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**Faster way  
to file**

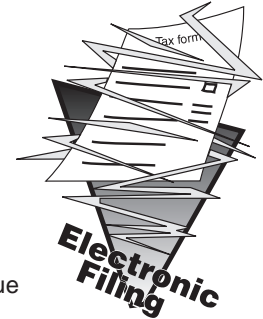
## Consider Filing Electronically

### Your return will

- be received and acknowledged,
- be accurately figured, and
- produce a speedy refund.

Electronic filing is a fast and accurate way to file, even if you are not expecting a refund. If you are due a refund and your return is electronically filed by April 15, we will issue you a refund within three weeks from the time we accept your return. In addition, you have the option of depositing your refund directly into your bank account.

Many professional tax preparers offer electronic filing in addition to preparing your tax return. Ask your tax preparer if he or she participates in the Illinois Electronic Filing Program. If you prepare your own tax return, you may file electronically by contacting a tax preparer or an electronic filer in your area who can accept your completed return and file it electronically for you.



### You may file electronically if you

- file Form IL-1040 with only W-2, W-2G, 1099-R forms or Illinois Schedule NR and
- file between January 15, 1999, and August 15, 1999.

### You may not file electronically if you

- have an entry on Line 9, 19, 21, or 25 or
- are filing on behalf of a deceased taxpayer.

### For more information

about electronic filing, call 1 800 732-8866, 217 782-3336, or TDD (telecommunications device for the deaf) at 1 800 544-5304.

## What's New

- Individual taxpayers and their dependents will receive an increased standard exemption allowance this year and during the next two years. The standard exemption allowance for tax year
  - 1998 is \$1,300.
  - 1999 will be \$1,650.
  - 2000 will be \$2,000.
 Taxpayers who have Illinois Individual Income Tax withheld from their wages should contact their employer and complete a revised Form IL-W-4.
- Illinois residents may deduct any income resulting from converting a traditional IRA to a Roth IRA.
- Illinois residents may donate to their school districts through the School Funding Fund on their income tax return.

See Step-by-Step Instructions for more details.

## General Information



**If you are an Illinois resident and you worked in Indiana during 1998**, you must file a Form IL-1040, Illinois Individual Income Tax Return. Beginning January 1, 1998, compensation you received from your Indiana employer will be taxed by Indiana. Illinois Income Tax should no longer be withheld from your pay. However, you remain subject to Illinois Income Tax because you are an Illinois resident.

When you file your Form IL-1040, you may be allowed a credit for the tax you paid to Indiana. You must first complete and file an Indiana Income Tax Return. Then, complete an Illinois Schedule CR, Credit for Taxes Paid to Other States, and attach it and a copy of your Indiana return to your Form IL-1040.



**If you are an Indiana resident and you worked in Illinois during 1998**, you must file a Form IL-1040, Individual Income Tax Return, with a Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax. Beginning January 1, 1998, you are required to pay Illinois Income Tax on compensation you received from your Illinois employer. All compensation you received in Illinois is subject to withholding of Illinois Income Tax.

When you file your Form IL-1040, attach a completed Schedule NR to your return. Schedule NR allows you to calculate the correct amount of income tax that you must pay on any income earned in Illinois.

### ? Who is an Illinois resident?

You are an Illinois resident if you were domiciled in Illinois for the entire tax year. Your domicile is the place where you resided and the place where you intend to return after temporary absences. Temporary absences may include active duty in the U.S. Armed Forces, residence in a foreign country, out-of-state residence as a student, or out-of-state residence during the winter or summer. If you are absent from Illinois for one year or more, we will presume you are a nonresident of Illinois. However, this nonresident status is not definite and may be changed if you supply satisfactory evidence.

### ? Who must file an Illinois tax return?

If you were

- **an Illinois resident taxpayer**, you must file Form IL-1040 if
  - you filed a federal income tax return (U.S. 1040, 1040A, 1040EZ, or TeleFile);
  - you were not required to file a federal income tax return, but your Illinois base income, Line 11, was greater than your Illinois exemption allowance on Line 12; or
  - you are claimed on your parents' or another person's return and your Illinois base income, Line 11, is greater than \$1,300.
- **an Illinois resident taxpayer and worked in Iowa, Kentucky, Michigan, or Wisconsin**, you must file Form IL-1040 and include as Illinois income any compensation you received from an employer in these states. Compensation paid to Illinois residents working in these states is taxed by Illinois. Based on reciprocal agreements negotiated between Illinois and these states, these states do not tax the compensation of Illinois residents.
 

If your employer in any of these states withheld that state's tax from your compensation, you may claim a refund of that state's tax withheld by filing the correct form with that state. You may not claim tax withheld by an employer in these states as a credit on your Illinois return.
- **a retired Illinois resident taxpayer** and filed a federal return, you must file Form IL-1040. However, certain types of retirement income (*e.g.*, pension, Social Security) are not taxed by Illinois. Read the instructions for Line 5 to see what types of retirement income you may subtract.
- **a part-year resident taxpayer** (*i.e.*, you were an Illinois resident for any part of the tax year), you must file Form IL-1040 with Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax, if
  - you earned income from any source while you were a resident,
  - you earned income from Illinois sources while you were not a resident, or
  - Illinois Income Tax was withheld from your pay.
- **a nonresident taxpayer** (*i.e.*, you were not a resident of Illinois), you must file Form IL-1040 with Schedule NR if
  - you earned income from Illinois sources, or
  - Illinois Income Tax was withheld from your pay.

- **an Iowa, Kentucky, Michigan, or Wisconsin resident and worked in Illinois**, you must file Form IL-1040 with Schedule NR if
  - you received income in Illinois from sources other than wages, salaries, tips, and commissions (you must pay tax on this income regardless of residency), or
  - you want a refund of any Illinois Income Tax withheld.

If you received compensation from Illinois employers, you are not required to pay Illinois Income Tax on this income. This is based on reciprocal agreements negotiated between Illinois and these states and applies only to compensation you received from wages, salaries, tips, and commissions.

The reciprocal agreements do not apply to any other income you might have received, such as Illinois lottery winnings.

- **claimed as a dependent on your parents' or another person's return**, you may not be exempt from tax. You must file Form IL-1040 if
  - your Illinois base income, Line 11, is greater than \$1,300, or
  - your Illinois base income, Line 11, is \$1,300 or less and you want a refund of Illinois Income Tax withheld from your pay.
 If your parent claimed your interest and dividend income through U.S. Form 8814, do not file your own Form IL-1040.
- **the surviving spouse or representative of a deceased taxpayer**, you must file a return for the taxpayer who died during the taxable year. Please refer to the special instructions in the Step-by-Step Instructions, Step 1, "How do I file a decedent's return?"
- **a student**, you are not exempt from tax, nor are there special residency provisions for you. However, income that is not taxable under federal income tax law, such as certain scholarships or fellowships, is also not taxed by Illinois.
- **a nonresident alien taxpayer**, you are not exempt from tax. However, income that is not taxable under federal income tax law, such as foreign treaty income, is also not taxed by Illinois. You must attach a complete copy of your U.S. 1040NR.

**Even if you are not required to file Form IL-1040, you must file to get a refund of any Illinois Income Tax withheld from your pay or any estimated tax payments you made.**

### **? How may I file?**

You may file your return using the 1998 Form IL-1040. If you wish to use computer-generated forms, they must be in a format that we have approved. Form approval for software companies that provide computer-generated forms will be given at the company level.

If you want a quicker refund, you may choose to file your return electronically. To file your return electronically, you must meet certain requirements. For more information about filing your return electronically, see the "Electronic Filing" section in this booklet.

### **? What is Illinois income?**

Your Illinois income includes the adjusted gross income amount figured on your federal return, plus any federally tax-exempt income that must be added on Line 2 and other Illinois additions on Line 3. Some of this income may be subtracted on Lines 5 through 9. See the Step-by-Step Instructions.

You should follow the federal law concerning passive activity income and losses. You are not required to recalculate your federal passive activity losses.

Also, federal law will govern the taxation of income from community property sources in the case of spouses who are residents of different states and who file separate returns.

### **? When should I file?**

Your Illinois filing period is the same as your federal filing period. We will assume that you are filing your Form IL-1040 for calendar year 1998 unless you indicate a different filing period in the space provided at the top of the return. The due date for calendar year filers is April 15, 1999.

We grant an **automatic six-month extension** of time to file your individual income tax return. This extension grants you a six-month extension of time to file your return but does **not** grant you a six-month extension of time to pay any tax you owe. If you determine that you will owe tax, you must file Form IL-505-I, Automatic Extension Payment for Individuals, to pay any tax you owe in order to avoid penalty and interest on tax not paid by April 15, 1999. You must file Form IL-1040 to claim credit for this payment.

## ? What if I cannot pay?

If you can complete your return on time but cannot pay the tax you owe, file your return by the due date without the payment. This will prevent a late-filing penalty from being assessed. You will, however, owe a late-payment penalty and interest on any tax you owe after the original due date, even if you have an extension of time to file. Therefore, it will be to your advantage to pay as soon as you can.

## ? Will I owe penalties?

You will owe a **late-filing or nonfiling penalty** if you do not file a processable return by the due date, including any extended due date. You will be penalized even if your return is fully paid or shows an overpayment. Your return will be considered processable if it is signed by the person required by law, is in a format that we have approved, and contains all information and schedules necessary to determine the correct tax.

You will owe a **late-payment penalty for underpayment of estimated tax** if you were required to make estimated payments and failed to do so, or failed to pay the required amount by the payment due date. You may be penalized even if you are receiving a refund. If your Illinois Income Tax exceeds the total tax withheld and credited (Line 16 minus the total of Lines 17, 19, 20, and 21) for the tax year by more than \$250, you may have been required to make estimated payments.

If you file an amended return within six months of the due date (during the automatic extension period), the late-payment penalty for underpayment of estimated tax will be recalculated using the tax figure on your latest filed return. Once the extension period has passed, your original penalty will not change.

In addition, you will owe a **late-payment penalty for unpaid tax** if you do not pay the tax you owe by the original due date of the return, even if you have an extension of time to file.

## ? Will I owe interest?

You will owe interest on any tax and penalty from the day after the original due date of your return through the date you pay the tax and penalties. Interest is simple interest figured using a daily rate. The rate is reviewed twice each year – on January 1 and July 1 – and adjusted according to the underpayment rate established in the Internal Revenue Code.

We will bill you for penalties and interest. For more information, refer to our Publication 103, Uniform Penalties and Interest. To receive a copy of this publication, you may visit our Web site at [www.revenue.state.il.us](http://www.revenue.state.il.us); call our Illinois Tax Fax at 217 785-3400; or call our 24-hour Forms Order Line at 1 800 356-6302. Our TDD (telecommunications device for the deaf) number is 1 800 544-5304.

## ? Should I round?

To make it easier for you to figure your tax, you may round the dollar amounts on your Form IL-1040 and accompanying schedules to whole dollars. To do this, you should round to the nearest dollar by dropping amounts of less than 50 cents and increasing amounts of 50 cents or more to the next higher dollar.

## ? Should I file an amended return?

You should file Form IL-1040-X, Amended Individual Income Tax Return, if

- you discover that an error was made on your Illinois return after it has been filed,
- your federal return has been adjusted by the Internal Revenue Service, or
- you filed a U.S. 1040X and the change affects your Illinois net income or credits.

If you are amending your return before the automatic extended due date, refer to the IL-1040-X instructions, complete your amended return, and send it to us promptly. Any correction made may cause a recalculation of penalties and interest.

If you are amending your return after the automatic extended due date, refer to Form IL-1040-X for further instructions.

## ? What if I employ household employees?

If you employ household employees, you may choose an easier method for filing and paying the Illinois Income Tax that you withhold from your household employees' wages. For more details, refer to our IL-700-H booklet. To receive a copy of this booklet, call 1 800 356-6302 or TDD (telecommunications device for the deaf) at 1 800 544-5304.

# Step-by-Step Instructions

## Step 1

### Complete your taxpayer information

#### A Social Security number, name, and address

If your Illinois Income Tax booklet contains a preprinted form, make sure that the information is correct. If any of the information is incorrect, cross through it, and write the correct information on the form.

If you did not receive a preprinted form, type or print the requested information on the lines provided.

Be sure your **Social Security number** is listed on your return. You must list your spouse's Social Security number regardless of your filing status. If filing jointly, list your Social Security numbers in the order they appear on your federal return, and be sure to include both Social Security numbers on all checks and correspondence.

Print the full **name** of each person filing the return. If you are married and filing a joint return, print both names as they appear on your federal return. If you are married and filing a separate return, print your full name. **Do not** print your spouse's name.

Print your complete, permanent **mailing address**. If you move after you file, call us at 1 800 732-8866 or send a letter to one of our offices informing us of your new address. Include your Social Security number (and your spouse's number, if filing jointly), as well as both your old and new addresses.

#### ❓ How do I file a decedent's return?

Whether or not you are using a preprinted form and you are filing a joint return as a surviving spouse, cross through the decedent's name, and write "deceased" and the date of death above the decedent's name. After completing your return, sign your name in the area provided for your signature and write "filing as surviving spouse" in place of the decedent's signature. If you, as the surviving spouse, are due a refund, the refund will be issued directly to you.

Whether or not you are using a preprinted form and you are filing the return for a single deceased taxpayer or a joint return for which both taxpayers are deceased, write "deceased" and the date of death directly above the decedent's name.

**Note** → Be sure to make all changes to the name and address on the return for future correspondence.

A personal representative, such as an executor, administrator, or anyone who is in charge of the decedent's property, must sign and date the return. The representative's title and telephone number should also be provided. If a refund is due, attach Form IL-1310, Statement of Person Claiming Refund Due a Deceased Taxpayer.

#### B Filing status

Check the same filing status that you checked on your federal return. If you did not file a federal return, check the filing status you would have checked if you had filed a federal return. If you are filing "married filing separately," be sure to write your spouse's Social Security number on the line provided. However, **do not** write your spouse's name.

**Note** → If you are filing a joint federal return and one spouse is an Illinois resident while the other is a part-year resident or a nonresident (e.g., military personnel), you may choose to file "married filing separately." In this case, each spouse must determine income and exemptions as if he or she had filed separate federal returns. You **may not** subtract your spouse's out-of-state income on your Form IL-1040.

If you choose to file a joint return, this election is irrevocable for the tax year. Both spouses will be treated as residents, and all income will be allocated to Illinois. You may be allowed a credit for income tax paid to another state on Schedule CR, Credit for Tax Paid to Other States.

#### C Farmers

Check the box in the barn if at least two-thirds of your total federal gross income came from farming. Total federal gross income includes your spouse's income if your filing status is "married filing jointly."

#### ❓ What is federal gross income from farming?

"Federal gross income from farming" is the amount of income you received from your participation in the production of crops, fruits, fish, livestock (used for draft, breeding, or dairy purposes), or other agricultural products. This includes income from the operation of a stock, dairy, poultry, fruit, or truck farm, plantation, ranch, nursery, range, or orchard – regardless of whether the operation is organized as a sole proprietorship, a partnership, an S corporation, or a trust. "Federal gross income from farming" also includes a share of crops produced in exchange for the use of the land.

"Federal gross income from farming" does not include payments from the sale of farm land and farm equipment, nor does it include income received by a custom grain harvester who performs grain harvesting and hauling services on farms he or she does not own, rent, or lease. It also does not include the wages of a farm employee or cash rent.

#### D Compensation earned in Wisconsin

Due to a reciprocal agreement between Illinois and Wisconsin, an Illinois resident is not subject to Wisconsin Income Tax for compensation earned as an employee in Wisconsin. We are asking for information about compensation covered under this agreement so the states can measure the revenue impact of the reciprocal agreement. The information that you provide will not affect your tax.



### ❓ What types of compensation are covered under a reciprocal agreement?

The types of compensation that are covered under a reciprocal agreement include wages, salaries, tips, commissions, bonuses, fees, or other employee earnings received for work done

- ▶ at a Wisconsin employer's location (e.g., office, factory, restaurant, store, clinic) or
- ▶ as an employee at various Wisconsin locations (e.g., job site, construction site, customer location).

### ❓ What types of compensation are not covered under a reciprocal agreement?

The types of compensation that are **not** covered under the reciprocal agreement include compensation you received

- ▶ as an interstate truck driver, railroad worker, or an airline employee if you worked in more than one state and you cannot be taxed by Wisconsin under federal law.
- ▶ from pensions, annuities, or unemployment compensation.
- ▶ from self-employment.
- ▶ from rental property.

If, while an Illinois resident, you (or your spouse, if filing jointly) worked in Wisconsin during 1998 and earned compensation covered by the reciprocal agreement, check the "Yes" box. Write the amount of compensation you (or your spouse, if filing jointly) earned while working in Wisconsin. If only a portion of your compensation was earned in Wisconsin, write that amount. If you do not know the actual amount, you may estimate the amount based on the percentage of work time spent in Wisconsin.

If you (or your spouse, if filing jointly) did not earn compensation in Wisconsin, check the "No" box.

## Step 2

### *Figure your income*

#### 1 Adjusted gross income

Write the amount shown as adjusted gross income (not federal taxable income) from your U.S. 1040, Line 33; U.S. 1040A, Line 18; U.S. 1040EZ, Line 4; or your federal TeleFile Worksheet, Line H. If you are not required to file a federal income tax return, you can use the U.S. 1040 as a worksheet to determine your adjusted gross income.

#### 2 Federally tax-exempt income

Write the amount of federally tax-exempt interest and dividend income you received. This amount is written on Line 8b of your U.S. 1040 or U.S. 1040A and is not included in your adjusted gross income on Form IL-1040, Line 1. This includes interest and dividend income paid or accrued to you on state, municipal, or any other obligations.

Include your distributive share of federally tax-exempt interest and dividend income received from a partnership, an S corporation, an estate, or a trust. The partnership, S corporation, trust, or estate is required to notify you of your share of this type of income. An Illinois entity will send you an Illinois Schedule K-1-P or K-1-T, specifically identifying your income.

#### 3 Other additions to income

Write the total amount of any other additions to your income that you received from the sources below, identifying each addition on the line provided. Do not include any distribution for federally tax-exempt income already included in Line 2.

- ▶ If you elected to report your child's interest and dividend income on U.S. Form 8814, Parents' Election To Report Child's Interest and Dividends, you are required to include on Line 3 any federally tax-exempt interest that you reported on that form.
- ▶ Include property tax that was refunded to you by your local government. Include this amount only if you claimed this tax as a subtraction on Form IL-1040 for tax years ending prior to December 31, 1991.
- ▶ Include Illinois Income Tax from your business, farm, or rental schedule that was deducted on your federal return. (Do not include any Illinois Income Tax included as an itemized deduction on your U.S. 1040, Schedule A, Itemized Deductions.)
- ▶ Include your distributive share of the additions received from a partnership, an S corporation, an estate, or a trust. The partnership, S corporation, trust, or estate is required to notify you of your share of this type of income. An Illinois entity will send you an Illinois Schedule K-1-P or K-1-T, specifically identifying your income.
- ▶ Include withdrawals made and interest earned from your Medical Care Savings Account that are not included in your adjusted gross income, Line 1. Include this income only if your withdrawals were for purposes other than those allowed under the Medical Care Savings Account Act.
- ▶ Include any amount equal to any eligible remediation costs that you deducted in figuring your adjusted gross income and that you claimed as an Environmental Remediation Credit on your Schedule 1299-C for this tax year.

#### 4 Income

Add Lines 1 through 3, and write the total on Line 4. This is your income.

## Step 3

### *Figure your base income*

Some of your Illinois income may be subtracted on Lines 5 through 9. Refer to the items below to see if you are entitled to any of these subtractions.

#### 5 Federally taxed Social Security and retirement income

Write the amount of any federally taxed portion (not the gross amount) that is included in your adjusted gross income, Line 1, and that you received from

- ▶ a qualified employee benefit plan. If you do not know whether your employee benefit plan is "qualified," as defined in the

Internal Revenue Code, Sections 402 through 408 or 457 (only state and local government deferred compensation plans), check with your employer.

- ▶ an Individual Retirement Account (IRA) or a self-employed retirement (H. R. 10/Keogh) plan.
- ▶ converting a traditional IRA to a Roth IRA. Beginning January 1, 1998, the Internal Revenue Service requires taxpayers to include in their adjusted gross income the amount they rolled-over from a traditional IRA to a Roth IRA. Illinois does not tax this amount and allows it as a subtraction.
- ▶ the redemption of U.S. retirement bonds.
- ▶ a government retirement or government disability plan, including military plans.
- ▶ railroad retirement income.
- ▶ retirement payments to retired partners.
- ▶ a lump-sum distribution of appreciated employer securities.
- ▶ the federally taxed portion of Social Security benefits from your U.S. 1040, Line 20b, or U.S. 1040A, Line 13b. Do not include Social Security withheld from wages.

You may include early distributions from qualified plans and IRAs.

Do not include any ordinary income from a qualified retirement plan for which you have elected to use the "Special 10-Year Averaging Method" or "Special 5-Year Averaging Method" on U.S. Form 4972, Tax on Lump-Sum Distributions.

### **What federally taxed income may I not include?**

You may not include income received as third-party sick pay, nongovernment disability plans, or nongovernment deferred compensation plans, which are not qualified employee benefit plans.

### **What forms must I attach to my return to show that my benefit or retirement income is subtractable?**

Attach a copy of your

- ▶ U.S. 1040 or U.S. 1040A, Page 1, for pension and annuity, redemption of U.S. retirement bonds, governmental disability income, Social Security, railroad retirement, IRA distribution, and retirement payment to retired partners.
- ▶ U.S. 1040 or U.S. 1040A, Page 1, and Form W-2 showing the amount of state and local governmental deferred compensation paid under the Internal Revenue Code, Section 457.
- ▶ U.S. 1040, Page 1, and U.S. 1040, Schedule D, Capital Gains and Losses, (capital gains portion), if filed, for lump-sum distributions (cash or property such as employer securities, retirement income, endowment or life insurance contracts). Be sure to include both ordinary income and capital gains income included on U.S. 1040, Page 1.
- ▶ U.S. 1040, Schedule D, Capital Gains and Losses, and Form IL-4644, Gains from Sales of Employer's Securities Received from a Qualified Employee Benefit Plan, for a gain on the sale or exchange of employer securities.

## **6 Military pay earned**

Write the amount of military pay that you received for active duty in the U.S. Armed Forces or for annual training in the Illinois National Guard. Attach your military Form W-2.

### **Which types of military pay may I subtract?**

You may subtract pay for

- ▶ full-time duty in the U.S. Armed Forces, including basic training;
- ▶ full-time duty for serving in the U.S. Armed Forces Reserves or a National Guard unit, including ROTC;
- ▶ service in the U.S. Armed Forces Reserves in a time of national emergency;
- ▶ federal service in a National Guard unit during civil disturbances or national emergency;
- ▶ time spent in annual summer camp training as a member of the U.S. Armed Forces Reserves or the Illinois National Guard, including ROTC; and
- ▶ full-time duty as a cadet at the U.S. Military, Air Force, and Coast Guard academies or as a midshipman at the U.S. Naval Academy.

### **Which types of military pay may I not subtract?**

You may not subtract military income that you excluded from your adjusted gross income, Line 1.

You may **not** subtract

- ▶ certain combat pay that is not included in your adjusted gross income, Line 1;
- ▶ pay that you received for time spent at weekly or monthly training meetings of a U.S. Armed Forces Reserve unit;
- ▶ pay that you received for time spent at weekly or monthly training meetings of a National Guard unit; or
- ▶ pay for duty as an officer in the Public Health Service.

For more information, refer to our Publication 102, Illinois Filing Requirements for Military Personnel. To receive a copy of this publication, call 1 800 356-6302 or TDD (telecommunications device for the deaf) at 1 800 544-5304.

## **7 Illinois Income Tax refund**

Write only the amount of Illinois Income Tax refund that is included in your adjusted gross income, Line 1. This amount should have been included as income on your 1998 U.S. 1040, Line 10. You are allowed this subtraction only if you deducted this amount in an earlier year on your U.S. 1040, Schedule A, Itemized Deductions.

**Note** → If you filed a U.S. 1040A or a U.S. 1040EZ, or TeleFiled your federal return, you may not take this subtraction.

## **8 U.S. government obligations and U.S. agency income**

Write the total income included in your Form IL-1040, Line 1, that you received from U.S. government obligations and U.S. agency notes, bonds, debentures, and other similar obligations from either your U.S. 1040, Schedule B, Interest and Dividend Income; U.S. 1040A, Schedule 1, Interest and Dividend Income

for Form 1040A Filers; or a copy of the statement you received from a mutual fund.

If this amount is greater than \$400, attach a copy of your federal schedule to your Illinois return.

Include the amount of

- federally taxed interest** you received from U.S. treasury bonds, notes, bills, and savings bonds. This amount must be reduced by any related bond premium amortization deducted federally. You must identify, on your U.S. Schedule B or U.S. Schedule 1, each specific type of obligation to which this interest relates.

Savings bond interest written on your U.S. 1040, Schedule B, Part I, Line 3, or U.S. 1040A, Schedule 1, Part I, Line 3, **is not an allowable subtraction**. This amount is not included in your adjusted gross income, Line 1.

- income** you received from U.S. agency notes, bonds, debentures, and other similar obligations that you included on Line 1 and that are exempt from Illinois taxation by federal statutes. Examples include: income received from obligations issued by banks for cooperatives, federal home loan banks, and Federal Savings and Loan Corporation. Attach a copy of your U.S. Schedule B or U.S. Schedule 1. Refer to our Publication 101 for a complete listing. This amount must be reduced by any related bond premium amortization deducted federally.

- federally taxed distribution** you received from mutual funds investing exclusively in U.S. government obligations. If the mutual fund invests in both exempt and nonexempt federal obligations, the deduction allowed will be the distribution received from the mutual fund attributable to the U.S. government obligations, as determined by the mutual fund.

If the mutual fund does not provide this percentage amount, multiply the total distribution by a fraction. The numerator is the amount invested by the fund in state-exempt U.S. government obligations, and the denominator is the fund's total investment. Attach a copy of your U.S. 1040, Schedule B, or U.S. 1040A, Schedule 1; **a copy of the statement received from the mutual fund**; and any worksheets showing the calculations as outlined above.

For further information refer to our Publication 101, Income Exempt from Tax, which explains and identifies income that is exempt from Illinois Income Tax. To receive a copy of this publication, visit our Web site at [www.revenue.state.il.us](http://www.revenue.state.il.us); call our Illinois Tax Fax at 217 785-3400; or call our 24-hour Forms Order Line at 1 800 356-6302. Our TDD (telecommunications device for the deaf) number is 1 800 544-5304.

**Note** → If you received a distributive share of a subtraction that included U.S. government obligations from a partnership, an S corporation, a trust, or an estate, include that amount on Line 9.

## 9 Other subtractions to income

Identify each of the following subtractions on the line provided. You may not list anything that is not identified below or in our Publication 101. You should include income received from U.S. government obligations and U.S. agency income on Line 8.

Write the total of

- any of your child's income** that you reported on U.S. Form 8814, Parents' Election To Report Child's Interest and Dividends, that is allowed as a subtraction on Lines 8 and 9. You may claim this amount only if your child's income is included on your Form IL-1040, Line 1 or Line 3. Identify this subtraction as "U.S. 8814."

- your distributive share** of subtractions from a partnership, an S corporation, a trust, or an estate. Attach a copy of the notification (which includes the FEIN) furnished to you that **specifically details** the amount of the subtraction being claimed as your distributive share.

If your distributive share is from a grantor trust, attach a detailed statement that identifies the grantor trust.

**Note** → The partnership, S corporation, trust, or estate is required to notify you of your share of these subtractions, if any. You may write the amount of such subtractions only if you are notified. An Illinois entity will send you an Illinois Schedule K-1-P or K-1-T, specifically identifying your subtractions.

- the amount of your **August 1, 1969, valuation limitation** from Schedule F, Gains from Sales or Exchanges of Property Acquired Before August 1, 1969, Line 17. Be sure to attach Schedule F and copies of required federal forms.
- enterprise zone dividends** that you received from a corporation that conducts substantially all of its business operations in an enterprise zone designated by the state of Illinois, and the amount of dividends received from a corporation that conducts business operations in a federally designated **foreign trade zone or subzone** located in Illinois and that is designated by the Illinois Department of Commerce and Community Affairs as a "High-Impact Business." Write the amount from Schedule 1299-C, Income Tax Subtraction and Credits, Section II, Part I, Line 4, and attach Schedule 1299-C to your return.
- interest on obligations of Illinois state and local governments included on Line 2**. This amount is net of any related bond premium amortization. Be specific in identifying your obligations. You **must** attach a copy of the statement you received that specifically identifies the payer and the amount of obligation. Attach a copy for each obligation included.

Income from state and local governments is **not exempt** from Illinois Income Tax except where legislation has been specifically adopted to provide for an exemption.

Following is a list of securities that are exempt. However, income from these obligations is **not exempt** if you own them indirectly through owning shares in a mutual fund.

- Illinois Housing Development Authority bonds and notes (except housing-related commercial facilities bonds and notes)
- Export Development Act bonds
- Illinois Development Finance Authority bonds, notes, and other evidence of obligation (only venture fund and infrastructure bonds)
- Quad Cities Regional Economic Development Authority bonds and notes, if the authority exempts them from taxation
- College Savings bonds
- Illinois Sports Facilities Authority bonds
- Higher Education Student Assistance Law bonds



- Illinois Development Finance Authority bonds issued pursuant to the Illinois Development Finance Authority Act, Sections 7.80 through 7.87
- Rural Bond Bank Act bonds and notes
- Illinois Development Finance Authority bonds issued under the Asbestos Abatement Finance Act
- Quad Cities Interstate Metropolitan Authority bonds
- Southwestern Illinois Development Authority bonds

For further information refer to our Publication 101, Income Exempt from Tax, which explains and identifies income that is exempt from Illinois Income Tax. To receive a copy of this publication, visit our Web site at [www.revenue.state.il.us](http://www.revenue.state.il.us); call our Illinois Tax Fax at 217 785-3400; or call our 24-hour Forms Order Line at 1 800 356-6302. Our TDD (telecommunications device for the deaf) number is 1 800 544-5304.

- a recovery** of items (including refunds of any state and local income taxes, other than Illinois) that you previously deducted on your U.S. 1040, Schedule A, Itemized Deductions, in a prior year. You must have included these items on your 1998 U.S. 1040, Page 1, and your 1998 Form IL-1040, Line 1. Attach to Form IL-1040 a copy of your 1998 U.S. 1040, any schedule or attachment to your 1998 U.S. 1040 showing the nature and source of such amounts, and a copy of your prior-year U.S. Schedule A in which you took such a deduction.
- expenses for federally tax-exempt investments**, such as state or municipal bonds that you reported in Line 2. You may deduct expenses relating to those items that were disallowed as federal deductions because the income was exempt from federal tax under the Internal Revenue Code, Section 171(a)(2), 265(1), or 265(2).
- ridesharing money** and other benefits (other than salary) received by a driver in a ridesharing arrangement using a motor vehicle if these amounts are included in Line 1.
- an amount equal to the deduction used to compute the federal tax credit for restoration of amounts held under claim of right** under the Internal Revenue Code, Section 1341.
- contributions you made to a TIF job training project.** Refer to Informational Bulletin FY 90-40.
- payment of life, endowment, or annuity benefits** received before the time they would have ordinarily been paid as an indemnity for a terminal illness. This amount must have been included in Line 1.
- your employer's contributions** made on your behalf to an account established under the Medical Care Savings Account Act and the **interest earned** on this account. You must have included this amount in Line 1.
- premiums paid for health insurance and long-term care insurance** if
 
  - you are self-employed, a partner in a partnership, or a shareholder in an S corporation and
  - the premiums are for yourself, your spouse, or your dependents.
 These premiums must qualify as a deduction under the Internal Revenue Code, Section 213. This deduction is limited to premiums not already deducted on your U.S. Form 1040 including U.S. 1040, Schedule A, and may not exceed your taxable income attributable to your self-employment, partnership, or S corporation income.

You may **not** claim this deduction if you are eligible for benefits from your employer's or your spouse's employer's health insurance plan. For more information, refer to Informational Bulletin FY 96-23.

- income from the Illinois Prepaid Tuition Trust Fund** that you included in your adjusted gross income, Line 1. Do not include the federally taxed distributions that you did not spend in accordance with the provisions of your Illinois prepaid tuition contract.
- any other income** included in Line 1 or as an addition in Line 2 that is exempt from Illinois taxation by reason of the Constitution of Illinois or the Constitution, treaties, or statutes of the United States. This amount is net of any bond premium amortization deducted federally. Examples are listed in our Publication 101, Income Exempt from Tax.

### ❓ May I subtract my out-of-state income?

No, you may not subtract your out-of-state income. However, if you are filing as a resident, you may take a credit against your Illinois Income Tax for income tax you paid to another state. See the instructions for Line 19 and Schedule CR, Credit for Tax Paid to Other States.

If you are filing as a nonresident, you should exclude your out-of-state income when you compute your Illinois income on Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax.

If you are a part-year resident, you should file Schedule NR, and you also may be able to file Schedule CR if the same income on Schedule NR is being taxed by another state.

## 10 Total subtractions

Add Lines 5 through 9, and write the total on Line 10. This is your total subtractions.

## 11 Base income

Subtract Line 10 from Line 4, and write the result on Line 11. If Line 10 is blank, write the amount from Line 4. If Line 10 is greater than Line 4, write zero. This is your base income.

# Step 4

## Figure your exemption allowance

### 12 Illinois exemption allowance

#### Exemption Table for Line a – box

Write in the box the number of exemptions you claimed on your federal return.

If you filed	your number of exemptions is
U.S. 1040 or 1040A	found in Box 6d on your federal return.
U.S. 1040EZ	<p>“0” if you are <i>single</i> or <i>married filing jointly</i> and checked the “<b>Yes</b>” box on Line 5 and you and your spouse, if filing jointly, can be claimed as dependents.</p> <p>“1” if you are <i>single</i> and checked the “<b>No</b>” box on Line 5; or you are <i>married filing jointly</i>, checked the “<b>Yes</b>” box on Line 5, and only one of you can be claimed as a dependent.</p> <p>“2” if you are <i>married filing jointly</i> and checked the “<b>No</b>” box on Line 5.</p>
U.S. TeleFile	<p>“0” if you are <i>single</i> and checked the “<b>Yes</b>” box on Line B; or you are <i>married filing jointly</i> and checked both “<b>Yes</b>” boxes on Line B.</p> <p>“1” if you are <i>single</i> and checked the “<b>No</b>” box on Line B; or you are <i>married filing jointly</i> and checked only one “<b>Yes</b>” box on Line B.</p> <p>“2” if you are <i>married filing jointly</i> and checked both “<b>No</b>” boxes on Line B.</p>

If you (or your spouse, if filing jointly) are claimed as a dependent on someone else’s return or wrote “0” in the Line a box, refer to the instructions for the Line a oval.

#### Example for Line a – box

$$\boxed{5} + \text{○} = \underline{5} \times \$1,300 \quad \text{a } \underline{6,500} | \underline{00}$$

#### Exemption Table for Line a – oval

Complete this portion if you (or your spouse, if filing jointly) can be claimed on another person’s return.

▶ If Line 11 is less than or equal to **\$1,300**,

**your number of exemptions is**

“1” if you are *single* or *married filing jointly* and only one of you can be claimed as a dependent.

“2” if *married filing jointly* and both you and your spouse can be claimed as dependents.

#### Example for Line a – oval

$$\boxed{0} + \text{○} = \underline{1} \times \$1,300 \quad \text{a } \underline{1,300} | \underline{00}$$

▶ If Line 11 is greater than **\$1,300**,

**your number of exemptions is**

“0”

#### Example for Line a – oval

$$\boxed{0} + \text{○} = \underline{0} \times \$1,300 \quad \text{a } \underline{0} | \underline{00}$$

#### Exemption Table for Line b

▶ If you were 65 years of age or older,	check the “65 or older” box.
▶ If you were legally blind,	check the “legally blind” box.
▶ If your spouse was 65 years of age or older,	check your spouse’s “65 or older” box.
▶ If your spouse was legally blind,	check your spouse’s “legally blind” box.

Add the number of boxes you checked. Multiply this number by \$1,000, and write the result on Line b.

#### Example for Line b

you were 65 or older  spouse was 65 or older  legally blind  legally blind

$$\text{☑} + \text{☐} + \text{☐} + \text{☑} = \underline{2} \times \$1,000 \quad \text{b } \underline{2,000} | \underline{00}$$

Add Lines a and b, and write the total on Line 12. This is your total exemption allowance.

**Note** → If you did not file a federal return, write the number of exemptions you would have claimed if you had filed one.

## Step 5

### Figure your Illinois net income

**Residents only** – Complete this step and go to Step 7.  
**Nonresidents and part-year residents** – skip Step 5 and go to Step 6.

#### 13 Net income

Subtract Line 12 from Line 11, and write the result on Line 13. If Line 12 is greater than Line 11, write "0." This is your net income.

## Step 6

### Nonresidents and part-year residents

#### 14 Residency and Illinois income

Check the box that identifies whether you were a nonresident or a part-year resident of Illinois during 1998.

Complete Schedule NR. Write the amount from Schedule NR, Step 5, Line 45, on Line 14.

**You must attach a completed copy of Schedule NR to your Form IL-1040.**

## Step 7

### Figure your tax

#### 15 Residents net income

**Residents only**, write your net income from Step 5, Line 13, on Line 15.

#### 16 Tax amount

**Residents**, multiply the amount on Line 15 by 3 percent (.03), and write the result on Line 16.

Example – If Line 15 is \$24,380, figure the tax as follows:

$$\$24,380 \times .03 = \$731$$

**Nonresidents and part-year residents**, write your tax amount from Schedule NR, Step 5, Line 51. Attach Schedule NR to Form IL-1040.

**Note** → If you completed Illinois Schedule 4255, Recapture of Investment Tax Credits, you must also complete the following Schedule 4255 Recapture Worksheet.

## Schedule 4255 Recapture Worksheet



You must complete this worksheet if

- ▶ you claimed an investment credit against your Illinois Income Tax liability on your Form IL-1040 in a previous year, and
- ▶ the property considered in the computation of that investment credit was disqualified within 48 months after being placed in service.

Effective January 1, 1997, the disqualification criteria changes for the High-Impact Business Investment Credit. Refer to Schedule 4255.

- 1 Write the amount from Schedule 4255, Part IV, Line 12, Column A. 1 \_\_\_\_\_|\_\_\_\_\_
- 2 Write the amount from Schedule 4255, Part IV, Line 12, Column B. 2 \_\_\_\_\_|\_\_\_\_\_
- 3 **Residents** - Multiply the amount from Form IL-1040, Line 15, by 3% (.03).  
**Nonresidents or part-year residents** - Write the amount from Schedule NR, Step 5, Line 51. 3 \_\_\_\_\_|\_\_\_\_\_
- 4 Add Lines 1, 2, and 3. Write the amount here and on your Form IL-1040, Line 16. 4 \_\_\_\_\_|\_\_\_\_\_

Attach Schedule 4255 to your Form IL-1040.

## Step 8

### Figure your payments and credits

#### 17 Illinois Income Tax withheld

Write the total Illinois Income Tax withheld in 1998 as shown on your W-2, Wage and Tax Statement, forms. This amount is generally found on your W-2 forms in Box 18, state income tax. Attach the Illinois copy from each employer to the front of your Form IL-1040.

#### 18 Estimated income tax payments

Write the total of any payments you made with

- ▶ Form IL-1040-ES, Estimated Income Tax Payments for Individuals;
- ▶ Form IL-505-I, Automatic Extension Payment for Individuals Filing Form IL-1040; and
- ▶ any 1997 overpayment that was credited to your 1998 estimated tax.

**19 Credit for taxes paid to other states**

This credit is for **Illinois residents** and **part-year residents** only. To figure the amount of credit for income tax you paid to another state, complete Schedule CR, Credit for Tax Paid to Other States. Write the amount from Line 8 of that schedule on Form IL-1040, Line 19.

Attach Schedule CR and any required out-of-state tax returns or other documents to your Form IL-1040. See the instructions for Schedule CR.

**20 Credit for Illinois Property Tax**

Refer to the Illinois Property Tax Table to determine if you qualify for a credit for the property tax you paid.

**Illinois Property Tax Table**

**Illinois Property Tax paid**

You may figure a credit for Illinois Property Tax paid if

- ▶ your principal residence during 1997 was in Illinois; **and**
- ▶ you owned your residence; **and**
- ▶ your tax bill included property used for your principal residence, yard, garage, or other structure used for personal purposes; **and**
- ▶ your property tax billed in 1998 has been paid.

You may **not** figure a credit for Illinois Property Tax

- ▶ on taxes paid for property that is not your principal residence (e.g., vacation homes or rental property), **or**
- ▶ penalties or fees included in your property tax bill.

**Mobile home property tax**

You may figure a credit for mobile home property tax if all the conditions above apply to you for 1997. However, you may **not** figure a credit for mobile home privilege tax.

**Illinois property you purchased**

You may figure a credit for Illinois property you purchased during 1997 providing you figure only that portion of your taxes that pertains to the time you owned and lived at the property during 1997. You may **not** take a credit on your 1998 return for property you purchased in 1998.

**Illinois property you sold**

You may figure a credit for Illinois property you sold in 1998 by combining all the 1997 property tax paid in 1998, as well as a portion of the 1998 tax based on the time you owned and lived at the property during 1998. You may **not** take a credit on your 1998 return for property sold during 1997.

**Business, rental, or farm property**

You may figure a credit on only that portion of your tax bill that is **not** deductible as a business expense.

If you qualify for a property tax credit, you must complete the Homeowner's Property Tax Credit Worksheet to determine the amount of your credit.

**Homeowner's Property Tax Credit Worksheet**



You must complete this worksheet if you qualify for the Illinois Property Tax credit as explained in the Illinois Property Tax Table.

- 1 Write the total amount of Illinois Property Tax paid in 1998 for the real estate that includes your principal residence. **1** \_\_\_\_\_
- 2 Write the portion of your tax bill that is deductible as a business expense on U.S. Schedule C, E, or F or other U.S. income tax forms or schedules, whether or not you actually took the federal deduction. **2** \_\_\_\_\_
- 3 Subtract Line 2 from Line 1. Write the amount here and **on the line provided on Form IL-1040, Line 20.** **3** \_\_\_\_\_
- 4 Multiply Line 3 by 5% (.05). **4** \_\_\_\_\_
- 5 Write the amount of income tax from your Form IL-1040, Line 16. **5** \_\_\_\_\_
- 6 Write the amount of credit for tax paid to other states from your Form IL-1040, Line 19. **6** \_\_\_\_\_
- 7 Subtract Line 6 from Line 5. This is your net tax. **7** \_\_\_\_\_
- 8 Compare the amounts on Line 4 and Line 7. Write the lesser amount here and on your Form IL-1040, Line 20. **8** \_\_\_\_\_

*Be sure to keep proof of your property tax paid with your income tax records.*

**21 Credit from Schedule 1299-C**

Write the amount from Schedule 1299-C, Income Tax Subtraction and Credits for Individuals, Section II, Part VIII, Line 41, and attach the schedule to your Form IL-1040. Schedule 1299-C allows you to reduce your tax by taking the following credits:

- ▶ "TECH-PREP" Youth Vocational Programs Credit
- ▶ Dependent Care Assistance Program Tax Credit
- ▶ High Impact Business Investment Credit
- ▶ Jobs Tax Credit
- ▶ Enterprise Zone Investment Credit
- ▶ Training Expense Credit
- ▶ Research and Development Credit
- ▶ Environmental Remediation Tax Credit

**22 Total payments and credits**

Add Lines 17 through 21, and write the total on Line 22. The total of Lines 19, 20, and 21 **cannot exceed** the amount of tax on Line 16.



## Step 9

### *Figure your overpayment or your tax due*

#### 23 Overpayment

If Line 22 is greater than Line 16, subtract Line 16 from Line 22. This is the amount of your overpayment.

#### 24 Tax due

If Line 16 is greater than Line 22, subtract Line 22 from Line 16. This amount is your tax due.

## Step 10

### *Figure your penalty*

#### 25 Late-payment penalty for underpayment of estimated tax

If you owe more than \$250 (Line 16 minus the total of Lines 17, 19, 20, and 21) when you file, you may be subject to a late-payment penalty for underpayment of estimated tax. Refer to General Information, "Will I owe penalties?" or Form IL-2210, Computation of Penalties for Individuals, for more details.

If you are subject to this penalty, you may complete Form IL-2210, Computation of Penalties for Individuals, to determine your penalty. Write the amount you figured on Line 25. If you prefer, we will figure your penalty and bill you later.

Check the box on Form IL-1040, Step 10, Line 25, if you

- ▶ annualized your income on Form IL-2210, Step 5, or
- ▶ are a nonresident, apportioned your business income, and checked the box on Form IL-2210, Step 1, Line 4.

Attach Form IL-2210 to your Form IL-1040.

If you owe the late-payment penalty due to underpaying your estimated tax, you may want your employer to increase the amount of Illinois Income Tax withheld from your pay.

If your income is not subject to withholding or you do not want to increase the amount withheld from your pay, you should make timely estimated tax payments with Form IL-1040-ES, Estimated Income Tax Payments for Individuals. For more information on making estimated tax payments, refer to the instructions for Form IL-1040-ES.

## Step 11

### *Figure your donations*

#### 26 Voluntary contributions

You may contribute to one or more of the following state funds. Contributions to the funds may be in any amount (\$1.00 or more) and will decrease your overpayment or increase your balance due. Write the amount you wish to contribute on Lines 26a through 26e.

You cannot change your contributions to these funds on an amended return.

**a Wildlife Preservation Fund** – Your contribution can mean the difference between survival and extinction for hundreds of plant and animal species. Recovery efforts have saved the peregrine falcon and the majestic bald eagle. We need to do more, and your donation can help.

**b Child Abuse Prevention Fund** – More than 100,000 children will be reported this year as victims of abuse or neglect. Your contribution will support programs designed to help young families parent well and prevent abuse of their children.

**c Alzheimer's Disease Research Fund** – More than 200,000 Illinois residents suffer from Alzheimer's disease. Grants from this fund will help support important research to find a cure for this devastating disease.

**d Assistance to the Homeless Fund** – Homeless people rely on shelters and agencies to provide assistance. Your contribution will give additional funds to not-for-profit organizations that serve homeless persons so they may have a roof over their heads and food to eat.

**e Breast and Cervical Cancer Research Fund** – Breast and cervical cancers account for about 20 percent of all cancers diagnosed annually in the state. Contributions to this fund will help to support research for prevention, early detection, and treatment of these cancers. Through early detection and treatment, breast and cervical cancer deaths can be reduced by one-third.

Add Lines a through e, and write the total on Line 26.

#### 27 Donation to your school district

If you are currently an Illinois resident, you may donate your exemption allowance, your property tax credit, or both to the school district where you now reside. If you wish to donate to the School Funding Fund, complete the School Funding Fund Worksheet on the next page. Then, write your donation amount from Line 4 of the worksheet on Line 27.

You cannot change your donation on an amended return.

## School Funding Fund Worksheet



If you are an Illinois resident and choose to donate your exemption allowance or your property tax credit to the School Funding Fund, you must complete this worksheet.

- 1 Write your exemption allowance from your Form IL-1040, Step 4, Line 12a. **1** \_\_\_\_\_|\_\_\_\_\_
- 2 Multiply Line 1 by 3% (.03). **2** \_\_\_\_\_|\_\_\_\_\_
- 3 Write the amount from Line 8 of the Homeowner's Property Tax Credit Worksheet. **3** \_\_\_\_\_|\_\_\_\_\_
- 4 Write the amount you wrote on
  - ▶ Line 2, or
  - ▶ Line 3, or
  - ▶ the total of both Lines 2 and 3 that you would like to donate to your school district. Also, write this amount on Form IL-1040, Line 27. **4** \_\_\_\_\_|\_\_\_\_\_

**Any donation will reduce your refund or increase the amount you owe.**

Be sure to keep a copy of your School Funding Fund Worksheet with your income tax records.

### 28 Total penalty and donations

Add Lines 25 through 27, and write the total on Line 28.

## Step 12

### Figure your refund or the amount you owe

### 29 Overpayment after penalties and donations

If you have an overpayment on Line 23 and this amount is greater than Line 28, subtract Line 28 from Line 23 and write the result on Line 29.

### 30 Overpayment applied to next year

Write the amount of your 1998 overpayment that you wish to apply to your 1999 Illinois estimated tax. If for any reason this amount is reduced, you may owe a late-payment penalty for underpayment of estimated tax for the following year.

**Note** → We will reduce any refund or credit to your 1999 estimated tax by the amount of any outstanding income tax, penalties, and interest you may owe.

### 31 Refund

Subtract Line 30 from Line 29. This is your refund. We will not refund or credit any amount less than \$1.

### 32 Amount you owe

If you have tax due on Line 24, add Lines 24 and 28, and write the amount on Line 32. This is the amount of tax, penalty, and donations that you owe.

#### Or

If you have an overpayment on Line 23, and this amount is less than Line 28, subtract Line 23 from Line 28, and write the result on Line 32. This is the amount of tax, penalty, and donations that you owe.

Make your check or money order payable to the "Illinois Department of Revenue" (not IRS) and write your Social Security number(s) in the lower left corner of your payment. If you are sending a check or money order to pay the tax, penalty, and donations of another taxpayer, write that taxpayer's name and Social Security number in the lower left corner of the payment.

Do not send cash. If you have a preprinted IL-1040-V payment voucher attached to the cover of your booklet, detach, complete, and place the voucher with your check and return in the enclosed envelope.

If Line 32 is less than \$1.00, you do not have to pay. If you reside in a foreign country, your payment must be U.S. negotiable currency expressed in U.S. dollars and drawn on a U.S. bank.

Failure to file or pay the proper amount of tax when due will result in an additional charge of penalties and interest. If you owe any penalties or interest, we will send you a billing notice. However, if you prefer to figure these amounts, see our Publication 103, Uniform Penalties and Interest, and include the penalty and interest amounts in Line 32. Please identify how much is penalty to the left of Line 32.

## Step 13

### Sign and date your return

Sign and date your return. If you are filing jointly, your spouse also must sign and date the return. If you are filing for a minor as a parent or guardian, you must sign and date the return.

If you do not sign your return, it will not be considered filed and you may be subject to a nonfiler penalty. In addition, if you do not sign your return and three years have passed since the extended due date of that return, any overpayment will be forfeited. If you paid someone to prepare your return, that individual also must provide a handwritten signature, date the return, and provide his or her telephone number and tax identification number. Staple all required copies of forms and schedules, powers of attorney, and letters of estate or office to the back of the return.

Write your daytime telephone number. If a problem arises in processing your return, it is helpful for us to have a telephone number where we can reach you during office hours.

If a tax preparer completes your return and you do not wish to receive a tax booklet next year, check the box at the bottom of Form IL-1040.

Please use the envelope in your booklet. If you did not receive a booklet, **mail your return to: Illinois Department of Revenue, Springfield, IL 62719-0001.**

# Be sure to include the following documents with your return

**Line 5** U.S. 1040 or U.S. 1040A, Page 1  
 U.S. 1040, Schedule D, Pages 1 and 2  
 Form IL-4644, if applicable  
 Form W-2 showing governmental deferred compensation

**Line 6** Form W-2 showing active duty military pay

**Line 8** U.S. 1040, Schedule B, or U.S. 1040A, Schedule 1, identifying each U.S. government obligation separately; and a copy of any statement you received from a mutual fund.

- Line 9**
- For enterprise zone or foreign trade zone/subzone dividends, attach Illinois Schedule 1299-C.
  - For recovery amounts, attach U.S. 1040, all pertinent U.S. schedules, and your prior year's U.S. Schedule A.
  - For partnership, S corporation, estate, and trust subtractions, attach the Illinois Schedule K-1-P, K-1-T, or any other notification that was furnished to you.
  - For August 1, 1969, valuation limitation amounts, attach Illinois Schedule F and any required federal forms or schedules.
  - For interest on obligations of Illinois state and local government, attach the statement that specifically identifies the payer and the amount of obligation.

**Line 14** Nonresidents and part-year residents, attach Illinois Schedule NR.

**Line 16** For recapture of investment credits, attach Schedule 4255.

**Line 17** All W-2 and 1099-R forms showing Illinois state tax withheld. **Attach** to the front of your Form IL-1040.

**Line 19** Illinois Schedule CR, copies of out-of-state income tax returns, and supporting documents

**Line 21** Illinois Schedule 1299-C

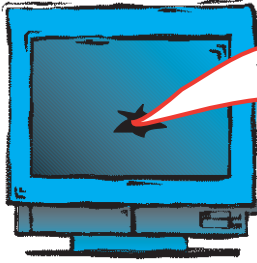
**Line 25** Form IL-2210, only if you checked the box

**Line 32** IL-1040-V, if you received a preprinted booklet

**Note** → If you do not attach the required supporting documents to your return, your entry will be disallowed, and any refund you are entitled to will be delayed.



Visit our **Web** site 24 hours a day, 7 days a week



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Call our automated tax assistance lines 24 hours a day, 7 days a week.



**1 800 732-8866 or 217 782-3336**

Please have your Social Security number ready when you call.

**Press** **1** to get to your 1998 account information.

**Then press**

- 1** to check your 1998 refund. (Please have your refund amount ready.)
- ABC 2** to check your 1998 estimated payments and credits.
- DEF 3** to check your 1999 estimated payments and credits.
- GHI 4** to check the amount you owe or to set up a payment plan.

**Press** **ABC 2** to get to tax information.

**Then press**

- 1** for Individual Income Tax.
- ABC 2** for Business and Withholding Income Taxes.
- DEF 3** for Sales and Motor Vehicle Taxes.
- GHI 4** for penalties and interest.

**Press** **DEF 3** to get to services we provide.

**Then press**

- 1** for information about assistance in the Springfield and Chicago offices.
- ABC 2** for information on obtaining trainers for Volunteer Income Tax Assistance (VITA) or tax counseling for the elderly.
- DEF 3** for information on how to get forms faxed to you.
- GHI 4** for information on our Internet site.
- JKL 5** for locations of offices located both inside and outside of Illinois where Illinois tax assistance is available.
- MNO 6** for information on obtaining speakers for special interest groups.
- PRQ 7** for information on assistance for the hearing impaired.