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.

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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.