



Name as shown on your Form IL-1120 _____

Federal employer identification number (FEIN) _____

General Information

What is the purpose of Schedule INS?

The purpose of Schedule INS, Tax for Foreign Insurers, is to allow you to possibly reduce your Illinois income and replacement tax liability. Effective for tax years **ending on or after December 31, 1999, and on or before December 31, 2000**, if you are a foreign insurer, whose state or country of domicile imposes a retaliatory tax and a lower income tax liability on insurers domiciled in Illinois, you should complete this schedule to determine if it would reduce your tax liability. The rates are reduced to the point that the total Illinois tax imposed equals the tax the state or country of domicile would impose on the amount of your Illinois net income. The reduction in tax rates cannot reduce the total of your income and replacement

taxes, privilege tax, fire insurance taxes, and fire department taxes below 1.25 percent of your premiums subject to privilege tax. The rate reduction is applied against income tax first. Once your income tax is reduced to zero, the rate reduction is applied against replacement tax.

If you are a member of a unitary business group, you must complete Schedule UB/INS.

Specific Instructions

Part I is used to report the income tax (or other tax based on net income) your state or country of domicile would impose on your Illinois net income.

Part II is used to figure your 1.25 percent income tax reduction limit.

Part III is used to determine whether your liability can be reduced and, if so, the levels to which your liability can be reduced.

Parts IV and V are used to figure your credit for replacement tax paid and any excess credit that may be carried forward.

What must I attach to Schedule INS?

If you do not check the box on Line 4, you must attach a pro-forma return from your state or country of domicile, showing the amount of tax you would owe to that state or country on your Illinois net income.

What if I need additional assistance?

If you need additional assistance, visit our Web site at www.revenue.state.il.us; call our Taxpayer Assistance Division at **1 800 732-8866, 217 782-3336**; or call our TDD (telecommunications device for the deaf) at **1 800 544-5304**. Our office hours are 8 a.m. to 5 p.m. If you prefer, you may write to us at P.O. Box 19044, Springfield, Illinois 62794-9044.

Part I: Figure the tax imposed by your state or country of domicile

Note: You must complete Parts I, III, IV, and V of your Form IL-1120 before completing this schedule.

- 1 Write your state or country of domicile. **state or country:** _____
- 2 Write the base income from your Form IL-1120, Part I, Line 7. **2** _____
- 3 Write the net income from your Form IL-1120, Part IV, Line 7. **3** _____
- 4 Compute the pro-forma tax imposed by your state or country of domicile, using the income shown on Lines 2 and 3. If your state or country of domicile does not impose an income tax on insurance companies, check the box and write zero on this line. **4** _____

Note: The pro-forma tax for Line 4 is the total of all tax measured by net income, less credits, imposed by your state or country of domicile, on an insurance company with base income (before apportionment) equal to Line 2 and net income (after apportionment) equal to Line 3. Attach completed copies of all forms necessary to support the computation of this amount.

Part II: Figure your income tax reduction limit

- 5 Write the net premiums taxable under Section 409 of the Illinois Insurance Code and included in your Form IL-1120, Part III, Line 5c, Column 2. **5** _____
- 6 Multiply Line 5 by 1.25% (.0125). This is your total tax reduction limit. **6** _____
- 7 Write the following amounts deducted when you computed this year's federal taxable income:
 - a The privilege tax imposed under Section 409 of the Illinois Insurance Code **7a** _____
 - b The fire insurance company tax imposed under Section 12 of the Fire Investigation Act **7b** _____
 - c Any fire department tax imposed under Section 11-10-1 of the Illinois Municipal Code **7c** _____
- 8 Add Lines 7a through 7c. **8** _____
- 9 Subtract Line 8 from Line 6 (cannot be less than zero). This is your 1.25 percent income tax reduction limit. Write here and on Line 14. **9** _____



Part III: Figure your tax

- 10 Write the net replacement tax from your Form IL-1120, Part IV, Line 11. 10 _____
- 11 Write the net income tax from your Form IL-1120, Part V, Line 6. 11 _____
- 12 Add Lines 10 and 11. This is your tentative tax. 12 _____
- 13 Write the amount of pro-forma tax from Line 4. 13 _____
- 14 Write the 1.25 percent income tax reduction limit from Line 9. 14 _____
- 15 Write the greater of Line 13 or Line 14. 15 _____

 **If Line 15 is greater than Line 12, you are not entitled to a tax reduction. Do not use this schedule.**

- 16 Write the lesser of Line 10 or Line 15. This is your replacement tax.
Write this amount here and on your Form IL-1120, Part II, Line 1. 16 _____
- 17 If Line 15 is greater than Line 16, subtract Line 16 from Line 15. Otherwise, write zero.
This is your maximum net income tax after applying credits. 17 _____
- 18 Write the lesser of Line 11 or Line 17. This is your net income tax after applying credits.
Write this amount on your Form IL-1120, Part II, Line 2. 18 _____
- 19 Add Lines 16 and 18. This is your total net income and replacement tax.
Write this amount on your Form IL-1120, Part II, Line 3. 19 _____

Part IV: Figure your credit for replacement tax paid**Figure your total income tax**

- 20 Write the net income tax after applying credits from Line 18. 20 _____
- 21 Write the Schedule 1299-D credits from your Form IL-1120, Part V, Line 4a. 21 _____
- 22 Write the carryforward of credit for replacement tax paid from your Form IL-1120, Part V, Line 4c. 22 _____
- 23 Add Lines 20 through 22. This is your total income tax before applying credits. 23 _____
- 24 Write the recapture of investment credits from your Form IL-1120, Part V, Line 2b. 24 _____
- 25 Subtract Line 24 from Line 23. This is your income tax, before applying recapture and the credit for replacement tax paid. 25 _____

Figure your credit for replacement tax paid

- 26 Write the number from your Form IL-1120, Part IV, Line 5. 26 _____
- 27 Write the replacement tax from Line 16. 27 _____
- 28 Multiply Line 26 by Line 27. This is the base for computing your credit for replacement tax paid. 28 _____
- 29 Write the net income from your Form IL-1120, Part IV, Line 7. 29 _____
- 30 Subtract Line 28 from Line 29. This is the tax base for computing your credit for replacement tax paid. 30 _____
- 31 Divide Line 25 by Line 30. Carry to six decimal places. (Cannot exceed our income tax rate of 4.8%.)
This is the income tax rate for computing your credit for replacement tax paid. 31 _____
- 32 Multiply Line 28 by Line 31. This is your credit for replacement tax paid. 32 _____
- 33 Add Line 25 and Line 32. This is your income tax before applying credits. 33 _____
- 34 Write the lesser of Line 33 or the amount from your Form IL-1120, Part V, Line 2a. 34 _____

Part V: Figure your carryforward of credit for replacement tax paid

Note: Use this worksheet instead of the Lines 4b and 4c Worksheet in the Form IL-1120 Instructions.

Lines 4b and 4c Worksheet

- a Write your replacement tax from Line 27. a _____
- b Write the number from Line 26. b _____
- c Multiply Line a by Line b. c _____
- d Write the number from Line 31. d _____
- e Multiply Line c by Line d. (This amount should match the amount shown on Line 32.) e _____
- f Write the amount from Line 22. f _____
- g Add Lines e and f. g _____
- h Write the amount from Line 34. h _____
- i Write the amount from Line 21. i _____
- j Subtract Line i from Line h. j _____
- k Subtract Line j from Line g. If Line j is greater than Line g, write "0."
This is the amount of credit that you may carry to a succeeding year's return. k _____