



Illinois Department of Revenue  
**Schedule INL**

Attach to your Form IL-1120.

**Illinois Net Loss Adjustment  
for Cooperatives**

Year ending

Month \_\_\_\_\_ Year \_\_\_\_\_  
IL Attachment No. 20

**Step 1: Provide the following information**

Write your name as shown on your Form IL-1120.

Write your federal employer identification no. (FEIN).

**Step 2: Make your election**

1 Mark the box if this is the **first year** for which you are filing Schedule INL.

**Note** If you marked the box in Line 1, complete the following statement by checking the appropriate box 1a or 1b.

I elect to compute Illinois net income for all taxable years:

a allowing patronage losses to offset nonpatronage income.

b without allowing patronage losses to offset nonpatronage income.

2 Mark the box if you elected to offset nonpatronage loss against patronage income for federal purposes for this tax year

**Step 3: Figure your Illinois income or loss**

	A	B
	Patronage	Nonpatronage
3 Federal taxable income from federal Form 1120-C, Schedule G, Line 10, or Form 8817, Line 29.	3a _____ .00	3b _____ .00
4 Addition modifications	4a _____ .00	4b _____ .00
5 Subtraction modifications	5a _____ .00	5b _____ .00
6 Base income. Add Lines 3 through 5.	6a _____ .00	6b _____ .00
7 Nonbusiness income or loss	7a _____ .00	7b _____ .00
8 Trust, estate, and non-unitary partnership business income or loss	8a _____ .00	8b _____ .00
9 Add Lines 7 and 8.	9a _____ .00	9b _____ .00
10 Business income or loss. Subtract Line 9 from Line 6.	10a _____ .00	10b _____ .00
11 Apportionment factor from Form IL-1120, Line 30	11a _____ .	11b _____ .
12 Business income or loss apportioned to Illinois. Multiply Line 10 by Line 11.	12a _____ .00	12b _____ .00
13 Nonbusiness income or loss allocated to Illinois from Form IL-1120, Line 32.	13a _____ .00	13b _____ .00
14 Trust, estate, and non-unitary partnership business income or loss apportioned to Illinois from Form IL-1120, Line 33.	14a _____ .00	14b _____ .00
15 Base income or net loss allocable to Illinois. Add Lines 12 through 14.	15a _____ .00	15b _____ .00
16 Discharge of Indebtedness adjustment	16a _____ .00	16b _____ .00
17 Adjusted base income or net loss. Add Lines 15 and 16.	17a _____ .00	17b _____ .00
18 Illinois net loss deduction	18a _____ .00	18b _____ .00
19 Net income or loss. Subtract Line 18 from Line 17.	19a _____ .00	19b _____ .00
20 Combined net income or loss. See instructions.		20 _____ .00



# Schedule INL Instructions

## General Information

### When must I use this schedule?

You must use this schedule if you are designated as a cooperative (see Form IL-1120 Instructions) and need to figure the amount of Illinois net loss adjustment that may be made to your Illinois income, based on the designation of patronage and nonpatronage income.

**Note** If corrections have been made to the loss amount (e.g., federal audit or amended return), you must report the corrected amount when you file this schedule.

### What is the purpose of this schedule?

The purpose of Illinois Schedule INL is to calculate your Illinois income or loss, based on patronage and nonpatronage income, and application of Illinois net loss adjustments.

### What must I attach?

You **must** attach Schedule INL to your annual tax return. The department **may** require you to submit copies of federal returns, amended returns, or audit reports reflecting the income and loss amounts that you are claiming on this schedule. Failure to submit requested information will result in processing delays.

### What if I need additional assistance?

If you need assistance,

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

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

## Specific Instructions

### Step 1: Provide the following information

Write your cooperative's name and FEIN as shown on your Form IL-1120, Corporation Income and Replacement Tax Return.

### Step 2: Make your election

**Line 1** — If this is the first taxable year for which you are filing this schedule, check the box and go to Line 2.

If you checked the box in Line 1, make your election in box 1a or 1b.

**Note** If this is not the first taxable year for which you are filing this schedule and you previously made the Box 1b election, go to Line 2, and complete the rest of the schedule. Otherwise, **STOP**. You do not need to complete this schedule.

— Make your election to allow patronage losses to offset patronage income or to compute separate Illinois patronage and nonpatronage income and loss carryovers similar to the federal computation.

This election must be made with your Illinois income tax return **for the first taxable year ending on or after December 31, 2010**, and once made, is irrevocable and must be followed for all taxable years, including any earlier taxable years that are still open (e.g., within statute of limitations for refunds, nonfiled periods, etc.).

If your Illinois income tax liability for any earlier tax year would be different if you used this schedule, you should file amended returns using this schedule. All deficiencies should be paid with the amended return. Refunds will be paid if the tax year is within statute.

**Box A election** — For each taxable year that you have “unused patronage loss” on Form 1120-C, U.S. Income Tax Return for Cooperative Associations, Schedule G, Line 12. Write that loss as a positive amount on your Illinois Schedule M, Line 28 that you are filing for the taxable year.

If you are amending a year prior to 2006, the amount for “unused patronage loss” is found on federal Form 8817, Allocation of Patronage and Nonpatronage Income and Deductions, Line 31.

If you also have “unused nonpatronage loss” on federal Form 1120-C, Schedule G, Line 13, for this taxable year or for any succeeding tax year, write that loss as a positive amount on your Illinois Schedule M, Line 28 for the taxable year.



**If you made the Box 1a election**, do not complete Step 3 for the taxable year or file Schedule INL for subsequent tax years.

**If you checked Box 1b** — Complete Line 2 and the rest of the schedule.

**Note** If you had losses in prior taxable years, you may need to complete a pro-forma Schedule INL, Step 3 for the loss years and for every other preceding tax year (including closed years) to which the patronage and nonpatronage losses shown on Line 20 of the pro-forma schedules could be carried.

**Line 2** — If, for federal purposes in this tax year, you made the election to offset nonpatronage losses against patronage income, mark the box.

### Step 3: Figure your Illinois net income or loss

You must first complete Form IL-1120, through Line 35, before completing this schedule.

**Line 3** —

**Column A** — Write your patronage income from your Form 1120-C, Schedule G, Column A, Line 10.

For tax years ending before December 31, 2006, use the amount from Form 8817, Column A, Line 29.

**Column B** — Write your nonpatronage income from your Form 1120-C, Schedule G, Column B, Line 10.

For tax years ending before December 31, 2006, use the amount from Form 8817, Column B, Line 29.

**Lines 4 through 8** — Include only amounts attributable to patronage income or loss in Column A. Include amounts attributable to nonpatronage income or loss in Column B.

**Lines 9 and 10** — Follow the instructions on the form.

**Line 11** — Columns A and B, write your apportionment factor from Form IL-1120, Step 4, Line 30.

**Line 12** — Follow the instructions on the form.

**Lines 13 and 14** — Include only amounts attributable to patronage income or loss in Column A. Include amounts attributable to nonpatronage income or loss in Column B.

**Line 15** — Follow the instructions on the form.

**Line 16** — If you were required to reduce the net operating loss reported on your federal Form 1120-C because you excluded any discharge of indebtedness income from this tax year's gross income, then you may be required to reduce the net loss reported on Line 15. Use the Discharge of Indebtedness worksheet on the next page to figure your loss reduction.

If the discharge of indebtedness income would be characterized as patronage income, complete the worksheet using the amounts from Column A, Line 15, only. Write the result in Column A, Line 16.

If the discharge of indebtedness income would be characterized as nonpatronage income, complete the worksheet using the amounts from Column B, Line 15, only. Write the result in Column B, Line 16.

Write the amount from the Loss Reduction Worksheet, Line 7, on your Form IL-1120, Step 5, Line 36.

Attach a copy of your federal Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness, to your Form IL-1120. For more information, see department regulations Section 100.2310(c).

**Line 17** — For each Column, add Lines 15 and 16, and write the result. Then, add the amounts in Columns A and B, Line 17, and write the result on your Form IL-1120, Step 5, Line 37.

**Line 18** — If the **patronage amount** in Column A, Line 17, for a prior taxable year was negative, you are entitled to a net loss carryforward which might be used against any adjusted Illinois patronage income in Column A, Line 17, of this schedule. Complete Schedule NLD or Schedule UB/NLD, using only patronage income and losses from Column A, Line 17, of the schedules for earlier taxable years to determine how much loss may be used in this taxable year.

Write "Patronage Income" on the top of each Schedule NLD or Schedule UB/NLD and attach it to your return, and enter the allowable net loss deduction computed on that Schedule in Column A of this line.

If the **nonpatronage amount** in Column B, Line 17, for a prior taxable year was negative, you are entitled to a net loss carryforward which might be used against any adjusted Illinois nonpatronage income

in Column B, Line 17, of this schedule. Complete Schedule NLD or Schedule UB/NLD, using only nonpatronage income and losses from Column B, Line 15, of the schedules for earlier taxable years to determine how much loss may be used in this taxable year.

Write "Nonpatronage Income" on the top of each Schedule NLD or Schedule UB/NLD and attach it to your return, and enter the allowable net loss deduction computed on that Schedule in Column B of this line.

Add the amounts in Columns A and B, Line 18, and write the result on your Form IL-1120, Step 5, Line 38.

**Line 19** — Follow the instructions on the form.

**Line 20** — If the amounts on Columns A and B, Line 19, are both positive or are both negative, add both amounts and write the result on Line 20.

If the amount in Line 19, Column A is negative and the amount in in Line 19, Column B is positive, write the amount from Column B on Line 20, as a positive amount.

If Line 19, Column B is negative and the amount in Line 19, Column A is positive, **and**

- you marked the box on Line 2, add Line 19, Columns A and B together and write the result on Line 20 (if the result is negative, use brackets).
- you did not mark the box on Line 2, write the amount from Line 19, Column A on Line 20, as a positive amount.

Write the amount from Line 20 on Form IL-1120, Line 39, and complete the rest of your Form IL-1120 following the instructions for Form IL-1120.

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## Loss Reduction Worksheet and Instructions

To correctly figure your loss reduction, you must complete the worksheet using patronage and nonpatronage income separately. Refer to the amounts in Schedule INL, Columns A and B, Line 16, and the Line 16 instructions.

### Patronage Income

- 1 Write the amount of the reduction to your federal net operating losses (See federal Form 982). Combined groups see instructions.
- 2 Write your income allocation ratio (see instructions).
- 3 Multiply the amount on Line 1 by Line 2. This is your reduction amount. Write the result here and on Schedule INL, Column A, Line 16.

1 \_\_\_\_\_  
2 \_\_\_\_\_. \_\_\_\_\_  
3 \_\_\_\_\_

### Nonpatronage Income

- 4 Write the amount of the reduction to your federal net operating losses (See federal Form 982). Combined groups see instructions.
- 5 Write your income allocation ratio (see instructions).
- 6 Multiply the amount on Line 1 by Line 2. This is your reduction amount. Write the result here and on Schedule INL, Column B, Line 16.
- 7 Add Line 3 and 6. Write the result on your Form IL-1120, Line 36.

4 \_\_\_\_\_  
5 \_\_\_\_\_. \_\_\_\_\_  
6 \_\_\_\_\_  
7 \_\_\_\_\_

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**Lines 1 and 4** — Combined groups must add the amount of federal net operating loss reductions for each group member. All others, follow the instructions in Line 1.

**Lines 2 and 5** — Your income allocation ratio is calculated by dividing the amount of debt cancellation income excluded from your gross income that would have been allocated or apportioned to Illinois under the IITA if it was not excluded by the total amount of debt cancellation income excluded from your gross income. If all of your debt cancellation income would have been business income, use the apportionment factor you calculated on the return for tax year of the debt cancellation.

**Lines 3 and 6** — Follow the instructions on the form.

If one or more of your combined group members is included on a federal consolidated income tax return, the amount of the reductions to the member's federal net operating loss is the amount of the consolidated net operating loss attributable to that member that is reduced under IRC Section 108(b) and Treasury Regulations Section 1.1502-28.

**Line 7** — Follow the instructions on the form.