



What is new for 2008?

- Effective for tax years **ending on or after December 31, 2008**, partnerships, S corporations, and trusts are required to make pass-through entity payments on behalf of all nonresident partners and beneficiaries. Pass-through entities should report payments made on your behalf on Illinois Schedules K-1-P or K-1-T. Any payments received from pass-through entities may be claimed as credit on this form. Owners claiming any credit must attach the Schedule K-1-P or K-1-T they receive from the pass-through entity. For more information, see Information Bulletin, FY-2009-02, Pass-through Entity Payments.
- For tax years **ending on or after December 31, 2008**, the sales factor apportionment laws have changed. See "Line by Line Instructions," Lines 30 through 32, for more information.
- For tax years **ending on or after December 31, 2008**, the law regarding the treatment of insurance companies, financial organizations, and transportation companies has changed. See "Special Apportionment Factors" for more information.
- For tax years **ending on or after December 31, 2008**, the law regarding related-party expenses has changed. See "Specific Instructions," Lines 6 and 21, for more information.
- For tax years **ending on or after December 31, 2007**, the portion of the Employee Child Care Tax Credit for 30 percent of the "start-up costs" spent to provide a child care facility for the children of your employees has been reinstated. See Illinois Schedule 1299-D Instructions for more information.
- **Effective January 1, 2007**, the Environmental Remediation Credit (carryforward) has expired.

General Information

Who must file Form IL-1120-X?

You should file Form IL-1120-X if you are amending a previously filed, processable Form IL-1120, Illinois Corporation Income and Replacement Tax Return, or Form IL-1120-X, for a tax year ending **on or after** December 31, 1986. Your change can occur from a state or federal change that affects items used to compute your Illinois net income, net loss, or credits, such as

- an amendment of your federal income tax return,
- an adjustment made by the Internal Revenue Service (IRS), or
- any other recomputation or redetermination.

A separate Form IL-1120-X must be filed for each tax year you need to amend.

Note Use Form IL-1120X-PY, Amended Corporation Income and Replacement Tax Return, to amend tax years ending **prior to** December 31, 1986.

What if I need to correct my return before the extended due date expires?

If you filed your original Form IL-1120 and a state or federal correction or change needs to be made before the extended due date expires (see the instructions of your original return), you should file Form IL-1120-X, and write "CORRECTED" at the top. Due to the automatic extension, any corrected return filed after the original return and prior to the extended due date will be treated as the original return, rather than an amended return.

If you are filing a "corrected return" to change the election on your original return to treat all income other than compensation as business income, mark the box in Step 1, Line I, and provide a written explanation indicating the change to your election in Step 2 of Form IL-1120-X.

How long do I have to amend my return?

The amount of time you have to amend your return depends on whether your Form IL-1120-X is being filed to report a state or federal change.

State change - If your change creates or increases the Illinois net loss for the year, you must file Form IL-1120-X showing the increase in order to carry the increased loss amount to another year.

If your change decreases the tax due to Illinois and you are entitled to a refund, you must file Form IL-1120-X within

- three years after the due date of the return (including extensions),
- three years after the date your original return was filed, or
- one year after the date your Illinois tax was paid, whichever is latest.

If your change increases the tax due to Illinois, you should file Form IL-1120-X and pay the tax, penalty, and interest promptly.

Federal change - You should not file this form until you receive a federal finalization notification from the IRS, stating that they have accepted your change, either by paying a refund, or by final assessment, agreement, or judgment.

If your federal change decreases the tax due to Illinois and you are entitled to a refund, you must file Form IL-1120-X within two years plus 120 days of federal finalization.

If your federal change increases the tax due to Illinois, you must file Form IL-1120-X and pay any additional tax within 120 days of IRS partial agreement or finalization. In order to avoid late payment penalties, you must attach proof of the federal finalization date, showing the change was reported to Illinois within 120 days of IRS acceptance, or you may be assessed a late-payment penalty.

Note If you fail to notify us of your change by filing Form IL-1120-X, we may issue a notice of deficiency at any time. Once you file your change, we may issue a notice of deficiency within two years.

What if my amended return involves unitary filing?

If you are amending your original

- unitary Form IL-1120 to report a state or federal change to your unitary income, you must file one combined Form IL-1120-X for all members and a revised Illinois Schedule UB, Combined Apportionment for Unitary Business Groups.

- non-unitary Form IL-1120 to be included in an existing unitary group, you must file Form IL-1120-X, reporting a zero tax liability, and the unitary group must file one combined Form IL-1120-X and attach a revised Illinois Schedule UB that includes you as a member.

What if my amended return involves an Illinois net loss deduction (NLD)?

If you have an Illinois NLD carryforward from any loss year ending on or after December 31, 1986, it is subtracted from and limited to base income allocable to Illinois.

To determine your “Illinois net loss” start with federal taxable income and apply all addition and subtraction modifications, and all allocation and apportionment provisions.

If you are carrying an Illinois NLD, you must complete and attach Illinois Schedule NLD, Illinois Net Loss Deduction, and claim the deduction on Step 6, Line 38. See specific instructions for Step 6, Line 38.

If you are a member of a unitary business group and you are carrying an Illinois NLD, you must complete and attach Illinois Schedule UB/NLD, Unitary Net Loss Deduction to support the amount of Illinois NLD claimed. Additionally, you must attach a copy of each loss year’s Illinois Schedule UB, Step 6. If Step 6 does not report each member’s average apportionment factor, you must also attach a separate worksheet providing this information. Refer to current Illinois Schedule UB for an example of the required formatting.

Do not file Form IL-1120-X to report an Illinois NLD carryforward until **after** you have filed the loss year Form IL-1120 or Form IL-1120-X reporting the loss. When you file Form IL-1120-X, you must attach a completed Illinois Schedule NLD or UB/NLD. **Failure to attach the correct and completed schedule could result in partial or total denial of your claim.**

If you need further information,

- visit our web site at tax.illinois.gov and view the Illinois Income Tax Regulations, Sections 100.2050 and 100.2300 through 100.2330, or
- write to Illinois Department of Revenue, Legal Services Office, Senior Counsel - Income Tax, 5-500, 101 West Jefferson Street, Springfield, Illinois 62702, and request these sections of the Illinois Income Tax Regulations.

Who should sign the return?

Your Form IL-1120-X must be signed by the president, vice president, treasurer, or any other officer duly authorized to sign the return.

If you paid someone to prepare your return, that individual must also provide a signature, date the return, and provide his or her tax identification number. If the preparer is an employee or partner of a firm or corporation, he or she must also provide the firm’s name, address, and instead of the preparer’s taxpayer identification number he or she must provide the firm’s FEIN. Self-employed preparers must check the “self-employed” box and provide their own name, address, and preparer’s taxpayer identification number in the appropriate spaces.

Can a reasonable facsimile be used?

You must use a form that has been prescribed or approved by the Illinois Department of Revenue. Computer generated printouts are not acceptable, even if they are in the same format as the department forms. Computer generated forms from a department-approved

software developer are acceptable. Failure to use department-approved forms may result in processing delays.

What are the penalties and interest?

Penalties — You will owe

- a **late-filing penalty** if you do not file a processable return by the extended due date;
- a **late-payment penalty** if you do not pay the tax you owe by the original due date of the return;
- a **bad check penalty** if your remittance is not honored by your financial institution;
- a **cost of collection fee** if you do not pay the amount you owe within 30 days of the date printed on your bill.

Interest — The interest rate is the “short-term federal rate” for the first year that the overpayment or underpayment accrues interest. This rate is set by the IRS under IRC Section 6621. After one year, interest will accrue on any remaining balance at the underpayment rate, which is also set by the IRS under IRC Section 6621, and is 3 percent higher than the short-term federal rate.

Note → For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes. To receive a copy of this publication, see “What if I need additional assistance or forms?” for our phone numbers and addresses.

What must I attach to my Form IL-1120-X?

This form must contain a complete explanation of the reasons for filing the claim or amendment. You **must** attach any required schedules or forms (or reasonable facsimiles) to support your claim. If Form IL-1120-X is submitted without the proper attachments it may be partially or totally denied.

If you are filing Form IL-1120-X because

- you filed a federal Form 1120X or federal Form 1139 and your tax due to Illinois decreases, you must include a copy of that return, plus any other related forms, schedules, or attachments, including a signed and dated copy of any federal report of income tax examination changes (e.g., Form 4549A and B), if applicable.
- you filed a federal Form 1120X and your tax due to Illinois increases, you must attach proof of the federal finalization date, including a signed and dated copy of any federal report of income tax examination changes (e.g., Form 4549A and B), if applicable, showing the change was reported to Illinois within 120 days of IRS acceptance, or you may be assessed a late-payment penalty.
- of a change by the IRS, you must include all copies of the federal examining officer’s reports, including preliminary, revised, corrected, and superseding reports, and a signed and dated copy of any federal report of income tax examination changes (e.g., Form 4549A and B), if applicable.
- you copied information incorrectly from your federal Form 1120 onto your Form IL-1120, you must include a copy of your federal Form 1120.
- of a change in, or audit of, another state’s tax return, you must include a copy of the other state’s corrected return or the examining officer’s reports.
- of an Illinois net loss carryback, you must include a completed Illinois Schedule NLD or UB/NLD. See Specific Instructions for Step 6, Line 38.
- of changes, other than those described above, see Form IL-1120 Instructions and any schedules for the year you are changing to determine what attachments you must provide.

What if I need additional assistance or forms?

If you need additional assistance,

- visit our web site at **tax.illinois.gov**;
- write to us at **P.O. Box 19044, Springfield, Illinois 62794-9044**;
- call our Taxpayer Assistance Division at **1 800 732-8866 or 217 782-3336**; or
- call our TDD (telecommunications device for the deaf) at **1 800 544-5304**.

If you need additional forms or schedules,

- visit our web site at **tax.illinois.gov**;
- call our 24-hour Forms Order Line at **1 800 356-6302**; or
- write to us at **P.O. Box 19010, Springfield, Illinois 62794-9010**.

Our office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday,

Specific Instructions

Write the tax year you are amending in the space provided at the top of Form IL-1120-X.

Step 1: Provide the following business information

A — Type or print the required name and address information clearly in the spaces provided. If your name or address has changed since you last filed a return, check the box.

B — If you are filing an Illinois **combined unitary return**, check the box and attach a completed Illinois Schedule UB. For more information, see Illinois Schedule UB instructions.

— If you are a **foreign insurer**, check the box and, if you are entitled to a tax reduction, attach a completed Illinois Schedule INS, Computation of Tax for a Foreign Insurer. If you are filing a combined unitary return and one or more of your members are foreign insurers, check both boxes. If your unitary group is entitled to a tax reduction, attach a completed Illinois Schedule UB/INS, Computation of Tax for a Unitary Business Group with Foreign Insurer Members. For more information, see Illinois Schedule INS or Illinois Schedule UB/INS. Complete Form IL-1120-X, writing the corrected tax amounts from Illinois Schedule INS or UB/INS on Step 9, Lines 50 and 51.

C — Check the box if you are filing this form only to report an increased net loss and no refund will result. Complete Steps 3 and 4, and Step 5, if applicable, and Step 6, Line 37. Sign the return in Step 10 and leave the rest of the form blank.

D — Follow the instructions on the form. **Attach Form IL-2220**.

E — If you are entitled to take income tax credits on Step 8, Line 48, you must check the box on Line E, and attach Illinois Schedule 1299-D, Income Tax Credits. If you have earned credits in this tax year, but are unable to use them, you must still complete and submit Illinois Schedule 1299-D and show the credits you have earned.

F — Write your federal employer identification number (FEIN). If you are a unitary company, write the FEIN of the designated agent.

G — **Check the appropriate box for the reason you are filing this return.** If you are amending due to a federal change, you **must** check the appropriate box for partial agreed or finalized and include the date of IRS finalization, **not** the date the federal change was filed. Please attach a dated copy of the federal examining officer's report. If you do not provide this date, you may be assessed penalties and interest.

H — If you have completed federal Form 8886 or Schedule M-3 to report a tax shelter and you did not attach a copy to the original return, check the appropriate box and attach a copy of the federal form or schedule to this return. If you are filing this return because

of changes associated with federal Form 8886 or Schedule M-3, provide a detailed explanation in Step 2.

I — If you are filing a “corrected” return and wish to make the election to treat all income, other than compensation, as business income, check this box. If you previously had nonbusiness income on Form IL-1120, Step 4, Lines 26 and 34, you must reduce these amounts to zero on this Form IL-1120-X. This election must be made by the extended due date of the original tax return. Once made, the election is irrevocable. If you are filing Form IL-1120-X after the extended due date of the original return, check the box **only** if you made the election on your original return.

J — Write your Illinois corporate file (charter) number assigned to you by the Illinois Secretary of State. If you are filing a unitary return, write the corporate file (charter) number of the designated agent.

Step 2: Explain the changes on this return

The purpose of Step 2 is to allow you to explain what specific changes you are making to your Illinois tax return. You should include all relevant information, including, but not limited to, changes made to

- specific addition and subtraction modifications,
- unitary membership or unitary status,
- the business income election,
- credit or credit recapture amounts,
- the Illinois net operating loss deduction, and
- the federal or other state return that caused changes to the Illinois return.

You must provide an explanation for each line item you change.

General Information for Steps 3 through 8

Column A — Write the amounts from your most recently filed return or as most recently adjusted for the year that you are amending. This may be your original Form IL-1120 or as previously amended.

Column B — Write the correct amount for each line in Column B.

For each line item you change, you must provide an explanation for that change in Step 2.

For instructions regarding completion of Steps 3 through 8, refer to the Form IL-1120 Instructions and schedules for the year being amended.

Specific instructions for most of the lines are provided on this page. Lines that are not discussed in the instructions are self-explanatory.

Note → If you are filing this form only to report an increase in your Illinois net loss and the change will not result in a refund, see the instructions for Step 6, Line 37.

Step 3: Figure your income or loss

Lines 1 through 9 — Refer to your Form IL-1120, Step 2, Specific Instructions, for the year being amended.

Note → Do not apply your Illinois net loss deduction amount from Illinois Schedule NLD in this step. NLDs are reported on Step 6, Line 38.

Step 4: Figure your base income or loss

Lines 11 through 23 — List each item and the amount on the line provided. You must identify all subtractions and attach all of the required supporting documentation.

Line 25 — This is your base income or loss. If your base income or loss is derived solely inside Illinois, write this amount on Step 6, Line 37 and complete the rest of the return. If your base income or loss is derived inside and outside Illinois, continue to Step 5 and complete the rest of the return.

Step 5: Figure your income allocable to Illinois

Complete Step 5 only if you originally completed this part, or you need to make a change that affects your base income or loss allocable to Illinois. Refer to Form IL-1120, Step 4, Specific Instructions, for the year being amended.

Lines 26 and 34 — If you elected to treat all of your income other than compensation as business income on your original or corrected return, you must follow that election by writing zero on Form IL-1120-X, Lines 26 and 34. If you are filing a “corrected” return and are making the election to treat all nonbusiness income as business income, Column B, Lines 26 and 34 should be reduced to zero.

Step 6: Figure your net income

Line 37 — Follow the instructions on the form. If the amount in Column A reflects income and the corrected amount in Column B reflects a loss, you may be able to carry this loss to other years as an Illinois NLD. See the instructions for Illinois Schedule NLD or Illinois Schedule UB/NLD for more information.

Note → If you are filing this form only to report an increase in your Illinois net loss and the change will not result in a refund, check the box in Step 1, Line C, complete Steps 3 and 4, Step 5, if applicable, and Step 6, Line 37. Complete Step 2, explaining what caused the increase in the Illinois net loss and sign the return in Step 10. Leave the rest of the form blank.

Line 38 — Write your Illinois NLD carryforward amount from an Illinois net loss year ending on or after December 31, 1986. This amount is from your loss year return, Form IL-1120 or Form IL-1120-X, reduced by any Illinois net loss applied to an earlier year.

You must attach an Illinois Schedule NLD, Illinois Net Loss Deduction, or Illinois Schedule UB/NLD, Unitary Net Loss Deduction, to support the amount of Illinois NLD claimed.

Step 7: Figure your net replacement tax

Follow the instructions on the form. Be sure to attach any required schedules or forms.

Line 41 — See Illinois Schedule 4255 for more information regarding the recapture of investment credits. You must attach Illinois Schedule 4255 if you have an amount on this line.

Line 43 — See Form IL-477 for more information regarding Investment Tax Credits. You must attach Form IL-477 if you have an amount on this line.

Step 8: Figure your net income tax

Follow the instructions on the form. Be sure to attach any required schedules.

Line 46 — See Illinois Schedule 4255 for more information regarding the recapture of investment credits. You must attach Illinois Schedule 4255 if you have an amount on this line.

Line 48 — See Illinois Schedule 1299-D for more information regarding income tax credits. If you have an amount on this line, attach Illinois Schedule 1299-D and mark the box in Step 1, Line E.

Step 9: Figure your refund or balance due

Note → If you are filing this form only to report an increase in your Illinois net loss and a refund will not result, do not complete this part.

Lines 50 and 51 — Follow the instructions on the form. However, if you are a foreign insurer and you completed Illinois Schedule INS or Illinois Schedule UB/INS, write the reduced replacement and income tax amounts from that schedule.

Line 55 — Write the total amount of any subsequent tax payments you made with a previously filed Form IL-1120-X, or for any other reason (e.g., responding to a bill). Do not include any penalty and interest you previously paid.

Line 57 — Write the total amount of any overpayment, credit, or refund (whether received or not) reported on your previously filed Form IL-1120 or Form IL-1120-X. Do not include interest that you received.

Line 59 — Follow the instructions on the form. We will calculate any interest that may be due you and include it in your refund check. Any refund may be reduced to satisfy any outstanding liability.

Note → Overpayments from Form IL-1120-X cannot be credited to estimated tax, unless this is a “corrected” return filed before the extended due date of the original return.

Line 60 — Follow the instructions on the form. This is your amount of tax due that must be paid in full if \$1 or more. Make your check or money order payable to “**Illinois Department of Revenue.**” We will compute any penalty or interest due and notify you.

Note → We will apply all payments against tax first, penalty second, and interest third.

Lines 61 through 63 — We will bill you for penalties and interest. If you prefer, you may calculate the penalties and interest you owe and write these amounts on the lines provided. For more information see “What are the penalties and interest?” and Publication 103, Penalties and Interest for Illinois Taxes. **If you calculate penalty and interest, be sure that your payment is equal to the amount on Line 63.**

Note → Lines 61 and 62 are applicable only if you wish to self-assess late-filing and late-payment penalties on Form IL-2220. If you do not wish to complete Form IL-2220, we will compute any penalty or interest due and notify you.

If you have a balance due on Lines 60 or 63, be sure to **write the amount you are paying on the top of Page 1 of the Form IL-1120-X.**

