after December 31, 2021.
- compensation paid in this state and received by the decedent's estate that is income in respect of a decedent. Income in respect of a decedent is all income the decedent would have received had death not occurred that was not properly includible on the final return. Do not include any compensation if the decedent was a resident of Iowa, Kentucky, Michigan, or Wisconsin.
- any part of a total distribution shown on federal Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., that is treated as ordinary income.

Line 13 — Enter the amount of interest expense from Column B that is attributable to Illinois in Column C, Lines 1 through 11.

Line 14 — Enter the amount of taxes from Column B that is attributable to Illinois in Column C, Lines 1 through 11.

Line 15 — Enter the amount of deductible fiduciary fees from Column B.

Line 16 — Enter the amount of charitable contributions from Column B.

Line 17 — Enter the amount of deductible attorney, accountant, and preparer fees from Column B.

Line 18 — Enter the amount of other deductions from Column B that is attributable to Illinois in Column C, Lines 1 through 11. **Do not** include any federal net operating loss deduction on this line.

Line 22 — Enter the amount from Column C, Line 20.

Line 23 — Enter the total of the federal estate tax from Column B plus the amount of qualified business income deduction you were allowed on federal Form 1041, Line 20, that is related to Illinois source income. If the income on which the qualified business income deduction is computed was received entirely from Illinois sources, include the amount from Column B. If the income on which the qualified business income deduction is computed was received from both inside and outside Illinois, use the apportionment factor computed in Step 6 to determine the amount to include in Column C. Enter the result in Column C, Line 23.

Line 24 — Enter the amount of exemption from Column B.

Step 4 — Figure your Illinois additions and subtractions

Column A — Form IL-1041, Fiduciary Share

In Column A, enter the total amounts from your Form IL-1041, Steps 2 and 3, Column B.

Column B — Illinois Portion

To determine the Illinois portion of additions and subtractions, you must read and follow the instructions for each line.

If you received an Illinois Schedule K-1-P or K-1-T, refer to that form's instructions to figure the amount to include on each line.

Note: If the fiduciary's share of any business income was received from both inside and outside Illinois, you must complete Step 6, Figure your business income apportionment factor, before you can correctly complete this form.

Additions:

Line 28 — Enter the portion of the federal net operating loss deduction included on any line in Step 3, Column C.

Line 29 — If you are an Electing Small Business Trust (ESBT), enter the amount of positive Illinois income you received from the S corporation as directed by Illinois Schedule K-1-P. If the S corporation had a loss, go to Line 48.

Line 30 — Enter the amount from Column A.

Line 31 — Enter the portion of the Illinois income and replacement tax and surcharge deducted from Column A that is included as a deduction on any line in Step 3, Column C.

Line 32 — Nonbusiness interest income that you received is not taxed by Illinois. Business interest income that you received as part of a business conducted in Illinois is taxed by Illinois. If this income was received

- entirely from Illinois sources, enter the amount from Column A.
- from both inside and outside Illinois, multiply the amount in Column A by the apportionment factor from Step 6, Line 3.

Line 33 — Enter the portion of the Illinois Special Depreciation addition from Column A that is deducted from income on any line in Step 3, Column C.

Line 34 — Enter the portion of the Related-party expenses additions from Column A that is deducted from income on any line in Step 3, Column C.

Line 35 — Enter any distributive share of additions received from partnerships, S corporations, and other trusts or estates as reported on Column B of Illinois Schedules K-1-P and K-1-T.

Line 36 — Include the following:

- notes, bonds, debentures, or obligations issued by the governments of Guam, Puerto Rico, or the Virgin Islands, from your Illinois Schedule M, Line 2.
- Lloyd's plan of operation loss, if reported on your behalf on Form IL-1065, Partnership Replacement Tax Return, from your Illinois Schedule M, Line 3, to the extent the loss was deducted in figuring the Illinois portion of your federal taxable income on Step 3, Column C, Line 26.
- business expense recapture - ***In order to get the correct figure for this line, you must complete the Apportionment Factor Worksheet below.***

Apportionment Factor Worksheet

a	Enter your Schedule NR apportionment factor from two years ago (if applicable).	**a** _____
b	Enter your Schedule NR apportionment factor from last year's tax return.	**b** _____
c	Enter your apportionment factor from Schedule NR, Step 6, Line 3.	**c** _____
d	Add Lines a, b, and c.	**d** _____
e	If you have an amount on Line a, divide Line d by 3. If you do not have an amount on Line a, divide Line d by 2.	**e** _____
f	Enter the greater of Line c or Line e. This is your apportionment factor.	**f** _____
g	Enter your fiduciary's share of the business expense recapture from Illinois Schedule M, Line 4.	**g** _____
h	Multiply Line g by Line f. Enter the result here, and include this amount on Schedule NR, Column B, Line 36.	**h** _____

If you reported income from an asset or activity as business income in prior years and reported any income from that asset or activity as nonbusiness income on your Illinois Schedule NR for this year, include on this line all deductions you claimed for expenses connected with that income in this year and in the two most recent tax years. This recapture should be allocated to the fiduciary to the extent the business expenses were allocated to the fiduciary in the year they were deducted. The amount allocated to Illinois should be figured by multiplying the amount of business expense recapture from your Illinois Schedule M, Line 4 (included in the total amount on Illinois Schedule NR, Column A, Line 36), by the **greater of**

- the apportionment factor on Illinois Schedule NR, Step 6, Line 3, or
- the total of the apportionment factor on Illinois Schedule NR, Step 6, Line 3, for this year, plus the apportionment factors from the Illinois Schedules NR you filed for the two most recent tax years, prior to this year, divided by 3. If you filed an Illinois Schedule NR for only one prior year, add the apportionment factor from that year's Illinois Schedule NR to the apportionment factor on Step 6, Line 3, for the current year, and divide by 2.

- the smaller of any capital loss on federal Form 1041, Line 4, that you may carry forward or any negative amount on federal Form 1041, Line 23, from your Illinois Schedule M, Line 6, to the extent the loss was deducted in figuring the Illinois portion of your federal taxable income on Step 3, Column C, Line 26.

Line 37 — Follow the instructions on Illinois Schedule NR.

Subtractions:

Line 38 — Enter the portion of the August 1, 1969, valuation limitation amount from Column A that is included as income on any line in Step 3, Column C.

Line 39 — Enter the portion of the payments from certain retirement plans from Column A that is included as income on any line in Step 3, Column C.

Line 40 — Enter the portion of the interest income from U.S. Treasury and other exempt federal obligations from Column A that is included as income on any line in Step 3, Column C.

Line 41 — Enter the portion of the retirement payments to retired partners from Column A that is included as income on any line in Step 3, Column C.

Line 42 — Enter the portion of the River Edge Redevelopment Zone Dividend subtraction from Column A that is included as income on any line in Step 3, Column C.

Line 43 — Enter the portion of the High Impact Business Dividend subtraction from Column A that is included as income on any line in Step 3, Column C.

Line 44 — Enter the amount of contributions to certain job training projects from Column A.

Line 45 — Enter the portion of the Illinois Special Depreciation subtraction from Column A that is attributable to a federal depreciation deduction included on any line in Step 3, Column C.

Line 46 — Enter the portion of the Related-party expenses subtraction from Column A that is included as income on any line in Step 3, Column C.

Line 47 — Enter any distributive share of subtractions received from partnerships, S corporations, other trusts or estates as reported on Column B of Illinois Schedule(s) K-1-P and K-1-T.

Line 48 — If you are an ESBT, enter the amount of loss you received from the S corporation as directed by Illinois Schedule K-1-P. If the S corporation had positive income, go to Line 29.

Line 49 — Include the portion of

- interest from notes, bonds, debentures, or obligations issued by the governments of Guam, Puerto Rico, or the Virgin Islands, from your Illinois Schedule M, Line 13, to the extent that you included these amounts in Column B, Line 37.
- Lloyd's plan of operation income, if that amount was reported on your behalf on Form IL-1065 from your Illinois Schedule M, Line 14, to the extent the amount is included as business income on any line in Step 3, Column C.
- the amount equal to the deduction used to compute the federal tax credit for restoration of amounts held under claim of right under IRC Section 1341 from your Illinois Schedule M, Line 15, to the extent that the amount you had to repay was allocated to Illinois in a prior year.
- the amounts disallowed as federal deductions or interest expenses under IRC Sections 45G(e)(3), 87, 171(a)(2), 265, 280C, or 832(b)(5)(B)(i) from your Illinois Schedule M, Line 16, to the extent that they are included as Illinois income on any line in Step 3, Column C.
- the amount of Illinois income and replacement tax refunds that you received for a prior year to the extent that they are included as income on any line in Step 3, Column C.
- reparations or other amounts received as a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime that are included in your federal taxable income. Also include any reparations or other amounts received as an heir of such victim that are included in your federal taxable income. These amounts come from your Illinois Schedule M, Line 27. These amounts may be included in Column B only to the extent that they are included as income on any line in Step 3, Column C.

- (Form IL-1041 estate filers only) — the amount included in your federal taxable income as a recovery of an itemized deduction claimed by the decedent on his or her federal Form 1040, Schedule A, in a prior year. Include refunds of state income taxes other than Illinois income tax refunds subtracted on Schedule M, Line 24. These amounts may be subtracted to the extent that they are included as income on any line in Step 3, Column C.
- the amount included in your federal taxable income for any state income tax refunds from tax years in which you claimed a credit for other states' income taxes on Schedule CR, Credit for Taxes Paid to Other States, to the extent that you included these amounts in Column B, Line 37.
- any other income included in Step 4, Line 37, exempt from taxation by Illinois by reason of its Constitution or statutes or by the Constitution, treaties, or statutes of the United States, net of any bond premium amortization deducted federally from your Illinois Schedule M, Line 39, to the extent the amount is included as income on **any line** in either Step 3, Column C, or in Step 4, Line 37.

Step 5 — Figure your standard exemption

Note: If your federal adjusted gross income (AGI) is more than $250,000.00, your standard exemption is $0.00. You should make this determination by computing pro forma AGI under IRC Section 67(e).

Line 51 — Follow the instructions on Illinois Schedule NR. If this amount is a loss, you may carry it forward to later years as an Illinois net loss deduction (NLD).

Line 52 — Follow the instructions on the form. **Short-year filers only -** If Line 52 is zero, or a negative number, skip Line 53 and see the instructions for Line 54 concerning prorating your standard exemption.

Line 54 — You are entitled to deduct a standard exemption in computing net income. The amount of the standard exemption is $1,000.00, multiplied by a fraction, the numerator of which is your base income allocable to Illinois for the tax year and the denominator of which is total base income for the tax year.

Short-year filers only - If you have a change in your tax year end and the result is a period of less than 12 months, the standard exemption is prorated based on the number of days in the tax year.

First or final return filers only - If the Form IL-1041 you are filing is a first or final return (even if the return is a short-year return) you are not required to prorate the standard exemption based on the number of days in the tax year.

Step 6 — Figure your business income apportionment factor

Who must complete Step 6?

You must complete Step 6 if the trust or estate derived business income or loss from both inside and outside of Illinois. The apportionment factor is applied to items of business income or loss in Steps 3 and 4 to determine the amount of business income or loss apportionable to Illinois. The apportionment factor is also used to apportion business income or loss on Illinois Schedule K-1-T for each beneficiary.

Note: If you are a partner engaged in unitary business with your partnership, you must include your distributive share of the "everywhere" and "Illinois" sales factors from the partnership in your "everywhere" and "Illinois" sales factors. For more information, see the 86 Ill. Adm. Code 100.3380(d).

Line 1 — Enter your total sales everywhere.

Line 2 — Enter your total sales inside Illinois.

In general, "sales" means all gross receipts included in business income.

Include gross receipts from the license, sale, or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property in the numerator and denominator of your sales factor only if these gross receipts are more than 50 percent of the total gross receipts included in gross income for this tax year and each of the two immediately preceding tax years.

Do not include the following items of income in the numerator or denominator of your sales factor:

- dividends;
- amounts included under IRC Section 78;
- subpart F income as defined in IRC Section 952; and
- any item of income excluded or deducted from base income.

For more information on what should be included in the numerator and denominator of your sales factor, see 86 Ill. Adm. Code 100.3370 and 100.3380.

Sales of tangible personal property are inside Illinois if

- the property is delivered or shipped from anywhere to a purchaser in Illinois, other than the United States government, regardless of the Free on Board (FOB) point or other conditions of the sale;
- the property is shipped from Illinois to any place and the purchaser is the United States government; or
- the property is shipped from Illinois to another state and you are not taxable in the state of the purchaser or you did not file a tax return in the state of the purchaser.

For radio and television broadcasting (including cable and satellite broadcasting), the following sales are in Illinois:

- advertising revenue received from an advertiser whose headquarters is in Illinois;
- fees received by a broadcaster from its viewers or listeners in Illinois;
- in the case of fees received by a broadcaster from the producer or other owner of the contents of a program, the percentage of the fees equal to the percentage of the broadcast's viewing or listening audience located in Illinois;
- in the case of a broadcaster who owns the contents of a program, the percentage of the fees received from another broadcaster for the right to broadcast the program equal to the percentage of the broadcast's viewing or listening audience located in Illinois; and
- in the case of a person who owns the contents of a program and who is not a broadcaster, the percentage of the fees received for that program from a broadcaster located in Illinois.

If the "sales everywhere" amount includes gross receipts from the licensing, sale, or other disposition of patents, copyrights, trademarks, and other similar items of intangible personal property and the receipts are not covered by the broadcasting rules, then these receipts should be attributed to Illinois to the extent the item is used in Illinois during the year the gross receipts are included in gross income. An item is used in Illinois if

- a patent is employed in production, fabrication, manufacturing, or other processing in Illinois or if the patented product is produced in Illinois;
- copyrighted material is printed or other publications originated in Illinois; or
- the commercial domicile of the licensee or purchaser of a trademark or other item of intangible personal property is in Illinois.

Note: If you cannot determine from your books and records (or the books and records of a related person) in which state an item is used, do not include the gross receipts from that item in the numerator or the denominator of the sales factor.

For sales of telecommunications services, the following sales are in Illinois:

- sales of telecommunications service sold on a call-by-call basis, where the call both originates and terminates in Illinois, or the call either originates or terminates in Illinois and the customer's service address is in Illinois;
- retail sales of postpaid telecommunications service if the point of origination of the signal is in Illinois;
- retail sales of prepaid telecommunications service where the purchaser receives the prepaid card or other means of conveyance at a location in Illinois;
- charges imposed at a channel termination point in Illinois;
- charges for channel mileage between two channel termination points in Illinois;
- charges for channel mileage between one or more channel termination points in Illinois and one or more channel termination points outside Illinois, times the number of channel termination points in Illinois divided by total termination channels;
- charges for services ancillary to sales of services in Illinois. If you provide ancillary services, but cannot determine where the sales of the related services are located, your sales are in Illinois if your customer is in Illinois;
- access fees charged to a reseller of telecommunication for a call that both originates and terminates in Illinois;
- 50 percent of access fees charged to a reseller of telecommunications services for an interstate call that originates or terminates in Illinois;
- end user access line charges, if the customer's service address is in Illinois.

For more information see 86 Ill. Adm. Code 100.3371.

Illinois lottery winnings and proceeds from sales or other transfers of rights to lottery winnings are in Illinois.

Sales, other than sales of tangible personal property or telecommunications service, and gross receipts from broadcasting, or the licensing, sale, or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property, or Illinois lottery winnings or sales proceeds, are in Illinois as follows:

- sales or leases of real property in Illinois;
- leases or rentals of tangible personal property, to the extent it is located in Illinois during the rental period;
- interest, net gains, and other items of income from intangible personal property received by a taxpayer who is a dealer in that property from a customer who is a resident of Illinois (for individuals) or who is commercially domiciled in Illinois (for all other customers). A taxpayer without actual knowledge of the residence or commercial domicile of a customer may use the customer's billing address.
- interest, net gains, and other items of income from intangible personal property received by a taxpayer who is not a dealer in that property, if the income-producing activity is performed in Illinois or if the income-producing activity is performed inside and outside Illinois, and a greater proportion of the income-producing activity is performed inside Illinois rather than outside Illinois, based on performance costs;
- in all other cases, if the services are received in Illinois.

For more information, see 86 Ill. Adm. Code 100.3370.

Line 3 — Divide Line 2 by Line 1 and enter the result, rounded to six decimal places. This is your apportionment factor.

What if I am a financial organization?

If you are a financial organization and your income is derived from inside and outside Illinois, line out the word “sales” on Lines 1 and 2 and write “Financial organization.”

On Line 1, enter the amount of gross receipts from all sources.

On Line 2, enter the amount of gross receipts from:

- sales or leases of real property located in Illinois;
- leases or rentals of tangible personal property, to the extent it is located in Illinois during the rental period;
- interest income, commissions, fees, gains on disposition, and other receipts from:
  - loans secured by real or tangible personal property located in Illinois;
  - unsecured consumer loans to a resident of Illinois;
  - unsecured commercial or installment loans where the proceeds of the loan are applied in Illinois. If the place of application cannot be determined, the gross receipts are in Illinois if the office of the borrower from which the loan was negotiated is in Illinois. **If neither the place of application nor the office of the borrower can be determined, do not include the gross receipts in Lines 1 or 2;** and
  - credit card receivables billed to a customer in Illinois.
- sales of travelers checks and money orders at a location in Illinois;
- investment and trading income (which includes interest, dividends, net gains, and other income from investment and trading assets and activities) that is attributable to Illinois. To determine the amount of investment and trading income attributable to Illinois, multiply the total amount of investment and trading income by a ratio of:
  - the total Illinois sourced receipts excluding investment and trading income; to
  - the total receipts excluding investment and trading income.
- any other transaction, if the gross receipts would be included on Line 2 under the general instructions for Line 2.

For more information see 35 ILCS 5/304(c).

Divide Line 2 by Line 1 and enter the result, rounded to six decimal places, on Line 3.

What if I am a transportation service?

If you are a company that furnishes transportation service both inside and outside Illinois, line out the word “sales” on Lines 1 and 2 and write “Transportation.” You must apportion business income as follows:

A Transportation by airline — On Line 1, enter the amount of revenue miles everywhere. On Line 2, enter the amount of revenue miles in Illinois. Divide Line 2 by Line 1 and enter the result, rounded to six decimal places, on Line 3.

B Other modes of transportation — On Line 1, enter the amount of your gross receipts from providing transportation services. On Line 2, enter the amount of gross receipts from Illinois, as follows:

- all gross receipts from transportation that both originates and terminates in Illinois; and
- gross receipts from interstate transportation, multiplied by a fraction equal to the miles traveled in Illinois on all interstate trips divided by miles traveled everywhere on all interstate trips.

Divide Line 2 by Line 1 and enter the result, rounded to six decimal places, on Line 3.

C Transportation of both freight and passengers or transportation by airline and other modes — Compute separate fractions for freight transportation and passenger transportation by airline and for freight transportation and passenger transportation by all other modes of transportation under A and B, and enter on Line 3 the average of those fractions, weighted by the gross receipts from freight or passenger transportation by airline or other modes, rounded to six decimal places.

For more information see 86 Ill. Adm. Code 100.3450.

What if I am a federally regulated exchange?

A federally regulated exchange is

- a registered entity as defined in 7 U.S.C. Sections 1a(40)(A), 1a(40)(B), or 1a(40)(C);
- an exchange or clearing agency as defined in 15 U.S.C. Sections 78c (a)(1) or 78c (a)(23);
- any entity regulated under any successor regulatory structure to a registered entity, exchange, or clearing agency; or
- any member of the same unitary business group (determined without regard to the prohibition against including taxpayers using different apportionment formulas in the same group) as a federally regulated exchange. This provision applies only if 50 percent or more of the business receipts of the unitary business group for the taxable year are attributable to the matching, execution, or clearing of transactions conducted by members of the group described in the first three bullet points above.

If you are a federally regulated exchange that is electing to use a special apportionment formula this year and your income is derived from inside and outside Illinois, line out the word “sales” on Lines 1 and 2 and write “Exchange.” You may apportion your business income as follows:

- On Line 1, enter the amount of business income from all sources.
- On Line 2, enter the amount of business income from:
  - receipts attributable to transactions executed on a physical trading floor located in Illinois;
  - receipts attributable to all other matching, execution, or clearing transactions. This includes, without limitation, receipts from the provision of matching, execution, or clearing services to another entity.
    - Multiply this amount by 27.54 percent (.2754) for tax years ending on or after December 31, 2013; and
  - all other receipts for sales in Illinois.
- Divide Line 2 by Line 1, and enter the result, rounded to six decimal places, on Line 3.

Note: For any tax year, the Illinois apportionment percentage computed using this formula may never be less than the Illinois apportionment percentage computed for the first full tax year ending on or after December 31, 2013, for which the taxpayer used this formula.

Line Reference Chart for Form IL-1041 Schedule NR

IL-1041 Schedule NR	Federal Form 1041
Step 3, Line 1a	Line 1
Step 3, Line 2a	Line 2a
Step 3, Line 3a	Line 3
Step 3, Line 4a	Line 4
Step 3, Line 5a	Line 5
Step 3, Line 6a	Line 5
Step 3, Line 7a	Line 5
Step 3, Line 8a	Line 5
Step 3, Line 9a	Line 6
Step 3, Line 10a	Line 7
Step 3, Line 11a	Line 8
Step 3, Line 13a	Line 10
Step 3, Line 14a	Line 11
Step 3, Line 15a	Line 12
Step 3, Line 16a	Line 13
Step 3, Line 17a	Line 14
Step 3, Line 18a	Line 15 a, b
Step 3, Line 23b	Line 19 and 20
Step 3, Line 24b	Line 21
Step 3, Line 26b	Line 23