



## General Information

### What is the purpose of Schedule K-1-P?

The partnership or the S corporation listed on the front of Schedule K-1-P has completed and provided you with the schedule that reflects your specific share of the partnership's or the S corporation's income, modifications, and credits. Use this completed schedule and these instructions to help you report the items shown on Schedule K-1-P on your Illinois Income Tax return. **Attach a copy of Schedule K-1-P to your tax return and keep a copy for your records.**

### What must I attach?

You **must** attach a copy of **any Schedule K-1-P** you receive from partnerships and S corporations to your tax return. You should also keep a copy for your records.

### What if the partnership is an investment partnership?

If the partnership that completed the Schedule K-1-P wrote "investment partnership" in Step 1, Line 4, all of the income you receive from the partnership is usually treated as nonbusiness income that is allocable to your state of residence (individuals) or state of commercial domicile (all other persons or entities). However, the income you receive from the partnership will be treated as business income if your investment in the partnership is related to another business activity of yours or serves an operational function to another business activity of yours or where your contribution to the partnership was made out of working capital from your trade or business. If your income is treated as business income, you must apportion it as if you had earned the income directly, rather than through the partnership. The apportionment should be completed on the correct forms, as follows:

**Individuals** - use Form IL-1040, Schedule NR;

**Trusts and Estates** - use Form IL-1041, Schedule NR;

**Corporations** (excluding S corporations) - use Form IL-1120 and complete Step 4, Figure your income allocable to Illinois.

**S corporations or partnerships** - use Form IL-1120-ST or Form IL-1065 and complete Step 6, Figure your income allocable to Illinois.

### What if I am engaged in a unitary business with this partnership?

If you are engaged in a unitary business with this partnership, the partnership should have attached a schedule showing your share of the partnership's apportionment factors and business income. You must determine the portion of your business income taxed by Illinois by adding your share of the partnership's business income and apportionment factors to your own business income and apportionment factors.

### What if I believe the partnership or the S corporation has made an error on my Schedule K-1-P?

If you believe the partnership or the S corporation has made an error on your Schedule K-1-P, notify the partnership or the S corporation and ask for a corrected Schedule K-1-P. Do not change any items on your copy.

### What does Column A represent?

Column A represents your specific share of the partnership's or the S corporation's income, modifications, and credits. The partnership or the S corporation is required to complete this column if you were a partner or shareholder at any time during the partnership's or the S corporation's tax year. If you were a resident of Illinois on the last day of the partnership's or S corporation's taxable year, only Column A

will be completed and all amounts in Column A must be included as income, modifications, and credits allocated to Illinois. If you were not a resident of Illinois on the last day of the partnership's or S corporation's taxable year, Column B also will be completed. See "What does Column B represent?"

### What does Column B represent?

Column B represents the portion of Column A that is allocated or apportioned to Illinois. The partnership or the S corporation is required to complete this column if you were not a resident of Illinois on the last day of the partnership's or the S corporation's tax year. Make sure the amounts reported in Column B are included in the Illinois amounts reported on your

- Form IL-1040, Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax, Column B;
- Form IL-1041, Schedule NR, Nonresident Computation of Fiduciary Income, Column B;
- Form IL-1120, Step 4, Figure your base income allocable to Illinois; or
- Form IL-1065 or Form IL-1120-ST, Step 6, Figure your base income allocable to Illinois.

## Step-by-Step Instructions

These instructions are intended to help you report your share of the partnership's or the S corporation's income, modifications, and credits on your Illinois Income Tax return.

### Steps 3 and 4 - Your share of nonbusiness and business income —

#### Column A - Member's share —

**Lines 10 through 31** - Make sure the amounts reported on these lines match your federal Schedule K-1.

#### Column B - Nonresident member's share —

Step 3 represents your share of the partnership's or the S corporation's nonbusiness income allocated to Illinois. Step 4 represents your share of the partnership's or the S corporation's business income apportioned to Illinois. To determine the amount to include on specific lines of your Form IL-1065, IL-1120, or IL-1120-ST, or (Form IL-1040 or IL-1041) Schedule NR, add specific lines in Step 3, Column B, to specific lines in Step 4, Column B. The following instructions explain what lines to add together and on what line of your form or schedule these totals are to be included.

If the partnership that completed the Schedule K-1-P wrote "investment partnership" in Step 1, Line 4, Column B should be blank. Do not use the Column B instructions for this step. Instead, refer to the instructions under General Information, "What if the partnership is an investment partnership?"

► *For individuals filing Form IL-1040, Schedule NR —*

**Note** → Use the following instructions in order to include the income from Schedule K-1-P, Steps 3 and 4, on your Form IL-1040, Schedule NR, Step 3, Column B, Lines 5 through 19.

**Interest income** - Nonbusiness interest is not taxed by Illinois. Step 3, Column B, Line 10, should be "0." Include the amount from Step 4, Column B, Line 23, on your Schedule NR, Step 3, Column B, Line 6.

**Dividend income** - Nonbusiness dividends are not taxed by Illinois. Step 3, Column B, Line 11, should be "0." Include the amount from Step 4, Column B, Line 24, on your Schedule NR, Step 3, Column B, Line 7.

**Rents, royalties, partnerships, S corporations, estates, and trusts** - Add Steps 3 and 4, Column B,

Line 12 \_\_\_\_\_
Line 13 \_\_\_\_\_
Line 14 \_\_\_\_\_
Line 15 \_\_\_\_\_
Line 20 \_\_\_\_\_
Line 21 \_\_\_\_\_
Line 22 \_\_\_\_\_
Line 25 \_\_\_\_\_
Line 28 \_\_\_\_\_
Line 29 \_\_\_\_\_
Total \_\_\_\_\_

Include this total amount on your Schedule NR, Step 3, Line 15, Column B.

**Capital gain or loss** - Add Step 3, Lines 16, 17, and 18, Column B, and Step 4, Lines 26 and 27, Column B. Include this total amount on your Schedule NR, Step 3, Line 11, Column B.

**Other gains or losses** - Include the amount from Step 4, Line 30, Column B, on your Schedule NR, Step 3, Line 12, Column B.

**Other income** - The partnership or the S corporation is required to identify or send you a breakdown of the items reported on Step 3, Line 19, and Step 4, Line 31. This identification or breakdown will determine on what lines of your federal return you need to report the income in Column A. The amounts reported in Column B need to be reported on the corresponding lines of your Schedule NR, Column B.

► *For trusts or estates filing Form IL-1041, Schedule NR* —

**Interest income** - Nonbusiness interest is not taxed by Illinois. Step 3, Line 10, Column B, should be "0." Include your fiduciary's share of business interest from Step 4, Line 23, Column B, on your Schedule NR, Step 3, Line 1, Column C.

**Dividend income** - Nonbusiness dividends are not taxed by Illinois. Step 3, Line 11, Column B, should be "0." Include your fiduciary's share of business dividends from Step 4, Line 24, Column B, on your Schedule NR, Step 3, Line 2, Column C.

**Income or loss from partnerships & S corps** —

Add Steps 3 and 4, Column B,

Line 12 \_\_\_\_\_
Line 13 \_\_\_\_\_
Line 14 \_\_\_\_\_
Line 15 \_\_\_\_\_
Line 16 \_\_\_\_\_
Line 17 \_\_\_\_\_
Line 18 \_\_\_\_\_
Line 19 \_\_\_\_\_
Line 20 \_\_\_\_\_
Line 21 \_\_\_\_\_
Line 22 \_\_\_\_\_
Line 25 \_\_\_\_\_
Line 26 \_\_\_\_\_
Line 27 \_\_\_\_\_
Line 28 \_\_\_\_\_
Line 29 \_\_\_\_\_
Line 30 \_\_\_\_\_
Line 31 \_\_\_\_\_
Total \_\_\_\_\_

Include your fiduciary's share of this total amount on your Schedule NR, Step 3, Line 6, Column C.

► *For partnerships filing Form IL-1065, corporations filing Form IL-1120, or S corporations filing Form IL-1120-ST* —

Include the amounts in Step 3, Column B in the total amount you report on your Forms IL-1065 or IL-1120-ST, Step 6, Line 44, or IL-1120, Step 4, Line 32. Include the amounts in Step 4, Column B in the total amount you report on your Forms IL-1065 or IL-1120-ST, Step 6, Line 45, or IL-1120, Step 4, Line 33.

**Step 5 - Your share of Illinois additions and subtractions** —

**Column A - Member's share of additions** —

**Lines 32 through 37** - The amounts on these lines are reported in your Illinois base income by including them on your

- Form IL-1040, Schedule M, Other Additions and Subtractions for Individuals, Line 2 (see Form IL-1040 instructions);
• Form IL-1041, Step 2, Line 9;
• Form IL-1065, Step 4, Line 19;
• Form IL-1120, Step 2, Line 7; or
• Form IL-1120-ST, Step 4, Line 19.

**Column A - Member's share of subtractions** —

► *For individuals filing Form IL-1040 and trusts or estates filing Form IL-1041* —

Add Step 5, Column A,

Line 38a \_\_\_\_\_
Line 38b \_\_\_\_\_
Line 41 \_\_\_\_\_
Line 43 \_\_\_\_\_
Line 44 \_\_\_\_\_
Line 45 \_\_\_\_\_
Line 46 \_\_\_\_\_
Total \_\_\_\_\_

Write the total on Form

- IL-1040, Schedule M, Other Additions and Subtractions for Individuals, Line 13 (see Form IL-1040 Instructions), or
• IL-1041, Step 3, Line 22.

**Lines 39** - Include the amount from Line 39 on your

- Form IL-1040, Schedule 1299-C, Income Tax Subtractions and Credits for Individuals, Step 2, Line 2, or
• Schedule 1299-B, Step 1, Line 2.

**Lines 40** - Include the amount from Line 40 on your

- Form IL-1040, Schedule 1299-C, Step 2, Line 5, or
• Schedule 1299-B, Step 1, Line 5.

► *For partnerships filing Form IL-1065, corporations filing Form IL-1120, or S corporations filing Form IL-1120-ST* —

**Lines 38a, 38b, and 44 through 47** - The amounts on these lines are reported in your Illinois base income by including the total of these lines on your

- Form IL-1065, Step 5, Line 32,
• Form IL-1120, Step 3, Line 20, or
• Form IL-1120-ST, Step 5, Line 32.

**Lines 39** - Include the amount from Line 39 on your

- Form IL-1065 or IL-1120-ST, Schedule 1299-A, Tax Subtractions and Credits, Step 1, Line 2, or
• Form IL-1120, Schedule 1299-B, Step 2, Line 10.

**Lines 40** - Include the amount from Line 40 on your

- Form IL-1065 or IL-1120-ST, Schedule 1299-A, Step 1, Line 5, or
• Form IL-1120, Schedule 1299-B, Step 2, Line 13.

**Lines 41** - Include the amount from Line 41 on your

- Form IL-1065 or IL-1120-ST, Schedule 1299-A, Step 1, Line 8, or
• Form IL-1120, Schedule 1299-B, Step 2, Line 16.

**Lines 42** - Include the amount from Line 42 on your

- Form IL-1065 or IL-1120-ST, Schedule 1299-A, Step 1, Line 11, or
• Form IL-1120, Schedule 1299-B, Step 2, Line 19.

**Lines 43** - Include the amount from Line 43 on your

- Form IL-1065 or IL-1120-ST, Schedule 1299-A, Step 1, Line 14, or
- Form IL-1120, Schedule 1299-B, Step 2, Line 22.

### Column B - Nonresident member's share —

If the partnership that completed the Schedule K-1-P wrote "investment partnership" in Step 1, Line 4, Column B should be blank. Do not use the Column B instructions for this step. Instead, refer to the instructions under General Information, "What if the partnership is an investment partnership?"

► *For individuals filing Form IL-1040, Schedule NR —*

**Lines 32 through 37** - Add Lines 32 through 37, Column B. Include this total amount on your Schedule NR, Step 4, Line 40, Column B.

**Lines 38a through 47** - Add Lines 38a through 47, Column B. Include this total amount on your Schedule NR, Step 4, Line 44, Column B.

► *For trusts or estates filing Form IL-1041, Schedule NR —*

**Lines 32 through 37** - Add Lines 32 through 37, Column B. Include this total amount on your Schedule NR, Step 4, Line 35, Column B.

**Lines 38a, 38b, and 42 through 47** - Add Lines 38a, 38b and 42 through 47, Column B. Include this total amount on your Schedule NR, Step 4, Line 47, Column B.

**Lines 39** - Include the amount from Line 39 on your Schedule NR, Column B, Line 42.

**Lines 40** - Include the amount from Line 40 on your Schedule NR, Column B, Line 43.

► *For partnerships filing Form IL-1065, corporations filing Form IL-1120, or S corporations filing Form IL-1120-ST —*

**Lines 32 through 47** - Add any nonbusiness amounts from Lines 32 through 47, Column B. Include this total amount on your Forms IL-1065 or IL-1120-ST, Step 6, Line 44, or Form IL-1120, Step 4, Line 32.

Add any business amounts from Lines 32 through 47, Column B. Include this amount on your Forms IL-1065 or IL-1120-ST, Step 6, Line 45, or Form IL-1120, Step 4, Line 33.

**Line 38b** - Include this amount on your Forms IL-1065 or IL-1120-ST, Step 6, Line 44, or Form IL-1120, Step 4, Line 32.

## Step 6 - Your share of the Illinois August 1, 1969, appreciation amounts —

### Column A - Member's share

► *For individuals filing Form IL-1040, Schedule F —*

**Line 48** - Include this amount on your Schedule F, Step 3, Line 6, Column H.

**Lines 49 and 50** - If Line 50 is blank, include the amount on Line 49 on your Schedule F, Step 3, Line 6, Column I. Otherwise, skip Line 49 and include the amount on Line 50 on your Schedule F, Step 3, Line 6, Column I.

**Line 51** - Include this amount on your Schedule F, Step 1, Line 2.

► *For trusts or estates filing Form IL-1041, Schedule F —*

**Line 48** - Include this amount on your Schedule F, Line 2, Column K.

**Line 49** - Include this amount on your Schedule F, Line 2, Column L.

**Line 51** - Include this amount on your Schedule F, Line 2, Column M.

► *For partnerships filing Form IL-1065, Schedule F, or S corporations filing Form IL-1120-ST, Schedule F —*

Use the information in Column A when completing Step 6 of the Schedule K-1-P for your partners or shareholders.

### Column B - Nonresident member's share —

If the partnership that completed the Schedule K-1-P wrote "investment partnership" in Step 1, Line 4, Column B should be blank. Do not use the Column B instructions for this step. Instead, refer to the instructions under General Information, "What if the partnership is an investment partnership?"

► *For individuals filing Form IL-1040, Schedule NR —*

**Lines 48 through 51** - If Line 50 is blank, add Lines 48, 49, and 51, Column B. Otherwise, add Lines 48, 50, and 51, Column B. Include this total amount as a subtraction on your Schedule NR, Step 4, Line 44, Column B.

► *For trusts or estates filing Form IL-1041, Schedule NR —*

**Lines 48, 49, and 51** - Add Lines 48, 49 and 51, Column B. Include this total amount as a subtraction on your Schedule NR, Step 4, Line 49, Column B.

► *For partnerships filing Form IL-1065, Schedule F, or S corporations filing Form IL-1120-ST, Schedule F —*

**Line 48** - Include this amount on your Schedule F, Line 2, Column K.

**Line 49** - Include this amount on your Schedule F, Line 2, Column L.

**Line 51** - Include this amount on your Schedule F, Line 2, Column M.

## Step 7 - Your share of the Illinois credits and recapture —

**Line 52 - Illinois credits** — If the partnership or the S corporation has passed through to you any of the following credits, you may include them on the appropriate schedule or form to claim the credit on your Illinois Income Tax return.

- Film Production Services Tax Credit
- Enterprise Zone or River Edge Redevelopment Zone Investment Credit
- Tax Credit for Affordable Housing Donations
- Economic Development for a Growing Economy (EDGE) Tax Credit
- Research and Development Tax Credit
- Ex-Felons Jobs Credit
- Veterans Jobs Credit
- Student-Assistance Contribution Credit
- Angel Investment Credit
- New Markets Credit
- Historic Preservation Credit
- Replacement Tax Investment Credits

### **Note**

For tax years ending on or after December 31, 2000, partnerships and S corporations automatically pass these credits through to their partners or shareholders that are subject to replacement tax.

► *For individuals filing Form IL-1040 —*

**Line 52a** - Include this amount on Schedule 1299-C, Step 3, Line 5.

**Line 52b** - Include this amount on Schedule 1299-C, Step 3, Line 11.

**Line 52c** - Include this amount on Schedule 1299-C, Step 3, Line 17.

**Line 52d** - Include this amount on Schedule 1299-C, Step 3, Line 14.

**Line 52e** - Include this amount on Schedule 1299-C, Step 3, Line 26.

**Line 52f** - Include this amount on Schedule 1299-C, Step 3, Line 32.

**Line 52g** - Include this amount on Schedule 1299-C, Step 3, Line 35.

**Line 52h** - Include this amount on Schedule 1299-C, Step 3, Line 38.

**Line 52i and 52k** - Fiscal-year filers only. Not available for individuals for the 2010 calendar year.

**Line 52j** - Include this amount on Schedule 1299-C, Step 3, Line 41.

**Line 52l** - Since individuals do not pay replacement tax, these credits cannot be passed through to you.



► *For trusts or estates filing Form IL-1041 or corporations filing Form IL-1120 —*

- Line 52a** - Include this amount on Schedule 1299-D, Step 1, Line 5.
- Line 52b** - Include this amount on Schedule 1299-D, Step 1, Line 14.
- Line 52c** - Include this amount on Schedule 1299-D, Step 1, Line 19.
- Line 52d** - Include this amount on Schedule 1299-D, Step 1, Line 22.
- Line 52e** - Include this amount on Schedule 1299-D, Step 1, Line 32.
- Line 52f** - Include this amount on Schedule 1299-D, Step 1, Line 40.
- Line 52g** - Include this amount on Schedule 1299-D, Step 1, Line 43.
- Line 52h** - Include this amount on Schedule 1299-D, Step 1, Line 46.
- Line 52i** - Include this amount on Schedule 1299-D, Step 1, Line 49.
- Line 52j** - Include this amount on Schedule 1299-D, Step 1, Line 54.
- Line 52k** - Include this amount on Schedule 1299-D, Step 1, Line 58.
- Line 52l** - Include this amount on Form IL-477, Step 1, Line 4.

► *For partnerships filing Form IL-1065, or S corporations filing Form IL-1120-ST —*

- Line 52a** - Include this amount on Schedule 1299-A, Step 2, Line 16b.
- Line 52b** - Include this amount on Schedule 1299-A, Step 2, Line 18.
- Line 52c** - Include this amount on Schedule 1299-A, Step 2, Line 21.
- Line 52d** - Include this amount on Schedule 1299-A, Step 2, Line 24.
- Line 52e** - Include this amount on Schedule 1299-A, Step 2, Line 33.
- Line 52f** - Include this amount on Schedule 1299-A, Step 2, Line 36.
- Line 52g** - Include this amount on Schedule 1299-A, Step 2, Line 39.
- Line 51h** - Include this amount on Schedule 1299-A, Step 2, Line 42.
- Line 52i** - Include this amount on Schedule 1299-A, Step 2, Line 45.
- Line 52j** - Include this amount on Schedule 1299-A, Step 2, Line 48.
- Line 52k** - Include this amount on Schedule 1299-A, Step 2, Line 51.
- Line 52l** - Include this amount on Form IL-477, Step 1, Line 4.

► *For individuals and entities —*

**Lines 53a and 53b — Recapture** — Your share of recapture is based on your share of the original investment credit. If you shared in the original credit and you are no longer a partner or shareholder of the partnership or the S corporation in the year of recapture, Lines 53a and 53b will be the only lines completed on this schedule. You must complete Schedule 4255, Recapture of Investment Tax Credits, and include this total amount on Step 4, Line 15.

If your share in the year of the original investment credit is different from your share in the year of the recapture, Lines 54a and 54b will be completed and the partnership or the S corporation will attach a sheet explaining the difference. You must complete Schedule 4255 and include this total amount on Step 4, Line 15.

**Lines 54a and 54b** — If the partnership or S corporation made income tax payments on your behalf, add Lines 54a and 54b and write the total amount on your

- Form IL-1040, Step 8, Line 26;
- Form IL-1041, Step 7, Line 50d;
- Form IL-1065, Step 9, Line 59c;
- Form IL-1120-ST, Step 9, Line 57c; or
- Form IL-1120, Step 8, Line 55d.