



What is new for 2013?

- Your mailing address is now required information on Step 1.
- A new checkbox is available in Step 1 for partnerships to identify themselves as publicly traded partnerships. See Specific Instructions for more information.
- Instructions have been added for partnerships who are members of unitary groups. See the instructions for Illinois Schedule UB, Combined Apportionment for Unitary Business Group, and “What if I am a member of a unitary group?” in the Form IL-1065 general instructions for information about your filing requirements.
- Step 7, Figure your income allocable to Illinois, has been modified. You must indicate whether your base income or loss is derived inside Illinois only, if it is derived both inside and outside Illinois, or entirely outside Illinois. See Specific Instructions for more information.
- For tax years ending on or after December 31, 2012, and before December 31, 2014, **Schedule NLD**, Illinois Net Loss Deduction has been redesigned. See Schedule NLD for more information.
- If you wish to allow us to speak with your preparer about your return, check the box in Step 11, and see Specific Instructions for more information.
- **For tax years ending on or after December 31, 2013**, Illinois lottery winnings and proceeds from sales or other transfers of rights to lottery winnings are sourced to Illinois.
- **For tax years ending on or after December 31, 2012, and on or before December 31, 2016**, the **Veterans Jobs Credit** has been modified to allow a credit for either “qualified veterans” or “qualified unemployed veterans.” See Schedule 1299-A instructions for more information.
- **For tax years ending on or after December 31, 2012**, a **Hospital Credit** is available. See Schedule 1299-A instructions for more information.
- The **Enterprise Zone Dividend Subtraction** has been eliminated. Do not claim a subtraction for these amounts on your Form IL-1065-X.
- The **Ex-felons Jobs Credit** has been modified. The maximum amount of credit that may be claimed for all tax years for wages paid to a particular ex-offender has been raised to \$1,500. The definition of a “qualified ex-offender” has also changed. See the Specific Instructions on **Schedule 1299-A** for more information.
- Changes are in place for Form IL-1023-C and Form IL-1000 filers that affect this year’s and next year’s filing. Form IL-1023-C, Form IL-1000, and the corresponding amended returns will be retired **next year** and cannot be used for tax years ending on or after December 31, 2014. The amounts that would have been reported on these forms will be
 - **reported** on your 2014 Form IL-1065, Form IL-1120-ST, Form IL-1041, or the corresponding return, and
 - **paid** with those returns or with Form IL-505-B.

In addition, Form IL-1023-CES and Form IL-1000-P cannot be used for making voluntary prepayments for tax years ending on or after December 31, 2014. These vouchers have been replaced by Form IL-516-I and Form IL-516-B, Pass-through Prepayment Vouchers. Form IL-516-I and Form IL-516-B allow you to voluntarily prepay your own tax liability from Form IL-1065, as well as make voluntary pass-through entity prepayments on behalf of your partners for tax years ending on or after December 31, 2014. See Form IL-516-I and IL-516-B for more information.

General Information

Who must file Form IL-1065-X?

You should file Form IL-1065-X if you are amending a previously filed, processable Form IL-1065, Partnership Replacement Tax Return, for a tax year ending **on or after** December 31, 2006. 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 amended return must be filed for each tax year you need to amend.

Note Use Form IL-843, Amended Return or Notice of Change in Income, and the corresponding year’s Form IL-1065, to amend tax years ending **prior to** December 31, 2006.

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

If you filed your original Form IL-1065 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-1065-X. Due to the automatic extension, any return filed after the original return and on or before the extended due date will be treated as the original return.

If you are filing Form IL-1065-X 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 F, and provide a written explanation indicating the change to your election on Form IL-1065-X, Step 2.

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-1065-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-1065-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-1065-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-1065-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, a formal 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-1065-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-1065-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-1065-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

- non-unitary Form IL-1065 to be included in an existing unitary group and are required to file Schedule UB, you must file an amended Form IL-1065-X, following the line by line instructions provided for Form IL-1065 and Illinois Schedule UB, Combined Apportionment for Unitary Business Groups, for the tax year you are amending. In addition,
 - any combined return filed by the combined group on Form IL-1120 must also be amended to include your information, and
 - each member that filed a separate unitary return must file an amended return to include your information.
- unitary Form IL-1065 to report a state or federal change to your unitary income and are required to file Schedule UB, any combined return filed by the group or separate unitary return may also need to be amended.

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

If you have an Illinois NLD carryover 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 your total unmodified base 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 8, Line 48. See Specific Instructions for Step 8, Line 48.

Do not file Form IL-1065-X to report an Illinois NLD carryforward until **after** you have filed the loss year Form IL-1065, Form IL-1065-X, or Form IL-843 (for tax years ending prior to December 31, 2006) reporting the loss. When you file Form IL-1065-X, you must attach a completed Illinois Schedule NLD. **Failure to attach the correct and completed schedule could result in partial or total denial of your claim.**

If you need more information, visit our website at tax.illinois.gov and view the Illinois Income Tax Regulations, Sections 100.2050 and 100.2300 through 100.2330.

Who should sign the return?

Your Form IL-1065-X must be signed by a partner or any other officer duly authorized to sign the return. In the case of a bankruptcy, a receiver, trustee, or assignee must sign any return required to be filed on behalf of the partnership. Any person paid to prepare the return (other than a regular, full-time employee of the taxpayer, such as a clerk, secretary, or bookkeeper) must provide a signature, date the return, and write the preparer’s taxpayer identification number. If the preparer is an employee or partner of a firm or corporation, the preparer must also provide the firm’s name, address, and instead of the preparer’s taxpayer identification number, the preparer must provide the firm’s FEIN. Self-employed preparers must provide their own name, address, and taxpayer identification number in the appropriate spaces.

Can a reasonable facsimile be used?

In general, you must obtain and use forms prescribed by the Illinois Department of Revenue. Separate statements not on forms provided or approved by the Department will not be accepted and you will be asked for appropriate documentation. **Failure to comply with this requirement may result in failure to file penalties, a delay in the processing of your return, or a delay in the generation of any refund.** Additionally, failure to submit appropriate documentation when requested may result in a referral to our Audit Bureau for compliance action.

Partnerships must complete Form IL-1065-X. Do not send a computer printout with line numbers and dollar amounts attached to a blank copy of the return. 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.

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 federal underpayment rate, which is set by the IRS under IRC Section 6621.

Note → For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes, available at tax.illinois.gov.

What must I attach to my Form IL-1065-X?

This form must contain a complete explanation of the reasons for filing the claim or amendment. You **must** attach proof of the federal finalization date and any required schedules or forms to support your claim. If Form IL-1065-X is submitted without the proper attachments, it may be partially or totally denied.

Examples of federal finalization include a copy of one or more of the following items:

- your audit report from the IRS
- your federal record of account verifying your ordinary business income

If you are filing Form IL-1065-X because

- you filed an amended federal return and your tax due to Illinois decreases, you must attach proof of the federal finalization date, 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, if applicable.
- you filed an amended federal return 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, 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, if applicable.
- you copied information incorrectly from your federal Form 1065 onto your Form IL-1065, you must include a copy of your federal Form 1065.
- 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 deduction, you must include a completed Illinois Schedule NLD. See Specific Instructions for Step 8, Line 48.
- of changes, other than those described above, see Form IL-1065 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 website at tax.illinois.gov;
- write to us at **PO BOX 19044, Springfield, Illinois 62794-9044**;
- call our Taxpayer Assistance Division at **1 800 732-8866 or 217 782-3336**; or
- call our telecommunications device for the deaf at **1 800 544-5304**.

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

If you need additional forms or schedules:

- visit our website at tax.illinois.gov; or
- write to us at **PO BOX 19010, Springfield, Illinois 62794-9010**.

Specific Instructions

For instructions regarding completion of Steps 1, and 3 through 9, refer to the Form IL-1065 Instructions and schedules for the year being amended.

Specific instructions for most of the lines are included. Lines that are not discussed in the instructions are self-explanatory.

Write the tax year you are amending in the space provided at the top of Form IL-1065-X.

Step 1: Identify your partnership

A — All taxpayers: Type or print your legal business name. If you have a name change from your original return, check the corresponding box.

B — Type or print your mailing address. If your address has changed since you filed your last return, check the box.

C — Check the box if you are filing this form only to report an increased net loss and no refund will result. Complete Steps 2 through 6, Step 7, if applicable, and Step 8, Line 47. Sign the return in Step 11 and leave the rest of the form blank.

E — 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, which might not be the date the federal amended return was filed. Please attach a dated copy of any federal examining officer's report. If you do not provide this date, you may be assessed penalties and interest.

F — If you are filing Form IL-1065-X before the extended due date, and wish to make the election to treat all income, other than compensation, as business income for this tax year, check this box. If you previously had nonbusiness income on Form IL-1065, Step 6, Lines 36 and 44, you must reduce these amounts to zero on this Form IL-1065-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-1065-X after the extended due date of the original return **and** did not make the election on your most recent return filed before the extended due date, you cannot check this box.

H — Unitary Business Group — If you are a member of a unitary business group, where corporate members file a combined return, check the box and write the federal employer identification number (FEIN) of the member who is filing Illinois Schedule UB.

I — Write your North American Industry Classification System (NAICS) Code. If you are unsure of your code, you can research the information at www.census.gov/eos/www/naics/ or www.irs.gov.

J — 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.

K — You must check the box and attach Schedule IL-4562, Special Depreciation, if you are claiming special depreciation addition or subtraction modifications on Form IL-1065-X, even if the amounts are not changing from your original return.

L — You must check the box and attach Schedule M, Other Additions and Subtractions (for businesses), if you are claiming other addition or subtraction modifications on Form IL-1065-X, even if the amounts are not changing from your original return.

M — You must check the box and attach Schedule 80/20, Related-Party Expenses, if you are claiming related-party expenses modifications on your Form IL-1065-X, even if the amounts are not changing from your original return.

N — Check the box if you are claiming certain deductions or credits listed on Illinois Schedule 1299-A, Tax Subtractions and Credits. You must check the box and attach Illinois Schedule 1299-A to your tax return to support any deductions or credits you are claiming or passing to your shareholders.

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 9

Column A — Write the amounts from your most recently filed or adjusted return for the year that you are amending. These may be figures from your original Form IL-1065 or a previously amended or audited return.

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.

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 8, Line 47.

Steps 3 and 4: Figure your ordinary income or loss and Figure your unmodified base income or loss

Note → If you are a member of a unitary group see “What if I am a member of a unitary group?” in the Form IL-1065 instructions.

Lines 1 through 13 — Refer to your Form IL-1065, Steps 2 and 3, 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 8, Line 48.

Steps 5 and 6: Figure your income or loss and Figure your base income or loss

Note → If you are a member of a unitary group see “What if I am a member of a unitary group?” in the Form IL-1065 instructions.

Lines 15 through 22 and Lines 24 through 33 — List each item and the amount on the line provided. You must identify all subtractions and attach all of the required supporting documentation.

Note → If you need to make a correction to Line 21 or Line 27, use the worksheet located in the Schedule B Instructions (Form IL-1065 Instructions) to figure the correct amounts.

Line 35 — This is your base income or loss.

Column A — Write the amounts from your most recently filed or adjusted return. **Do not check a box on Lines A or B to indicate how your income was reported on your most recently filed or adjusted return.** The check boxes on Lines A and B are used when reporting your amended base income or loss in column B.

Column B — Follow the instructions on the form and check the box on Line A or B that applies to the amount in Column B. You must check one of these boxes and follow the instructions for that Line when completing Column B.

Check the box on Line A if

- all of your base income or loss is derived inside Illinois; and
- you do not have any income or loss to report on Lines 36, 37, 44, or 45.

If you check the box on Line A, do not complete Step 7, Column B. All of your amended base income or loss is allocable to Illinois. Skip Step 7, Column B, write the amount from Step 6, Column B, Line 35 on Step 8, Column B, Line 47, and complete the remainder of the return.

Check the box on Line B if any of the following apply

- your base income or loss is derived inside and outside Illinois;
- all of your base income or loss is derived outside Illinois; or
- you have income or loss to report on Lines 36, 37, 44, or 45.

If you check the box on Line B, you must complete all lines of Step 7, Column B. Submitting Form IL-1065-X with an incomplete Step 7, Column B, including Lines 40, 41, and 42 may result in a delay in processing your return, further correspondence, and you may be required to submit further information to support your filing. See the Specific Instructions for Step 7 for more information.

Note → **Unitary filers who are required to file a Schedule UB** - You must complete **both** Step 4 of the Schedule UB **and** Step 7, Column B of the Form IL-1065-X.

Step 7: Figure your income allocable to Illinois

Complete Step 7 only if you originally completed this step, or you need to make a change that affects your base income or loss allocable to Illinois. Refer to Form IL-1065, Step 6, Specific Instructions, for the year being amended.

You **must** check the box on Line B and complete Step 7 if any portion of Step 6, Column B, Line 35, base income or loss, is derived outside Illinois, or you have any income or loss to report on Column B, Lines 36, 37, 44, or 45.

If you do not complete **all** of Step 7, Column B, Lines 36 through 46, we may issue a notice and demand proposing 100 percent of income as being allocated to Illinois, or in the case of a loss return, a notice indicating none of your loss as being allocated to Illinois.

Lines 36 and 44 — If you elected to treat all of your income other than compensation as business income on your original tax return, you must follow that election by writing zero on Form IL-1065-X, Lines 36 and 44. If you are filing Form IL-1065-X before the extended due date and are making the election to treat all nonbusiness income as business income, Column B, Lines 36 and 44 should be reduced to zero.

Step 8: Figure your net income

Line 47 — 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 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 through 6, Step 7, if applicable, and Step 8, Line 47. Complete Step 2, explaining what caused the increase in the Illinois net loss and sign the return in Step 11. Leave the rest of the form blank.

Line 48 — 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-1065 or any previously filed amended return, reduced by any Illinois net loss applied to an earlier year.

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

Line 52 — The standard exemption is \$1,000 multiplied by a fraction in which the numerator is your base income allocable to Illinois and the denominator is your total base income. If you have a change in your tax year end and the result is a period of less than 12 months, the standard exemption is prorated based on the number of days in the tax year. If this is your first or final return, you are allowed the full-year standard exemption.

Line 53 — If Line 49 is a loss, write the amount from Line 49 on 53. Do not increase your loss by the exemption allowance on Line 52.

Step 9: Figure your net replacement tax

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

Line 55 — See Illinois Schedule 4255, Recapture of Investment Tax Credits, for more information. You must attach Illinois Schedule 4255 if you have an amount on this line.

Line 57 — See Form IL-477, Replacement Tax Investment Credits, for more information. You must attach Form IL-477 if you have an amount on this line.

Step 10: 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 step.

Line 62 — Write the total amount of any subsequent tax payments you made with a previously filed Form IL-1065-X, or for any other reason (e.g., responding to a bill). Do not include any penalty and interest you previously paid.

Line 64 — Write the total amount of any overpayment, credit, or refund (whether received or not) reported on your previously filed Form IL-1065 or Form IL-1065-X. Do not include any interest that you received.

Line 66 — 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-1065-X cannot be credited to next year's return, unless this return is filed before the extended due date of the original return.

We do not currently offer direct deposit as a method for receiving a refund from an amended return. Overpayments will be refunded by check.

Also, we are not required to credit your overpayment against any other liability at your request. If you have not made previous arrangements with us to credit your overpayment against another liability, and we refund your overpayment or credit it against a different liability, you may incur additional penalties and interest on your liability.

Line 67 — Follow the instructions on the form. This is your amount of tax due that must be paid in full if \$1 or more. If you do not wish to calculate penalty and interest, write the amount you are paying on the top of Page 1, complete a payment voucher, Form IL-1065-X-V, make your check or money order payable to “**Illinois Department of Revenue,**” and attach them to the first page of this form. 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 68 through 70 — We will bill you for penalties and interest. If you prefer, you may calculate the penalties and interest you owe on Form IL-2220, Computation of Penalties for Businesses, 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 70.**

Note Lines 68 and 69 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 67 or 70, be sure to **write the amount you are paying on the top of Page 1 of the Form IL-1065-X. Complete a payment voucher, Form IL-1065-X-V, make your check or money order payable to “Illinois Department of Revenue,” and attach them to the first page of this form.**

Step 11 — Signature, date, and preparer's information

You must sign and date your return. If you do not sign your return, it will not be considered filed and you may be subject to a **nonfiler penalty**.

If you want to allow the preparer listed in this step to discuss this return with us, check the box. This authorization will allow your preparer to answer any questions that arise during the processing of your return, call us with questions about your return, and receive or respond to notices we send. The authorization will automatically end no later than one year after you file your amended return. You may revoke the authorization at any time by calling or writing us.