



Illinois Department of Revenue

Form IL-1040 Instructions



File electronically in Illinois

Get your **refund** in about  week!

Pick a method,

use direct deposit,

and file for a ***fast*** refund!

  **e-File**

  Retail software

 **I-File**

Is for you?

1 Answer the following questions

- Are you filing for a deceased taxpayer? _____
- Are you taking a credit for tax you paid to another state or other credits from Schedule 1299-C? _____
- Are you claiming any other subtractions on Line 9 other than the following subtractions? _____
 - ▶ premiums paid for health insurance and long term care insurance?
 - ▶ expenses for federally tax-exempt investments?
 - ▶ interest on obligations of Illinois state and local governments?
- Will you be figuring your penalties on Form IL-2210? _____

no yes

File the paper IL-1040.

File the paper IL-1040.

File the paper IL-1040.

File the paper IL-1040.

Wait!

If you like, we will figure your penalty for you and send you a bill. This may allow you to use one of the electronic filing methods below.

2 Choose

e-File if


- you use a tax professional who participates in the Illinois Electronic Filing Program.
- E-File is available January 12 through August 15.

Retail software if

- you use tax filing software.
- PC retail software filing is available January 12 through August 15. 

 Free

I-File, Internet filing, if

- you were an Illinois resident for all of 2000, and
 - your name and your filing status is the same as it was on your 1999 return.
- I-File is available January 11 through August 15 at www.revenue.state.il.us. 

Need IL-PIN Information

If you received a booklet in the mail, your IL-PIN is printed on the second line of the label fastened to the cover of the booklet. Your IL-PIN is the first number; your spouse's is the second number. This IL-PIN is different than the one assigned to you last year. Do not confuse your 8-digit IL-PIN with your 9-digit Social Security number.

If you did not receive a booklet in the mail and you choose to file through the Internet using I-File or PC retail software, call 1 800 732-8866 or visit our Web site at www.revenue.state.il.us and select "Help and Resources" to see if an IL-PIN has been assigned to you. Please have your driver's license available when you make this call.

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What's New

for Tax Year 2000

- ▶ **Increased Standard Exemption**
 Taxpayers and their dependents will receive an increased standard exemption allowance again this year. The standard exemption allowance has increased from \$1,650 to \$2,000 for tax year 2000.
- ▶ **Education Expense Credit**
 Illinois resident taxpayers who are parents or legal guardians may claim a credit for qualifying expenses paid for the education of their student (or students).
 The Education Expense Credit cannot exceed \$500 per family nor can it exceed the total amount of tax. The credit is equal to 25 percent of the taxpayer's "qualified education expenses," which are the amounts paid in excess of \$250 for tuition, book fees, and lab fees at the Illinois school where their student (or students) was enrolled during the regular school year.
- ▶ **Earned Income Credit**
 Taxpayers who claimed an Earned Income Credit on their federal return may claim five percent of this credit on their Illinois return.
- ▶ **Expanded Electronic Filing**
 If you were **not** able to previously file electronically using e-File, I-File, or PC retail software because you had subtractions or credits that kept you from using one of these methods, take a minute to review our expanded criteria on the previous page.
- ▶ **Direct Deposit**
 Taxpayers who are entitled to a refund may deposit it directly into their checking or savings account, regardless of which filing method they choose.
- ▶ **Direct Debit**
 Taxpayers who owe additional tax may debit their checking or savings account by visiting our Web site at www.revenue.state.il.us. They will need their Illinois Personal Identification number (IL-PIN) in order to use this payment option.
- ▶ **IL-PIN**
 Taxpayers filing electronically through Internet or tax filing software will need an Illinois Personal Identification number (IL-PIN). Those who did not receive an IL-1040 Booklet with a preprinted label on the front cover may contact us to see if they have an IL-PIN assigned to them. See Customer Connection on Page 23.
Do not use last year's IL-PIN. A new one has been assigned to you.

for Tax Year 2001

- ▶ **Estimated Income Tax Payments**
 Taxpayers are required to make estimated income tax payments if they expect their tax to exceed \$500 after subtracting their withholding and credits. This threshold has increased from \$250.
- ▶ **Internet Credit Card Payments**
 Taxpayers may pay their IL-1040-ES, Estimated Income Tax Payments, and their IL-505-I, Automatic Extension Payment, with their MasterCard, Discover card, or American Express card by calling **1 800 2PAYTAX (1 800-272-9829)** or visiting www.officialpayments.com.

General Information

? 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); or
 - 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.
- ▶ **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 a part but not all 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 an Illinois resident at any time during the tax year), 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.

General Information

- ▶ **an Illinois resident and you were 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 \$2,000, or
 - your Illinois base income, Line 11, is \$2,000 or less and you want a refund of Illinois Income Tax withheld from your pay.

Note → 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, Line B, "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 completed copy of your U.S. 1040NR or U.S. 1040NR-EZ.

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 electronically (by computer or phone) or you may file your return by using the paper Form IL-1040. To file your return electronically, you must meet certain criteria. See Page 2 for specific electronic filing requirements. If you want to receive your refund in about "1" week, file electronically, and have your refund directly deposited into your checking or savings account.

Note → Computer generated forms **must be** approved by the department. Check your software information or ask your software vendor to insure that the software you use generates acceptable forms.

? 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 2000 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 16, 2001.

We grant an **automatic six-month extension** of time to file your individual income tax return. This extension 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 16, 2001.

? Will I owe penalties and interest?

You will owe a **late-filing penalty** if you do not file a processable return by the due date (or extended due date), a **late-payment penalty** if you do not pay the tax you owe by the original due date of the return, and a **bad check penalty** if your remittance is not honored by your financial institution. Interest is calculated on tax from the day after the original due date of your return through the date you pay the tax. We will bill you for penalties and interest. For more information about penalties and interest, see Publication 103, Uniform Penalties and Interest. For information on how to obtain a copy of this publication, see the back page of this booklet.

? 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 possible.

? 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 Booklet IL-700-H, Illinois Withholding Tax Guide and Tables. For information on how to obtain a copy of this publication, see the back page of this booklet.

Step-by-Step Instructions

Step 1

Complete your personal information

Line A

Social Security number

Write your Social Security number and, if filing jointly, write your spouse's Social Security number. Please write your Social Security numbers in the same order that they appear on your federal return.

You must list your spouse's Social Security number regardless of your filing status. Be sure to include both Social Security numbers on all checks and correspondence.

Line B

Name and address

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 separate returns, print only your full name. **Do not** print your spouse's name.

Your complete, permanent **mailing address** should be on the form. If you move after you file, call us at **1 800 732-8866** or write us at one of our offices informing us of your new address and the date you moved. Include your Social Security number (and your spouse's Social Security number, if filing jointly), as well as both your old and new addresses. See the back page of this booklet for addresses of our offices.

How do I file a decedent's return?

When you are filing a joint return as a surviving spouse, use the preprinted label or print your name and your spouse's name on the appropriate lines and, in either case, cross through your spouse's name and write "deceased" and the date of death above your spouse'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.

When you are filing a return on behalf of a deceased taxpayer, use the printed label or print the name of the taxpayer on the appropriate line and, in either case, cross through the taxpayer's name and write "deceased" and the date of death 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.

Line C

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. If your spouse's name appears on your return, any **refund will be issued in both names**.

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.

Line D

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.

Step 2

Figure your income

Line 1

Adjusted gross income

Write the amount shown as adjusted gross income from your U.S. 1040, Line 33; U.S. 1040A, Line 19; U.S. 1040EZ, Line 4; or your U.S. federal TeleFile Worksheet, Line I. 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.

Line 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, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, or Illinois Schedule K-1-T, Beneficiary's Share of Income and Deductions, specifically identifying your income.

Line 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, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, or Illinois Schedule K-1-T, Beneficiary's Share of Income and Deductions, 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 will claim as an Environmental Remediation Credit on your Schedule 1299-C for this tax year.

- ▶ Add back any amount of loss that you included in your adjusted gross income from a Lloyds plan of operation, if that loss was reported on your behalf on Form IL-1023-C, Composite Income and Replacement Tax Return.

Line 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.

Line 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), a self-employed retirement (SEP) plan, or a 401(k) plan.
- ▶ converting a traditional IRA to a Roth IRA. 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 and amounts from government plans reported on your U.S. 1040 or U.S. 1040A, Line 7.
- ▶ 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 14b. 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, Wage and Tax Statement, 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.

Line 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.

❓ What military pay may I subtract?

You may subtract pay for

- ▶ full-time active duty in the armed forces, including basic training;
- ▶ full-time active duty for serving in the U.S. Armed Forces Reserves or a National Guard unit, including ROTC;

- ▶ full-time active duty or service in the U.S. Armed Forces, Armed Forces Reserves, and National Guard during a time of national emergency or civil disturbances;
- ▶ 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.

❓ What 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 you received for time spent at weekly or monthly training meetings of a U.S. Armed Forces Reserves or a National Guard unit;
- ▶ pay you received under the Voluntary Separation Incentive;
- ▶ payments you made under the Ready Reserve Mobilization Income Insurance Program; or
- ▶ pay for duty as an officer in the Public Health Service.

For more information, refer to Publication 102, Illinois Filing Requirements for Military Personnel. For information on how to obtain a copy of this publication, see the back page of this booklet.

❓ What forms must I attach to my return?

Attach Form W-2 showing active duty military pay.

Line 7

Illinois Income Tax refund

Write the total amount of any Illinois Income Tax refund or Homeowners' Property Tax Relief rebate that you received in 2000 and included in your adjusted gross income, Line 1. These amounts should have been reported as income on your 2000 U.S. 1040, Line 10, if you deducted your Illinois income and residential property taxes paid in 1999 on your 1999 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.

Line 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
- ▶ mutual fund statement that you received.

Attach a copy of your U.S. 1040 Schedule B or U.S. 1040A Schedule 1 and a statement from the mutual fund 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. 1040 Schedule B or U.S. 1040A Schedule 1, each specific type of obligation to which this interest relates.

Attach a copy of your U.S. 1040 Schedule B or U.S. 1040A Schedule 1.

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 Corporations.

Attach a copy of your U.S. 1040 Schedule B or U.S. 1040A Schedule 1.

Refer to our Publication 101, Income Exempt from Tax, 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 Publication 101, Income Exempt from Tax, which explains and identifies income that is exempt from Illinois Income Tax. For information on how to obtain a copy of this publication, see the back page of this booklet.

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.

Line 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, Income Exempt from Tax.



This icon identifies the "other subtractions" below that you will be allowed to claim when filing electronically using e-File, I-File, or PC retail software.

Write the total of



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. For information on how to obtain a copy of this bulletin, see the back page of this booklet.



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 or 280C.



interest on obligations of Illinois state and local governments included on Line 2. This amount is the net amount 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 Publication 101, Income Exempt from Tax, which explains and identifies income that is exempt from Illinois Income Tax. For information on how to obtain a copy of this publication, see the back page of this booklet.

- 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, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, or Illinois Schedule K-1-T, Beneficiary's Share of Income and Deductions, 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.

You **must** 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 **Illinois Schedule 1299-C, Income Tax Subtraction and Credits, Section II, Part I, Line 4, and attach Schedule 1299-C to your return.**

- 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 2000 U.S. 1040, Page 1, and your 2000 Form IL-1040, Line 1.

Attach to Form IL-1040 a copy of your 2000 U.S. 1040 and any schedule or attachment to your 2000 U.S. 1040 showing the nature and source of such amounts.
- 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. For information on how to obtain a copy of this bulletin, see the back page of this booklet.
- 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.
- income from the Illinois Prepaid Tuition Trust Fund or the College Savings Pool** that you included in your adjusted gross income, Line 1. You may deduct the federally taxed distributions that you spent for qualified expenses in accordance with the provisions of your Illinois prepaid tuition contract or the College Savings Pool legislation.
- any income included** in your adjusted gross income from a **Lloyds plan** of operations, if that amount was reported on your behalf on Form IL-1023-C, Composite Income and Replacement Tax Return.
- 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. Do not deduct the bond premium amortization that you deducted federally. Examples are listed in our Publication 101, Income Exempt from Tax. For information on how to obtain a copy of this publication, see the back page of this booklet.

? 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 be allowed to 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 allowed to file Schedule CR if the same income on Schedule NR is being taxed by another state.

Line 10

Total subtractions

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

Line 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.

Step 4

Figure your exemption allowance

Line 12

Illinois exemption allowance

Follow the instructions in the Exemption Tables for Lines 12a, 12b, 12c, and 12d to determine your exemption allowance for each line. Add Lines 12a through 12d, 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. You may use the U.S. 1040 as a worksheet to determine your exemption allowance.

Exemption Table for Line 12a - Exemptions Claimed on Federal Return

Write on your Form IL-1040, Line 12a, the number of exemptions you claimed on your federal return as identified below.

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

Example for Line 12a **5** x \$2,000 = a \$10,000.00

Note: If you (or your spouse, if filing jointly) are claimed as a dependent on someone else’s return or wrote “0” in the Line 12a box, refer to the Exemption Table for Line 12b.

Exemption Table for Line 12b - Exemptions if Someone Claimed You as a Dependent

Write on your Form IL-1040, Line 12b, the number of exemptions identified below if you (or your spouse, if filing jointly) were claimed as a dependent on another person's return.

If Form IL-1040, Line 11, is less than or equal to \$2,000 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 12b x \$2,000 = b \$2,000|00

If Form IL-1040, Line 11, is greater than \$2,000 your number of exemptions is "0"

Example for Line 12b x \$2,000 = b \$ 0 |00

Note: If you are a *nonresident or a part-year resident*, your base income is found on your Schedule NR, Step 5, Line 45.

Exemption Table for Line 12c - Taxpayers 65 Years of Age or Older

Check the box on Form IL-1040, Line 12c.

If you were **65 years of age or older**

check your "65 or older" box.

If spouse was **65 years of age or older**

check your spouse's "65 or older" box.

Example for Line 12c You + Spouse = X \$1,000 = c \$2,000|00

Exemption Table for Line 12d - Taxpayers Legally Blind

Check the box on Form IL-1040, Line 12d.

If you were **legally blind**

check your "legally blind" box.

If spouse was **legally blind**

check your spouse's "legally blind" box.

Example for Line 12d You + Spouse = X \$1,000 = d \$1,000|00

Step 5

Figure your Illinois net income

Line 13

Residents only

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.

Residents skip Line 14 and go to Step 6, Line 15.

Line 14

Nonresidents and part-year residents only

Residency and Illinois income

Check the box that identifies whether you were a nonresident or a part-year resident of Illinois during the year 2000.

Complete Illinois 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 6

Figure your tax

Line 15

Residents net income

Residents only: Write your net income from Step 5, Line 13, on Line 15.

Line 16

Tax amount

Residents only: Multiply the amount on Line 15 by 3 percent (.03), and write the result on Line 16.

Example for Line 16

$$\begin{array}{r} \$32,660 \\ \text{(Line 15)} \end{array} \times .03 = \$980 \\ \text{(Line 16)}$$

Nonresidents and part-year residents only: Write your tax amount from Schedule NR, Step 5, Line 51. Attach the completed 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 7

Figure your payments and credits

Line 17

Illinois Income Tax withheld

Write the total Illinois Income Tax withheld in 2000 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. Also include any Illinois Income Tax withheld as shown on your Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., and your Form W-2G, Certain Gambling Winnings.

Attach the Illinois copy of each W-2, 1099-R, and W-2G form to the front of your Form IL-1040.

Line 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 1999 overpayment that was credited to your 2000 estimated tax.

Line 19

Credit for taxes paid to other states

This credit is for **Illinois residents** and **part-year residents** only. Refer to the Schedule CR and Instructions to determine if you are eligible to take this credit. 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 Schedule CR, Line 8, on Form IL-1040, Line 19.

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

Line 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. If you qualify for a property tax credit, you must complete the Homeowner's Property Tax Credit Worksheet to determine the amount of credit to write on Line 20.



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 the year 2000 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 after the arrow 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 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. This is your Illinois property tax credit. **8** _____

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

Illinois Property Tax Table

Illinois Property Tax paid

You may figure a credit for Illinois Property Tax paid if

- ▶ your principal residence during 1999 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 the year 2000 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 1999. 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 1999 providing you figure only that portion of your taxes that pertains to the time you owned and lived at the property during 1999. You may **not** take a credit on your 2000 return for property you purchased in 2000.

Illinois property you sold

You may figure a credit for Illinois property you sold in 2000 by combining all the 1999 property tax paid in 2000, as well as a portion of the 2000 tax based on the time you owned and lived at the property during 2000. You may **not** take a credit on your 2000 return for property sold during 1999.

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.

Line 21

Credit for qualifying education expenses
You may be eligible for a credit for the education expenses you paid during the year 2000 if

- ▶ you were the parent or legal guardian of a full-time student (or students) who was under the age of 21,
- ▶ your student (or students) was an Illinois resident, and
- ▶ your student (or students) attended kindergarten through twelfth grade at a public or nonpublic, elementary, or secondary school in Illinois.

❓ What are qualifying education expenses?

Qualifying education expenses are amounts you paid in excess of \$250 to the school where your student (or students) was enrolled during the regular school year for

- ▶ tuition,
- ▶ book fees covering the use of books that were required as a part of the school's education program, and
- ▶ lab fees covering the use of supplies, equipment, materials, or instruments that were required as part of a lab course in the school's education program.

❓ How much credit will I be allowed?

You may be allowed 25 percent of your family's qualifying education expenses in excess of \$250. Your total credit shall not exceed \$500 in any year, regardless of the number of qualifying students.

If you determine that you are eligible for an education expense credit and you **received** a receipt from the school where your student (or students) attended, complete the Education Expense Credit Worksheet using the total amount shown on the receipt.

If you are eligible for the education expense credit and you **did not** receive a receipt, you must complete Schedule ED, Credit for Qualifying Education Expenses, to determine the amount to write on Form IL-1040, Line 21. For information on how to obtain a copy of Schedule ED, see the back page of this booklet.

For more details concerning this credit, refer to informational bulletin FY 2000-19, Education Expense Credit for Individuals. For information on how to obtain a copy of this bulletin, see the back page of this booklet.

❓ What must I attach to my return?

You must attach the receipt you received from your school **or** your completed Schedule ED, Credit for Qualified Education Expenses.



Education Expense Credit Worksheet

If the amount on Line 1 is equal to or less than \$250, **stop**, you may not take this credit this year.

- 1 Write the **total** amount of qualifying expenses that you paid during 2000 from your receipt. Write the amount here and **on the line after the arrow on Form IL-1040, Line 21.** 1 _____|_____
- 2 You may **not** take a credit for the first \$250 paid for your family's education expenses. 2 \$250 | 00
- 3 Subtract Line 2 from Line 1. 3 _____|_____
- 4 Multiply the amount on Line 3 by 25% (.25). 4 _____|_____
- 5 Write the amount of income tax from Form IL-1040, Line 16. 5 _____|_____
- 6 Write the amount of credit for tax paid to other states from Form IL-1040, Line 19. 6 _____|_____
- 7 Write the amount of property tax credit from Form IL-1040, Line 20. 7 _____|_____
- 8 Add Lines 6 and 7. 8 _____|_____
- 9 Subtract Line 8 from Line 5. 9 _____|_____
- 10 Compare the amounts on Line 4, Line 9, and \$500. Write the lesser amount here and on your Form IL-1040, Line 21. 10 _____|_____

Be sure to keep this worksheet and a copy of your receipts with your income tax records.

Line 22

Earned Income Credit

If you qualified for a **federal** Earned Income Credit, you may complete the Earned Income Credit Worksheet to determine the amount of credit to write on Line 22 of your Illinois return.

If you **did not** qualify for a federal Earned Income Credit, you will not be allowed this credit on your Illinois return.

Residents: Complete Lines 1 through 9 of the Earned Income Credit Worksheet.

Nonresident and part-year residents: You must apportion your credit between the amount of your income taxed by Illinois and the amount of your income not taxed by Illinois. Complete Lines 1 through 8 and Lines 10 through 12 of the Earned Income Credit Worksheet.

Write the amount of your federal Earned Income Credit on Line 1 of the Earned Income Credit Worksheet. You will find your Earned Income Credit on your federal U.S. 1040, Line 60a; U.S. 1040A, Line 38a; U.S. 1040EZ, Line 8a; or U.S. federal TeleFile Worksheet, Line L.



Earned Income Credit Worksheet

- 1 Write the amount of federal Earned Income Credit as shown on your U.S. 1040, Line 60a; U.S. 1040A, Line 38a; U.S. 1040EZ, Line 8a; or U.S. federal TeleFile worksheet, Line L. Write the amount here and **on the line after the arrow on Form IL-1040, Line 22.** 1 _____|_____
- 2 Multiply the amount on Line 1 by 5% (.05). 2 _____|_____
- 3 Write the amount of income tax from Form IL-1040, Line 16. 3 _____|_____
- 4 Write the amount of credit for tax paid to other states from Form IL-1040, Line 19. 4 _____|_____
- 5 Write the amount of property tax credit from Form IL-1040, Line 20. 5 _____|_____
- 6 Write the amount of education expense credit from Form IL-1040, Line 21. 6 _____|_____
- 7 Add Lines 4, 5, and 6. 7 _____|_____
- 8 Subtract Line 7 from Line 3. This is your tax. 8 _____|_____
- 9 **Residents:** Compare the amounts on Line 2 and Line 8. Write the lesser amount here and on your Form IL-1040, Line 22. 9 _____|_____
- 10 **Nonresidents and part-year residents:** Compare the amounts on Line 2 and Line 8. Write the lesser amount here. 10 _____|_____
- 11 Write the decimal from your completed Schedule NR, Step 5, Line 47. 11 ____ ■ _____
- 12 Multiply Line 10 by the decimal on Line 11. Write the amount here and on your Form IL-1040, Line 22. 12 _____|_____

Be sure to keep this worksheet with your income tax records.

Line 23

Credit from Schedule 1299-C

Write the amount from Schedule 1299-C, Income Tax Subtraction and Credits for Individuals, Section II, Part IX, Line 46, 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
- ▶ Economic Development for a Growing Economy Tax Credit

Line 24

Total payments and credits
Add Lines 17 through 23, and write the total on Line 24.

Note → The total of Lines 19, 20, 21, 22, and 23 **cannot exceed** the amount of tax shown on Line 16.

Step 8

Figure your overpayment or your tax due

Line 25

Overpayment

If Line 24 is greater than Line 16, subtract Line 16 from Line 24. This is the amount of your overpayment.

Line 26

Tax due

If Line 16 is greater than Line 24, subtract Line 24 from Line 16. This amount is your tax due.

Step 9

Figure your penalty

Line 27

Late-payment penalty for underpayment of estimated tax

If you owe more than **\$250** (Line 16 minus the total of Lines 17, 19, 20, 21, 22, and 23) when you file, you may be subject to a late-payment penalty for underpayment of estimated tax. Refer to Form IL-2210, Computation of Penalties for Individuals, for more details.

If you are subject to this penalty, you may complete Form IL-2210 to determine your penalty. Write the amount you figured on Line 27. If you prefer, we will figure your penalty and bill you later.

Check the box on Form IL-1040, Step 9, Line 27, if you

- ▶ annualized your income on Form IL-2210, or
- ▶ are 65 years of age or older and you permanently live in a nursing home.

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

If you owe the late-payment penalty because you underpaid 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.

Note → *Change beginning with tax year 2001: Taxpayers are required to make estimated income tax payments if they expect their tax to exceed \$500 after subtracting their withholding and credits. This tax amount remains \$250 for tax years prior to 2001. You may no longer be required to make estimated income tax payments.*

For more information on making estimated tax payments, refer to the instructions for Form IL-1040-ES, Estimated Income Tax Payments for Individuals.

Step 10

Figure your donations

Line 28

Voluntary contributions

You may contribute to one or more of the following state funds. Contributions to the funds may be in any amount (\$1 or more) and will decrease your overpayment or increase your balance due. Write the amount you wish to contribute on Lines 28a through 28g.

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 will 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 Penny Seaverns 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.

f Prostate Cancer Research Fund – Prostate cancer is the second leading cause of cancer death among men in the United States. Approximately one man out of five will develop the disease in the course of his lifetime. Contributions to this fund will help to support vital research to save lives and to improve the quality of life in men diagnosed with the disease.

g World War II Memorial Fund – 987,000 Illinois residents served in World War II. Your contribution will support the National World War II Memorial to be built between the Lincoln and Washington Memorial in Washington, D.C.

Add Lines a through g, and write the total on Line 28.

Line 29

Total penalty and donations

Add Line 27 and Line 28, and write the total on Line 29.

Step 11

Figure your refund or the amount you owe

Line 30

Overpayment after penalties and donations

If you have an overpayment on Line 25 and this amount is greater than Line 29, subtract Line 29 from Line 25 and write the result on Line 30.

Line 31

Overpayment applied to next year

Write the amount of your 2000 overpayment that you wish to apply to your 2001 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 2001 estimated tax by the amount of any outstanding income tax, penalties, and interest you may owe.*

Line 32

Refund

Subtract Line 31 from Line 30. This is your refund. We will not refund or credit any amount less than \$1.

Line 33

Direct deposit your refund

You may deposit your refund directly into your checking or savings account.

? What should I do to deposit my refund directly into my checking account?

If you choose to deposit your refund directly into your **checking** account, you must

- ▶ enter your routing number on Line 33. Your routing number must be nine digits and the first two digits must be 01 through 12 or 21 through 32. The sample check below has an example of a routing number.
- ▶ check the box on Line 33, indicating you want your refund deposited into your checking account.
- ▶ enter your account number on Line 33. Your account number may be up to 17 digits. The sample check below has an example of an account number.

Omit hyphens, spaces, and special symbols. Do not be concerned if you have unused boxes. Do **not** include your check number.

? What should I do to deposit my refund directly into my savings account?

If you choose to deposit your refund directly into your **savings** account, you must

- ▶ follow the directions above **except** you must contact your financial institution for your routing and account numbers, and
- ▶ check the savings account box on Form IL-1040, Line 33, indicating you want your refund deposited into your savings account.

Note → Do not take your account and routing numbers from your checking or savings account deposit slip. Also, some financial institutions may not allow a refund to be deposited into an account if the names on the account are not the same names that appear on the refund. If for some reason your financial institution does not honor your request for direct deposit, we will send you a check instead.

Line 34

Amount you owe

If you have tax due on Line 26, add Line 26 to Line 29, and write the result on Line 34. This is the amount of tax, penalty, and donations that you owe.

Or

If you have an overpayment on Line 25 and this amount is less than Line 29, subtract Line 25 from Line 29. Write the result on Line 34. This is the amount of tax, penalty, and donations that you owe.

If Line 34 is less than \$1, you do not have to pay.

You have three options to pay the amount you owe. You may pay by

- ▶ MasterCard, Discover card, or American Express card;
- ▶ direct debit; (electronic payment taken from your account); or
- ▶ check or money order.

? What should I do if I want to pay the amount I owe by credit card?

If you choose to pay the amount you owe by MasterCard, Discover card, or American Express card,

call 1 800 2PAYTAX (1 800 272-9829)

Or

**visit www.officialpayments.com
and select "Payment Center" on the
left side of the home page.**

Be sure you have your credit card ready. The credit card processor will ask a series of questions. They will ask you to enter your Jurisdiction Code.

Your Jurisdiction Code is 2300.

There will be an additional convenience fee assessed to your credit card account by the credit card processor. Your tax payment is due on or before April 16, 2001.

Shane Taxpayer
Michelle Taxpayer
1040 Square
Lincoln Land, IL 12345

Date _____

PAY TO THE ORDER OF _____ \$ _____ DOLLARS

The Land Bank
Land IL 12345

Memo _____

:123456789| :910112131415| 9876

Sample

Do not include your check number

Note: The routing number and account number may be in different places on your check.

What should I do to pay the amount I owe through direct debit?

If you choose to pay the amount you owe by directly debiting your checking or savings account, visit our Web site at www.revenue.state.il.us and select "Electronic Services" on our home page.

You will need the same information that is required for direct deposit. See Line 33 on Form IL-1040.

You will need

- ▶ your Illinois Personal Identification number (IL-PIN). If you do not have an IL-PIN, call **1 800 732-8866** or visit our Web site at www.revenue.state.il.us and select "Help and Resources" to see if an IL-PIN has been assigned to you. Please have your driver's license available when you make this call.
- ▶ your routing number. Your routing number must be nine digits and the first two digits must be 01 through 12 or 21 through 32. See the sample check for an example of a routing number.
- ▶ your account number. Your account number can be up to 17 digits. See the sample check for an example of an account number.
- ▶ to indicate if you want your debit from your checking or savings account.

Note → Omit hyphens, spaces, and special symbols when entering your account and routing numbers. Do not be concerned if you have unused boxes. Do **not** include your check number.

What should I do if I want to pay the amount I owe by check?

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.

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.

Do not send cash.

If you file using the paper Form IL-1040, mail your check or money order together with your return to:

**ILLINOIS DEPARTMENT OF REVENUE
SPRINGFIELD IL 62726-0001.**

If you file using one of our electronic methods, mail your check or money order to the address above. **Do not** enclose a copy of your return.

What if I do not file or pay on time?

If you do not file or pay the proper amount of tax on time, you may owe additional 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, complete Form IL-2210, Computation of Penalties for Individuals, and include the penalty and interest amounts on Form IL-1040, Line 34. Please identify how much is penalty to the left of Line 34.

Step 12

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.

Check the box

If a tax preparer completes your return and you would still like to receive an Illinois Income Tax Booklet next year, check the box at the bottom of Form IL-1040.

Where should I mail my income tax return?

If you have a refund or zero balance, you should mail your return to the

**ILLINOIS DEPARTMENT OF REVENUE
SPRINGFIELD IL 62719-0001.**

If you have a balance due, you should mail your return to the

**ILLINOIS DEPARTMENT OF REVENUE
SPRINGFIELD IL 62726-0001.**



to attach supporting documents. . .
to your return. If you have an entry on any of the lines identified below and 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.

If you completed:

Line 5 

Federally taxed Social Security and federally taxed retirement income

Attach:

- ▶ 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 

Active-duty military pay

- ▶ Form W-2 showing active-duty military pay

Line 8 

U.S. government obligations and U.S. agency income

- ▶ 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 

Other subtractions to your income

- ▶ Illinois Schedule 1299-C for enterprise zone or foreign trade zone/subzone dividends
- ▶ U.S. 1040 and all pertinent U.S. schedules for recovery amounts
- ▶ Illinois Schedule K-1-P, K-1-T, or any other notification that was furnished to you for partnership, S corporation, estate, and trust subtractions.
- ▶ Illinois Schedule F and any required federal forms or schedules for August 1, 1969, valuation limitation amounts
- ▶ The statement that specifically identifies the payer and the amount of obligation for interest on obligations of Illinois state and local government.

Line 14 

Nonresident or Part-year resident

- ▶ Illinois Schedule NR

Line 16 

Recapture of investment credits

- ▶ Illinois Schedule 4255 - recapture of investment credits

Line 17 

Illinois Income Tax withheld

- ▶ All W-2, 1099-R, and W-2G forms showing Illinois state tax withheld. Be sure to attach to the front of your Form IL-1040

Line 19 

Income tax paid to another state

- ▶ Illinois Schedule CR, copies of out-of-state income tax returns, and that state's supporting documents

Line 21 

Education expense

- ▶ Receipt for Qualified Education Expenses or Schedule ED, Credit for Qualified Education Expenses

Line 23 

Additional credits

- ▶ Illinois Schedule 1299-C

Line 27 

Self-assessed penalties

- ▶ Form IL-2210



Daniel W. Hynes, Comptroller State Budget Report

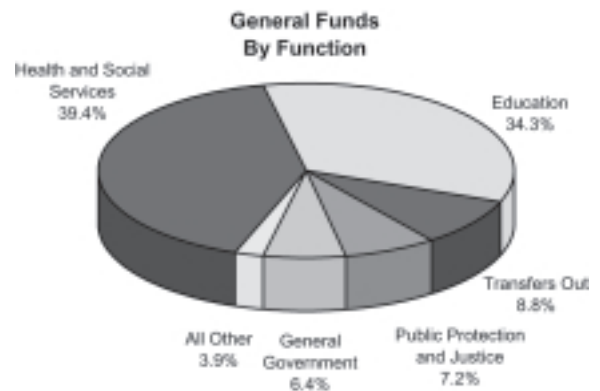
Where the Fiscal Year 2000 Dollar Came From



General Fund's revenues totaled \$23.250 billion in fiscal year 2000. The largest source of revenue to the General Funds was the personal income tax with receipts of \$7.686 billion accounting for 33.1% of the total. Sales taxes were the second largest source of revenue with \$6.027 billion or 25.9% of the total. Other major sources include federal revenues of \$3.892 billion (16.7%), corporate income taxes of \$1.237 billion (5.3%), public utility taxes of \$1.116 billion (4.8%), and gaming sources of \$854 million (3.7%). All other sources of revenue, including cigarette, liquor, insurance, inheritance, and other miscellaneous taxes totaled \$2.438 billion for fiscal year 2000 and accounted for 10.5%.

How the Fiscal Year 2000 Dollar Was Spent

Expenditures from the General Funds totaled \$22.976 billion in fiscal year 2000, \$274 million less than revenues. Health and Social Services expenditures, which includes spending for medical assistance, children and family services, the operation of mental health and developmentally disabled facilities and other related expenditures, totaled \$9.044 billion in fiscal year 2000 accounting for 39.4% of total General Funds expenditures. Education encompassed the second largest portion (34.3%) of the General Funds budget with fiscal year 2000 spending of \$7.879 billion including \$5.525 billion for elementary and secondary education and \$2.354 billion for higher education. Of the total public elementary and secondary education cost for fiscal year 2000, the State Board of Education estimates that nearly 39.1% is from state sources with local source revenues paying 51.9% and the federal government contributing 9.0%. Transfers out of \$2.029 billion from the General Funds primarily support local governments and debt service payments on bonds issued. Spending for Public Protection and Justice of \$1.657 billion includes funding for the operation of prisons, courts, and law enforcement. Other areas of spending include general government (\$1.470 billion) as well as \$897 million for such things as tax refunds, environmental assistance, financial assistance and transportation related items.



How the Fiscal Year 2000 Lottery Dollar Was Spent



Total Illinois lottery expenditures of \$1.464 billion in fiscal year 2000 include \$792 million or 54.1% for prizes, \$515 million (35.2%) in transfers to the Common School Fund for education, \$97 million (6.6%) paid out in agent and vendor commissions, and \$60 million (4.1%) for operations of the Department. The instant games and pick three game paid out the largest dollar amount of prizes with \$298 million and \$175 million respectively. Other game payoffs include the big game (\$109 million), pick four (\$79 million), lotto (\$78 million), and little lotto (\$54 million). The largest line items of operational expenses for the Department include advertising (\$17 million), game promotion (\$10 million), and telecommunications and personal services (both \$9 million).

For more information on how your money is being spent, call (217)782-6000 or (312)814-2451 or go to www.ioc.state.il.us.

IDOR *Web site* → 24 hours a day, 7 days a week
www.revenue.state.il.us

For

- IL-PIN number
- I-File
- Direct debit
- 2000 refund information
- answers to your tax questions
- forms ● publications ● bulletins
- current happenings, and more
- information about your ITR-76, Taxpayer Notification; and ITR-85, Individual Income Tax First and Final Bill

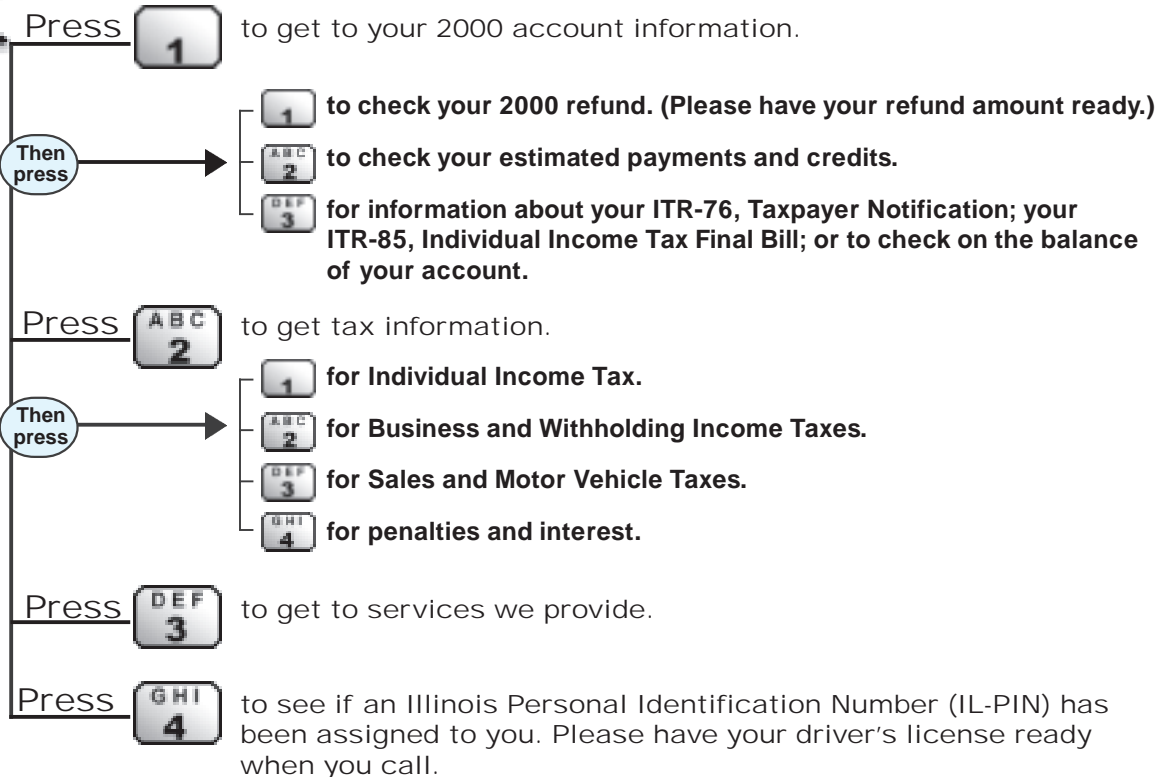


Automated tax assistance → 24 hours a day, 7 days a week
1 800 732-8866 or 217 782-3336

The number for our TDD (telecommunications device for the deaf) is **1 800 544-5304**.

To better insure access to your information, we suggest calling through our automated system during our nonbusiness hours: before 8 a.m. and after 5 p.m.

Please have your Social Security number ready when you call.



Do you need help or information?

IDOR locations

in Illinois

James R. Thompson Center
100 West Randolph Street
Concourse Level
Chicago 60601-3274

Maine North Regional Building
9511 Harrison Street
Des Plaines 60016-1563

9730 S. Western Avenue
Room 304
Evergreen Park 60805-2876

15 Executive Drive
Suite 2
Fairview Heights 62208-1331

1107 W. DeYoung Street
Suite 2
Marion 62959-4403

3211 Belvidere Road
Park City 60085-6017

2000 W. Pioneer Parkway
Suite 23
Peoria 61615-1866

200 S. Wyman Street
Rockford 61101-1237

4711 44th Street
Rock Island 61201-7190

Willard Ice Building
101 West Jefferson
Springfield 62702

1717 Philo Road
Suite 18
Urbana 61801-8416

245 W. Roosevelt Road
Building 4
West Chicago 60185-0310

in other states

5839 Green Valley Circle
Suite 205
Culver City, CA 90230-6963

Century Plaza
45 Eisenhower Drive
Suite 2
Paramus, NJ 07652-1416

Rock Run Corporate Park
North Building, Suite 215
5700 Lombardo Center
Cleveland, OH 44131-2540

729 S. Jupiter Road
Suite 101
Garland, TX 75042

For general tax information

If you have questions about completing your Illinois tax return, you may visit any of the Illinois Department of Revenue offices listed on this page Monday through Friday or use



Look inside the back cover for telephone numbers and detailed information.

If you would like to write to us about your tax questions, send to: Illinois Department of Revenue, P.O. Box 19044, Springfield, Illinois 62794-9044. Be sure to include your name, address, Social Security number, tax type, and tax year.

For walk-in assistance

IDOR and the IRS will offer joint taxpayer assistance starting January 16 at the locations listed below. These services will be available through April 16.

Willard Ice Building - 101 West Jefferson - Springfield

Business hours: 8:00 a.m. to 5:00 p.m.

Extended hours			
Begins January 27	Saturdays		8:30 a.m. to 12:30 p.m.
April 2 thru 6	Monday thru Friday		7:30 a.m. to 6:00 p.m.
April 9 thru 13	Monday thru Friday		7:30 a.m. to 7:00 p.m.
April 14	Saturday		8:30 a.m. to 2:30 p.m.
April 16	Monday		7:30 a.m. to 7:00 p.m.

James R. Thompson Center - 100 West Randolph - Chicago

Business hours: 8:30 a.m. to 5:00 p.m.

Extended hours			
April 2 thru 6	Monday thru Friday		7:30 a.m. to 6:00 p.m.
April 9 thru 13	Monday thru Friday		7:30 a.m. to 6:00 p.m.
April 16	Monday		7:30 a.m. to 7:00 p.m.

Kluczynski Federal Building - 230 South Dearborn - Chicago

Business hours: 8:00 a.m. to 4:30 p.m.

Extended hours			
Mon. and Thurs.	8:00 a.m. to	5:30 p.m.	
Begins January 27	Saturdays		8:30 a.m. to 12:30 p.m.
April 14	Saturday		8:30 a.m. to 2:30 p.m.
April 16	Monday		8:00 a.m. to 6:30 p.m.

For forms and publications



Many Illinois forms are available on our Web site at www.revenue.state.il.us.



Certain Illinois forms and publications are available by calling Illinois Tax Fax, our fax-on-demand service, at **217 785-3400**.



Illinois forms and publications are available by calling our 24-hour Forms Order Line at **1 800 356-6302**. Our telephones are available seven days a week.



If you prefer to order Illinois forms and publications by mail, write to Illinois Department of Revenue, P.O. Box 19010, Springfield, Illinois 62794-9010.



During the income tax filing season, Illinois forms are available at banks, libraries, or any taxpayer assistance office listed on this page.

