



Schedule UB/INS Instructions

General Information

What is the purpose of Schedule UB/INS?

The purpose of Schedule UB/INS, Tax for a Unitary Business Group with Foreign Insurer Members, is to allow your foreign insurer members to possibly reduce the unitary group's Illinois income and replacement tax liability.

Effective for tax years ending on or after December 31, 1999, if a member of your unitary group is a foreign insurer whose state or country of domicile imposes a retaliatory tax on insurers domiciled in Illinois, you should complete this schedule to determine if it would reduce your unitary group's tax liability. The rates are reduced to the point that the total Illinois tax imposed equals the tax the state or country of domicile would impose on the amount of your foreign insurer members' Illinois net income.

Note This reduction in rates does not apply to an insurer that is primarily a reinsurer. If 50 percent or more of a foreign member's total insurance premiums for the tax year are from reinsurance, treat that member as a domestic member on this schedule.

The reduction in tax rates cannot reduce the total of your foreign insurer members' income and replacement taxes, privilege tax, fire insurance taxes, and fire department taxes below 1.75 percent of your foreign insurer members' premiums subject to privilege tax. The rate reduction is applied against income tax first. Once your group's income tax is reduced to zero, the rate reduction is applied against your group's replacement tax.

What forms must I use?

In general, you must obtain and use forms prescribed by the Illinois Department of Revenue (IDOR). Separate statements not on forms provided or approved by IDOR 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.

What if I need additional assistance or forms?

- visit our website at tax.illinois.gov for assistance, forms or schedules;
- write to us at **P.O. Box 19001, Springfield, Illinois 62794-9001**;
- call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336** (TDD, telecommunications device for the deaf, at **1 800 544-5304**); or
- visit a taxpayer assistance office - 8:00 a.m. to 5:00 p.m. (Springfield Office) and 8:30 a.m. to 5:00 p.m. (all other offices), Monday through Friday.

What must I attach to Schedule UB/INS?

For each foreign insurer member for whom you did not check the box on Line 25, you must attach a pro forma return from that member's state or country of domicile, showing the amount of tax that member would owe to that state or country on its share of your unitary group's Illinois net income.

Specific Instructions

If a specific line is not referenced, follow the instructions on the form.

Note Before you can complete Schedule UB/INS, you must first complete

- Steps 1 through 7 of your Form IL-1120, Corporation Income and Replacement Tax Return, and
- all steps of your Schedule UB, Combined Apportionment for Unitary Business Group.

Use additional Schedules UB/INS if you have more than three foreign insurer members.

Step 1 is used to determine each foreign insurer member's share of the total tax liability and credits of the unitary business group.

Lines 1, 2b, 7, 9, 14, and 17 — Enter the requested amount from your Form IL-1120 in Columns A, B, and C.

Line 13 — Multiply Line 11 by the blended rate used to compute the group's income tax on your Form IL-1120, Step 7, Line 45. If your group elected to apply Specific Accounting, enter on Line 13 the sum of **(i)** the foreign insurer member's share of your group's pre-7/1/17 income as reported on your Schedule SA, Column A, Line 20 multiplied by 5.25% (.0525), plus **(ii)** the foreign insurer member's share of your group's post-6/30/17 income as reported on your Schedule SA, Column B, Line 20 multiplied by 7.0% (.07).

Step 2 is used to report the income tax (or other tax based on net income) the state or country of domicile would impose on each foreign insurer member's Illinois net income.

Note This is figured by using the total of all tax measured by net income, less credits, imposed by the foreign insurer member's state or country of domicile on an insurance company with

- base income (before apportionment) equal to the foreign insurer member's share of base income on Line 24, and
- net income (after apportionment) equal to the foreign insurer member's share of net income on Line 23.

Lines 22 — Enter the requested amount from your Form IL-1120 in Columns A, B, and C.

Step 3 is used to figure your foreign insurer member's 1.75 (.0175) percent income tax reduction limit.

Lines 28a, 28b, and 28c — Do not include any amount on Lines 28b or 28c if you already deducted that amount on Line 28a.

Step 4 is used to determine whether a foreign insurer member's liability can be reduced and, if so, the level to which the liability is reduced. This section determines the total liabilities and credits of all foreign members.

Steps 5 and 6 are used to determine all the other members' share of the total tax liability and credits of your unitary group. The other members of your group include all of the domestic insurer members of your unitary group and all the members of your unitary group that are not insurance companies. These amounts are added to your foreign insurer members' tax liabilities and credits to figure your unitary group's total tax liability and credits.

Line 60 — Multiply Line 54 by 7.0% (.07).