Illinois Department of Revenue

IL-1041 Instructions

Use for tax year ending on or after December 31, 2018, and before December 31, 2019.

2018

What's new for 2018?

- For tax years ending on or after December 31, 2018, the Domestic Production Activities Deduction (DPAD) under Section 199 of the Internal Revenue Code (IRC) has been removed from Line 9 of Schedule M.
- Public Act 100-0587, commonly referred to as the FY2019 Budget Implementation Act, has retroactively extended the Hospital Credit until tax years ending on or before December 31, 2022. See Schedule 1299-D Instructions for more information.
- Schedule 1299-I, Income Tax Credits Information and Worksheets, has been created to provide detailed information about the income tax credits, how to calculate them and where to report them.
- Schedule 1299-D, Income Tax Credits (for corporations and fiduciaries), has been redesigned to provide better accounting of credits. See Schedule 1299-D; Schedule 1299-D, Instructions; and Schedule 1299-I for more information.
- Forms IL-516-I and IL-516-B, Pass-through Prepayment Voucher and Form IL-505-B, Extension Payment, have been eliminated. Beginning with tax years ending on or after December 31, 2018, taxpayers making an extension payment or a voluntary prepayment of their tax liabilities will use Form IL-1041-V, Payment Voucher for Fiduciary Income and Replacement Tax, for all payments. See Specific Instructions for more information.

General Information

Who must file Form IL-1041?

You must file Form IL-1041 if you are a fiduciary of a trust or an estate and the trust or the estate

- has net income or loss as defined under the Illinois Income Tax Act (IITA), regardless of any deduction for distributions to beneficiaries; or
- is a resident of Illinois and files, or is required to file, a federal income tax return (regardless of net income or loss). (See "When is nonbusiness income allocable to Illinois" to help you complete your Form IL-1041.); or
- is a nonresident of Illinois but received income from Illinois sources which was not reported as pass-through withholding on Form IL-1120-ST, Form IL-1065 or Form IL-1041. You must also file Illinois Schedule NR (Form IL-1041), Nonresident Computation of Fiduciary Income, to determine the income that is taxed by Illinois during the tax year. For more information, see Illinois Schedule NR (Form IL-1041) with revision date 12/17 or later.

Note "Grantor" trusts are not required to file Form IL-1041. Estates do not pay replacement tax.

If the trust or estate is a charitable organization exempt from federal income tax by reason of IRC Section 501(a), it is not required to file Form IL-1041. However, unrelated business taxable income, as determined under IRC Section 512, is subject to tax (without any deduction for the Illinois income tax) and must be reported on Form IL-990-T, Exempt Organization Income and Replacement Tax Return, instead of Form IL-1041. For more information, see Form IL-990-T instructions.

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 overpayment.** Additionally, failure to submit appropriate documentation when requested may result in a referral to our Audit Bureau for compliance action.

Trusts and Estates must complete Form IL-1041. 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 IDOR's forms. Computer generated forms from an IDOR-approved software developer are acceptable.

Note Form IL-1041 (R01/19) is for tax year ending on or after December 31, 2018, and before December 31, 2019. For tax year ending on or after December 31, 2017 and before December 31, 2018, use the 2017 form. Using the wrong form will delay the processing of your return.

How do I register my business?

If you are required to file Form IL-1041, you should register with IDOR. You may register

- online with MyTax Illinois, our free online account management program for taxpayers;
- by completing Form REG-1, Illinois Business Registration Application, and mailing it to the address on the form; or
- by visiting a regional office.

Visit our website at **tax.illinois.gov** for more information.

Registering with IDOR **prior to filing your return** ensures that your tax returns are accurately processed.

Your identification numbers as an Illinois business taxpayer are your federal employer identification number (FEIN) and your Illinois account number.

When should I file?

Your Illinois filing due date is the same as your federal filing due date. In general, Form IL-1041 is due on or before the 15th day of the **4th** month following the close of the tax year.

Automatic six-month extension — We grant you an automatic six-month extension of time to file your fiduciary tax return. The automatic extension of time to file is granted whether or not you request it. You are not required to file a form in order to obtain this automatic extension. If you expect tax to be due, you must pay any tentative tax due, by the original due date of the return, in order to avoid interest and penalty on tax not paid by that date. To pay any tax due by the original due date of your return:

• visit our website, **tax.illinois.gov**, or

• mail Form IL-1041-V, Payment Voucher for Fiduciary Income and Replacement Tax, using the address on the form.

If an unpaid liability is disclosed when you file your return, then you may owe penalty and interest charges in addition to the tax. See the "What are the penalties and interest?" section below. **An extension of time to file your Form IL-1041 is not an extension of time for payment of Illinois tax.**

Additional extensions beyond the automatic extension period — We will grant an extension of more than six months **only** if an extension is granted by the Internal Revenue Service (IRS) beyond the date of the Illinois automatic extension. Your additional Illinois extension will be for the length of time approved by the IRS. You must attach a copy of the approved federal extension to your Form IL-1041.

When should I pay?

Payment of tax — You must pay your Illinois Income and Replacement Tax and pass-through withholding reported on behalf of your members in full on or before the original due date of the return. Failure to pay the tax due on or before the original due date of the return may result in penalty and interest. This payment date applies even though an automatic extension for filing the return has been granted. All payments must be made using Form IL-1041-V, Payment Voucher for Fiduciary Income and Replacement Tax.

Estimated tax payments — For state purposes, trusts and estates are not required to make estimated payments, although they may be required to make **federal** estimated payments.

Extension Payments - If you expect tax to be due, you must pay any tentative tax due by the original due date of the return using Form IL-1041-V. See Appendix A for more information.

Voluntary Prepayments - You may make voluntary prepayments of your own tax liability as well as make pass-through withholding prepayments on behalf of your beneficiaries using Form IL-1041-V. See Appendix B for more information.

We encourage you to make your payments electronically using MyTax Illinois or Modernized E-File (MeF) systems, or you may use Form EFT-1, Authorization Agreement for Certain Electronic Payments, to set up an ACH credit or phone debit transaction. These options can be found on our website at **tax.illinois.gov**. If you make your payments using MyTax Illinois, MeF, or EFT, do not mail us your Form IL-1041-V. You must use one of our electronic payment options if the IDOR has notified you that you are required to make payments electronically.

We will apply each payment to the earliest due date until that liability is paid, unless you provide specific instructions to apply it to another period. You may also be assessed a bad check penalty if your remittance is not honored by your financial institution.

Who should sign the return?

Your Form IL-1041 must be signed by the fiduciary of the trust or estate. If there are two or more joint fiduciaries, the signature of one will comply with the requirements of the IITA. The signature verifies by written declaration (and under penalties of perjury) that the signing fiduciary has personally examined the return and the return is true, correct, and complete. The fact that a fiduciary's name is signed to a return is prima facie evidence that the fiduciary is authorized to sign the return on behalf of the trust or estate.

Any person paid to prepare the return (other than a fiduciary of the trust or estate, or a regular, full-time employee of the taxpayer, such as a clerk, secretary, or bookkeeper) must provide a signature, date the return, enter the preparer tax identification number (PTIN) issued to them by the Internal Revenue Service, and provide their firm's name, address, and phone number.

Note If your return is not signed, any overpayment of tax is considered forfeited if, after notice and demand for signature, you fail to provide a signature within three years from the date your return was filed.

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 — Interest is calculated on tax from the day after the original due date of your return through the date you pay the tax.

We will bill you for penalties and interest. For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes, available at **tax.illinois.gov**.

What if I am discontinuing my business?

Terminated — If you are the fiduciary of a trust or estate that has terminated during any tax year, you are still required to file the tax return. Also, we will pursue the assessment and collection of taxes if

- the trust or estate was liable for income and replacement tax for that or any previous tax period; or,
- the beneficiaries had income allocable to Illinois and were liable for income and replacement tax for that or any previous tax period, due to a distribution from the trust or estate.

Sales or transfers — If you are a fiduciary that, outside the usual course of business, sells or transfers the major part of any one or more of

- the stock of goods which you are in the business of selling,
- the furniture or fixtures of your business,
- the machinery and equipment of your business, or
- the real property of your business,

you or the purchaser must complete and send us Form CBS-1, Notice of Sale, Purchase, or Transfer of Business Assets, no later than 10 days **prior** to the date the sale takes place. Send this form, along with copies of the sales contract and financing agreement, to:

ILLINOIS DEPARTMENT OF REVENUE
BULK SALES UNIT
PO BOX 19035
SPRINGFIELD IL 62794-9035

or

REV.BulkSales@illinois.gov

Request for prompt determination — You may make a request for prompt determination of liability, in accordance with IITA 35 ILCS 5/905(i), if you are an estate that has terminated. A completed tax return must be on file with us before you can submit a request for prompt determination. Do not submit your return and request at the same time. Mail your initial return to the address indicated on the form. You should allow 12 weeks for processing. If your request is properly made, the expiration of the statute of limitations (absent fraud) will not extend beyond 18 months from the date of your request. Mail your request and a copy of your previously submitted return to:

ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19044
SPRINGFIELD IL 62794-9044

Note The procedure described above does not apply to 11 U.S. Code Section 505 Determination of Tax Liability requests.

What if I need to correct or change my return?

Do not file another Form IL-1041 with "amended" figures to change your originally filed Form IL-1041. If you need to correct or change

your return after it has been filed, you must file Form IL-1041-X, Amended Fiduciary Income and Replacement Tax Return. Returns filed before the extended due date of the return are treated as your original return for all purposes. For more information, see Form IL-1041-X instructions.

You should file Form IL-1041-X only after you have filed a processable Illinois Income Tax return. You must file a separate Form IL-1041-X for each tax year you wish to change.

State changes only — File Form IL-1041-X promptly if you discover an error on your Illinois return that does not relate to an error on your federal return but rather was caused by

- a mistake in transferring information from your federal return to your Illinois return;
- failing to report or misreporting to Illinois an item that has no effect on your federal return; or
- a mistake in another state's tax return that affects the computation of your Illinois tax liability.

If you are claiming an overpayment, Form IL-1041-X must be filed within three years after the extended due date or the date the return was filed, or within one year after the tax giving rise to the overpayment was paid, whichever is latest.

Federal changes only — File Form IL-1041-X if you have filed an amended federal return or if you have been notified by the IRS that they have made changes to your return. This includes any change in your federal income tax liability, any tax credit, or the computation of your federal taxable income as reported for federal income tax purposes, if the change affects any item entering into the computation of net income, net loss, or any credit for any year under the IITA. You must file Form IL-1041-X no later than 120 days after the federal changes have been agreed to or finally determined to avoid a late-payment penalty.

If your federal change decreases the tax due to Illinois and you are entitled to a refund or credit carryforward, you must file Form IL-1041-X within two years plus 120 days of federal finalization.

Attach a copy of federal finalization or proof of acceptance from the IRS along with a copy of your amended federal form, if applicable, to your Form IL-1041-X. Examples of federal finalization include a copy of one or more of the following items:

- your federal refund check
- your audit report from the IRS
- your federal transcript verifying your federal taxable income

What records must I keep?

You must maintain books and records to substantiate any information reported on your Form IL-1041. Your books and records must be available for inspection by our authorized agents and employees.

Do the IDOR and the IRS exchange income tax information?

The IDOR and the IRS exchange income tax information for the purpose of verifying the accuracy of information reported on federal and Illinois tax returns. All amounts you report on Form IL-1041 are subject to verification and audit.

Should I round?

You must round the dollar amounts on Form IL-1041 and accompanying schedules to whole-dollar amounts. To do this, you should drop any amount less than 50 cents and increase any amount of 50 cents or more to the next higher dollar.

What if I have an Illinois net loss deduction (NLD)?

Use the version of the Schedule NLD, Illinois Net Loss Deduction, or the Schedule UB/NLD, Unitary Illinois Net Loss Deduction, which corresponds to your tax year. You must file your return for the loss year and for each intervening year in order to establish the amount of your deduction.

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

Illinois net losses incurred in tax years ending on or after December 31, 2003, may only be carried forward for 12 years.

If you are carrying an Illinois NLD, you must complete Illinois Schedule NLD, Illinois Net Loss Deduction, and claim the deduction on Step 4, Line 30.

If you had discharge of indebtedness income for a taxable year ending on or after December 31, 2008, and all or a portion of this income was excluded from your federal gross income due to bankruptcy or insolvency, then you may be required to reduce any Illinois net loss you incurred for that year or Illinois net loss carryovers to that year before you determine your Illinois NLD. See the Step 4 Instructions and Schedule NLD for more information.

If you have an Illinois net loss for this tax year, you must file Form IL-1041 reporting the loss in order to carry the loss forward to another year.

If you need more information, see the Schedule NLD instructions, or the Illinois Income Tax Regulations, Sections 100.2050 and 100.2300 through 100.2330, available on our website at **tax.illinois.gov.**

What is the standard exemption?

The standard exemption is $1,000. If you have a change in your tax year end, and the result is a tax period of less than 12 months, the standard exemption is prorated based on the number of days in the short tax year. However, if this is your first or final return, you are allowed to use the full-year standard exemption even if it is a short tax year. If you are a nonresident, you must use Schedule NR (1041) to compute your exemption allowance. If you need further information, see IITA, Section 401(b).

Note For tax years beginning on or after January 1, 2017, the standard exemption may not be claimed if the taxpayer's adjusted gross income for the taxable year is $250,000 or more. See Specific Instructions for more information.

What attachments do I need?

When filing your return there are certain types of income items and subtraction modifications that require the attachment of Illinois or federal forms and schedules. Breakdowns, statements, and other documentation may also be required. Instructions for these attachments appear throughout the specific instructions for completing your return.

Note All Illinois forms and schedules include an **"IL Attachment No."** in the upper right corner of the form. Required attachments should be ordered numerically behind the tax return, as indicated by the IL Attachment No. Failure to attach forms and schedules in the proper order may result in processing delays.

Required copies of documentation from your federal return or other sources should be attached **behind the completed Illinois return**.

You must attach a copy of your U.S. Form 1041, Pages 1 and 2, to your Illinois return if you are required to file federally.

Schedule D, Beneficiary Information, **must** be completed and attached to all Form IL-1041 filings.

If you are required to attach any Schedule(s) K-1-T, Beneficiary's Share of Income and Deductions, only attach Schedule(s) K-1-T **you received** which lists your name and FEIN in Step 2 of Schedule

K-1-T. **Do not** attach copies of Schedule(s) K-1-T **you issued** and which lists your name and FEIN in Step 1 of Schedule K-1-T.

Note When filing your Form IL-1041 include only forms and schedules required to support your return. Send correspondence separately to:

ILLINOIS DEPARTMENT OF REVENUE
TAXPAYER CORRESPONDENCE
PO BOX 19044
SPRINGFIELD IL 62794-9044

Definitions to help you complete your Form IL-1041.

Resident means

- an individual who is present in Illinois for other than a temporary or transitory purpose;
- an individual who is absent from Illinois for a temporary or transitory purpose but who is domiciled in Illinois;
- the estate of a decedent who at his or her death was domiciled in Illinois;
- a trust created by a will of a decedent who at his or her death was domiciled in Illinois; or
- an irrevocable trust, whose grantor was domiciled in Illinois at the time the trust became irrevocable. For purposes of this definition, a trust is irrevocable to the extent that the grantor is not treated as the owner of the trust under IRC Sections 671 through 678. For a more detailed explanation of "domicile" and "resident," see Form IL-1040, Illinois Individual Income Tax Return, General Information.

Nonresident means a person who is not a resident of Illinois, as defined previously.

Note In the following definitions, all references to "income" include losses.

Illinois base income is your federal taxable income, plus any additions on Lines 2 through 10, less any subtractions on Line 25. See specific instructions for Steps 2 and 3.

Business income means all income (other than compensation) that may be apportioned by formula among the states in which you are doing business without violating the Constitution of the United States. All income of a trust or estate is business income unless it is clearly attributable to only one state and is earned or received through activities totally unrelated to any business you are conducting in more than one state. Business income is net of all deductions attributable to that income.

Nonbusiness income means all income other than business income or compensation. For more information about the different types of nonbusiness income, see the instructions for Illinois Schedule NB, Nonbusiness Income.

A **pass-through entity** is any entity treated as a partnership, subchapter S corporation, or trust for federal income tax purposes.

Pass-through entity income is the income that any partnership, subchapter S corporation, or trust passes through to its partners, shareholders, or beneficiaries.

Pass-through withholding is the amount required to be reported and paid by the pass-through entity on behalf of its **nonresident** partners, shareholders, and beneficiaries

- who have **not** submitted Form IL-1000-E, Certificate of Exemption for Pass-through Withholding, to the pass-through entity, and
- who receive business and nonbusiness income from the pass-through entity.

Pass-through withholding is

- reported to your beneficiaries on the Schedule K-1-T you send to them,
- reported to IDOR on your Form IL-1041 and Illinois Schedule D, and
- paid with your return or voluntarily prepaid with Form IL-1041-V.

Note If any of your beneficiaries are pass-through entities themselves, they are required to report and pay pass-through withholding on behalf of their own nonresident partners, shareholders, or beneficiaries on the income you passed through. Your beneficiaries may claim a credit on their Illinois Income Tax return for pass-through withholding you reported and paid on their behalf.

Trusts can both make and receive pass-through withholding. Estates can receive pass-through withholding.

- **Pass-through withholding you owe on behalf of your members** is a payment of pass-through withholding **you make** on behalf of your nonresident beneficiaries who have not submitted Form IL-1000-E to you. This amount will be reported on Form IL-1041, Line 52.
- **Pass-through withholding reported to you** is a credit for pass-through withholding **you receive** on Schedules K-1-P and K-1-T as a partner, shareholder, or beneficiary of a pass-through entity. This amount will be reported on Form IL-1041, Line 54b.

If you are a nonresident and the pass-through withholding reported to you satisfies your Illinois Income Tax liability, you are not required to file an Illinois Income Tax return. If you had Illinois income from other sources and the pass-through withholding made on your behalf does not cover your liability, you must file a return to report the tax on all of your Illinois income and claim a credit for pass-through withholding made on your behalf.

All residents and pass-through entities must file their own annual Illinois Income Tax return to claim a credit for any pass-through withholding reported to them.

When is business income allocable to Illinois?

If the trust or estate is a resident, all income received, regardless of source, is allocable to Illinois.

If the trust or estate is a nonresident and business income is derived

- wholly inside Illinois, the entire amount of business income is allocable to Illinois;
- wholly outside of Illinois, none of the business income is allocable to Illinois;
- inside and outside of Illinois, complete Illinois Schedule NR (Form IL-1041), Nonresident Computation of Fiduciary Income, Step 6. See the instructions for Illinois Schedule NR (Form IL-1041), Step 6.
- from subchapter S corporations, partnerships, and other fiduciaries, the business income may be allocable to Illinois. See the Illinois Schedule(s) K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, furnished by the subchapter S corporation or partnership or the Illinois Schedule(s) K-1-T furnished by the other fiduciary to determine what income is allocable to Illinois.

When is nonbusiness income allocable to Illinois?

If the trust or estate is a resident, all nonbusiness income is allocable to Illinois.

If the trust or estate is a nonresident, items of income and deduction which constitute nonbusiness income are allocable to Illinois according to the following rules:

- **Interest and dividend income** received by a nonresident trust or estate is not allocable to Illinois.
- **Net rents and royalties**

  Real property — Rents and royalties from real property are allocable to Illinois if the property is located in Illinois.

Tangible personal property — Rents and royalties from tangible personal property are allocable to Illinois to the extent the property is used in Illinois. The extent of use of tangible personal property in a state is determined by multiplying the rents and royalties derived from the property by a fraction, in which the numerator is the number of days the property is located in the state during the rental and royalty period in the tax year and the denominator is the total number of days during all rental or royalty periods in the tax year.

- **Patent and copyright royalties** are allocable to Illinois to the extent the patent or copyright is used in Illinois.

  A **patent** is used in Illinois to the extent that it is employed in production, fabrication, manufacturing, or other processing in Illinois or to the extent that a patented product is produced in Illinois.

  A **copyright** is used in Illinois to the extent that printing or other publication originates in Illinois.
- **Gains and losses** from sales or exchanges of real or tangible property are in Illinois if the property is located in Illinois at the time of the sale or exchange. Gains or losses from the sale or exchange of intangible personal property are not allocable to Illinois.
- **Income from subchapter S corporations, partnerships and other fiduciaries** paid to the trust or estate is allocable to Illinois as if the trust or estate received it directly. See the Illinois Schedule(s) K-1-P furnished by the subchapter S corporation or partnership or the Illinois Schedule(s) K-1-T furnished by the other fiduciary to determine what income is allocable to Illinois.
- **Illinois State lottery winnings and proceeds from sales or other transfers of rights to lottery winnings** received by a nonresident fiduciary are allocable to Illinois.
- **Other unspecified items** of income or deduction of a nonresident taxpayer are not allocable to Illinois.

What does taxable in other states mean?

Taxable in other states means you are subject to and actually pay "tax" in another state. "Tax" means net income tax, franchise tax measured by net income, or franchise tax for the privilege of doing business. You are considered taxable in another state if that state has jurisdiction to subject you to a net income tax, even though that state does not impose such a tax. This definition is for purposes of allocating nonbusiness income and apportioning business income inside or outside Illinois.

What is the fiduciary's share or beneficiary's share of income?

The fiduciary's share of an item of income or deduction is that amount required to be taken into account in computing fiduciary taxable income for federal income tax purposes for the tax year and is not paid, credited, or required to be distributed to the beneficiaries of the trust or estate for that year. The fiduciary's share of each of the addition and subtraction items required under the IITA is that part of each item that relates and is attributable to the fiduciary's share of the items of income and deduction.

The beneficiary's share of each of the items is the amount that was properly paid, credited, or required to be distributed to the beneficiary for the tax year. The items of income and deduction and the additions and subtractions that are deemed to have been paid, credited, or distributed must be taken into account by the beneficiaries in proportion to their respective shares of the distributable net income.

When must I use Illinois Schedules K-1-T, K-1-T(3), and D?

You must use **Illinois Schedule K-1-T** to supply each beneficiary with that individual's or entity's share of the amounts reported on your federal and Illinois tax returns. For Illinois Income Tax purposes, you must give a completed Illinois Schedule K-1-T and a copy of the **Illinois Schedule K-1-T(2)**, Beneficiary's Instructions, to each beneficiary. **Do not file copies of Illinois Schedule K-1-T that you issued to your beneficiaries with your Form IL-1041.** However, you must keep a copy of each Illinois Schedule K-1-T with your tax records. See Illinois Schedule K-1-T(1), Instructions for Trusts and Estates Completing Schedule K-1-T and Schedule K-1-T(3), for more information.

Trusts only - You must use **Illinois Schedule K-1-T(3)**, Pass-through Withholding Calculation for Nonresident Members, to calculate the required tax you must report and pay on behalf of your nonresident beneficiaries who receive business or nonbusiness income from you. You must complete the schedule if you have business or nonbusiness income distributable to Illinois nonresident beneficiaries who have not provided you with Form IL-1000-E, Certificate of Exemption for Pass-through Withholding. You are required to complete Schedule K-1-T(3) for each such beneficiary and keep a copy of the completed schedule in your files. **Do not submit Schedule K-1-T(3) to IDOR unless we request it from you.** The information entered on this schedule will assist you in completing Illinois Schedule D. See Schedule K-1-T(1) for more information.

You must use **Illinois Schedule D** to supply us with a listing of your beneficiaries, certain items of income, and pass-through withholding you made on their behalf. You **must** complete all lines of Illinois Schedule D, as applicable, and file it with your Form IL-1041.

What if the trust makes an accumulation or capital gain distribution?

If the trust makes an accumulation distribution or a capital gain distribution (both as defined in IRC Section 665), the portion of the distribution included in the income of a nonresident or part-year resident beneficiary (under IRC Sections 668 and 669) is taxable to the extent that the trust income was allocable to Illinois before distribution.

What if I participated in a reportable transaction?

If you participated in a reportable transaction, including a "listed transaction," during this tax year and were required to disclose that transaction to the IRS, you are also required to disclose that information to Illinois.

You must send us two copies of the form used to disclose the transaction to the IRS.

- Mail the first copy of the federal disclosure statement to:

  ILLINOIS DEPARTMENT OF REVENUE
  PO BOX 19029
  SPRINGFIELD IL 62794-9029
- Attach the second copy to your Illinois Income Tax return for the tax year that the IRS disclosure was required. Mail the second copy and your Illinois Income Tax return to the address shown on your return. **Do not** mail the second copy and your Illinois Income Tax return to the address listed above.

What if I need additional assistance or forms?

- Visit our website at **tax.illinois.gov** for assistance, forms or schedules.
- Write us at:

  ILLINOIS DEPARTMENT OF REVENUE
  PO BOX 19001
  SPRINGFIELD IL 62794-9001
- Call **1 800 732-8866** or **217 782-3336** (TDD, telecommunications device for the deaf, at **1 800 544-5304**).
- 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.

Where should I file?

By mail - If a payment is enclosed with your return, mail your Form IL-1041 to:

ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19053
SPRINGFIELD IL 62794-9053

If a payment is **not** enclosed, mail your Form IL-1041 to:

ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19009
SPRINGFIELD IL 62794-9009

Online - Visit our website at **tax.illinois.gov** and click on the MyTax Illinois logo.

Specific Instructions

Specific instructions for most of the lines are provided on the following pages. If a specific line is not referenced, follow the instructions on the form.

Step 1 — Identify your fiduciary

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

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

Note If you checked the box in Line B because you have never filed an Illinois return, you must also check the "first return" box in Line E.

C — Indicate if you are a trust or an estate by checking the appropriate box.

D — Indicate if you are an Electing Small Business Trust (ESBT), an individual bankruptcy estate, or a complex trust without distributions by checking the appropriate box or boxes (you may check more than one).

Note You may only indicate you are an

- ESBT or a complex trust without distributions if you checked the "Trust" box on Step 1, Line C; or
- individual bankruptcy estate if you checked the "Estate" box on Step 1, Line C.

Note **For individual bankruptcy estates, Illinois follows the federal filing procedures. You should complete Form IL-1040, Individual Income Tax Return, and carry the tax amount to Step 6 of Form IL-1041 and check the Individual Bankruptcy box. On the top of Form IL-1040, write "Individual Bankruptcy Estate. Do not detach." Attach Form IL-1040 to the back of Form IL-1041.**

E — If this is your first or final return, check the appropriate box.

F — Indicate your method of accounting by checking the appropriate box. You must use the same accounting method (*e.g.,* cash or accrual) and tax year that you used for federal income tax purposes.

G — Enter your entire federal employee identification number (FEIN). A partial FEIN will delay the processing of your return.

H — If you are required to disclose reportable transactions and you have attached federal Form 8886, check the box. See "What if I participated in a reportable transaction?" for more information.

I — If your residency is not in Illinois, check the box and attach a completed Illinois Schedule NR (Form IL-1041), Nonresident Computation of Fiduciary Income, to your tax return.

J — If you earned or can carry forward credits on Illinois Schedule 1299-D, Income Tax Credits (for corporations and fiduciaries), check the box and attach Illinois Schedule 1299-D and any other required support listed on Schedule 1299-D to your tax return, even if you are unable to use any of the credits in this tax year.

K — If you received income from a partnership, an S corporation, or another trust or estate, check the box and attach Illinois Schedule I, Income Received, to your tax return.

L — If you are claiming a special depreciation addition or subtraction modifications on Form IL-1041, check the box and attach Form IL-4562, Special Depreciation, to your tax return.

M — If you are claiming other addition or subtraction modifications on Form IL-1041, check the box and attach Schedule M, Other Additions and Subtractions (for businesses), to your tax return.

N — If you are claiming related-party expense modifications on your Form IL-1041, check the box and attach Schedule 80/20, Related-Party Expenses, to your tax return.

O — Check the box if you must adjust your loss or loss carryover due to Discharge of Indebtedness. For more information, see the instructions for Line 28, the Loss Reduction Worksheet on page 9 of these instructions, and Schedule NLD.

Note **You must complete an IDOR-issued or previously approved Form IL-1041 and corresponding schedules.** Do not send a computer printout or spreadsheets with line numbers and dollar amounts attached to a blank copy of the return.

Step 2 — Figure your income or loss

Line 1 — Enter the amount from U.S. Form 1041, Line 22. Attach a copy of your federal return.

Note **Do not include any capital gains on the lump-sum distribution from a retirement plan that you reported on your U.S. Form 4972, instead of on Line 8 of your U.S. Form 1041.**

Line 2 through 10 — Do not enter **negative** amounts on Lines 2 through 10. If you are claiming over-accrued taxes, include them on Schedule M (for business), Line 23.

Line 2 — Enter the amount of net operating loss deduction from U.S. Form 1041, Line 15b.

Line 3 — If you are an Electing Small Business Trust (ESBT), and your net taxable income from subchapter S corporations is positive, enter that figure here. Also, you should include the amounts applicable from this trust in your addition and subtraction modifications. Attach a breakdown worksheet explaining each amount. If your net taxable income from subchapter S corporations is a loss, report it on Line 23.

Line 4 — Enter the exemption amount from your U.S. Form 1041, Line 20. If you are a qualified disability trust, enter $100 or the amount of your exemption, whichever is less.

Lines 5 through 10 - Addition Modifications — Any addition modification required in the computation of base income should be adjusted by any amount permanently set aside for charitable purposes pursuant to IRC Section 642(c).

Enter the addition modifications in Column A if the item is included in figuring your beneficiaries' income.

Enter the addition modifications in Column B if the item is included in figuring your income.

Line 5 — You must add back any amount of Illinois Income and Replacement taxes and surcharge that you deducted on your U.S. Form 1041 to arrive at your federal taxable income. You are not required to add back taxes from other states that you included as a federal deduction.

Line 6 — Enter the total of all amounts excluded from federal taxable income that were received or accrued as interest during the tax year.

Line 7 — Enter the addition amount calculated on Form IL-4562, Special Depreciation, Step 2, Line 4. For more information, see Form IL-4562 and instructions. **Attach Form IL-4562 to your Form IL-1041.**

Note The sum of the amounts reported in columns A and B of this line should match the total amount reported on Form IL-4562, Step 2, Line 4.

Line 8 — Enter the interest or intangible expenses, or insurance premiums paid to an affiliated company, to the extent these expenses exceed any taxable dividends you received from the affiliated company. To compute the amount of this addition, complete Step 2 of Illinois Schedule 80/20 and enter on Line 8 the total from Illinois Schedule 80/20, Step 2, Line 13. **Attach Illinois Schedule 80/20 to your Form IL-1041.**

Note The sum of the amounts reported in columns A and B of this line should match the total amount reported on Illinois Schedule 80/20, Step 2, Line 13.

Some interest and intangible expenses may be exempt from this add-back provision. See Illinois Schedule 80/20 Instructions for more information including definitions of "affiliated company," "intangible expenses," and "intangible assets."

Line 9 — If you are a beneficiary in another trust or estate, a partner in a partnership, or a shareholder in a subchapter S corporation, include your distributive share of additions received from the trust, estate, partnership, or subchapter S corporation on Schedules K-1-P or K-1-T. If you receive multiple schedules because you are a recipient from multiple entities, you should enter the combined total of Step 5, Column A, Lines 32 through 37, from all Illinois Schedules K-1-P you receive and Step 5, Column A, Lines 30 through 35, from all Illinois Schedules K-1-T you receive. **Attach a copy of all Illinois Schedules K-1-P and K-1-T to your Form IL-1041.**

Note The trust or estate is required to send you an Illinois Schedule K-1-T and Schedule K-1-T(2) and the partnership or subchapter S corporation is required to send you an Illinois Schedule K-1-P and Schedule K-1-P(2), specifically identifying your share of income.

Special Note Include only additions reported to you on the Schedule(s) K-1-P or K-1-T you received from a pass-through entity in which you are an investing partner or shareholder or a beneficiary. **Do not attach** copies of Schedules K-1-T you issued to your beneficiaries. You should keep copies of these schedules in your records.

Line 10 — Enter the addition amount calculated on Illinois Schedule M, Other Additions and Subtractions (for businesses), Step 2, Line 10. **Attach a copy of Illinois Schedule M to your Form IL-1041.**

Note The sum of the amounts reported in columns A and B of this line should match the total amount reported on Illinois Schedule M, Step 2, Line 10.

The following are examples of items that must be added to taxable income and are included on the Illinois Schedule M.

- Notes, bonds, debentures, or obligations issued by the Governments of Guam, American Samoa, Puerto Rico, the Northern Mariana Islands, or the Virgin Islands.
- Lloyd's plan of operations loss if reported on your behalf on Form IL-1065, Partnership Replacement Tax Return, and included in your federal taxable income.
- **Nonresidents only: Business Expense Recapture -** Deductions you claimed this year and in your two most recent tax years for expenses connected with income from an asset or activity which were reported as business income in prior years and as nonbusiness income on this return. This recapture should be allocated to the fiduciary to the extent the business expenses were allocated to the fiduciary in the year they were deducted. See Illinois Schedule NR (Form IL-1041), Nonresident Computation of Fiduciary Income, Line 36, and Illinois Schedule NR (Form IL-1041) Instructions for more information.
- Any other state's income tax deducted from federal taxable income, if a corresponding credit is claimed on Illinois Schedule CR (Form IL-1041), Credit for Tax Paid to Other States. **Only add back the taxes for which you are claiming a credit.**
- The smaller of any capital loss on U.S. Form 1041, Line 4 that you may carry forward or any negative amount on U.S. Form 1041, Line 22.

Step 3 — Figure your base income or loss

Lines 13 through 25 - Subtraction Modifications — Do not enter **negative** amounts on Lines 13 through 25.

Any subtraction modification required in the computation of base income should be adjusted by any amount permanently set aside for charitable purposes pursuant to IRC Section 642(c).

Enter the subtraction modifications in Column A if the item is included in figuring your beneficiaries' income.

Enter the subtraction modifications in Column B if the item is included in figuring your income.

A double deduction is prohibited by IITA, Section 203(g). You cannot deduct the same item more than once when figuring your subtractions.

Line 13 — Enter the amount from Illinois Schedule F (Form IL-1041), Gains from Sales or Exchanges of Property Acquired Before August 1, 1969, Line 18. Capital gain, or Section 1245 or 1250 gain, on property acquired before August 1, 1969, may be limited by the value of the property on August 1, 1969. See Illinois Schedule F for instructions. **Attach Illinois Schedule F, and a copy of U.S. Schedule D (or U.S. Form 8949), U.S. Form 4797, and U.S. Form 6252, if filed.**

Line 14 — Enter the federally taxed portion of any qualified distribution received from

- a qualified employee pension, profit sharing, stock bonus, or bond purchase plan, or from a government (including military) retirement or disability plan. Report only such distribution that was included in taxable income on U.S. Form 1041, Line 8. **Attach a copy of U.S. Form 1041, Page 1, and supporting schedule for Line 8.**
- an Individual Retirement Account (IRA), a self-employed retirement plan (SEP), or a 401(k) plan.
- a lump-sum distribution of cash or property from a qualified plan (e.g., employer securities or retirement income, endowment or life insurance contracts). Report the total distribution treated as long-term capital gain shown on U.S. Schedule D plus any amount treated as ordinary income and included in U.S. Form 1041, Line 8. **Attach a copy of U.S. Schedule D and U.S. Form 1041, Page 1, and supporting schedule for Line 8.**
- the redemption of U.S. Retirement Bonds. **Attach a copy of U.S. Form 1041, Page 1, and supporting schedule for Line 8.**
- gain on the sale or exchange of employer securities. Complete Form IL-4644, Gains from Sales of Employer's Securities Received from a Qualified Employee Benefit Plan, to compute the subtraction. **Attach Form IL-4644 to your Form IL-1041.**

***Note* Do not subtract any capital gains on the lump-sum distribution from a retirement plan that you reported on your U.S. Form 4972, rather than on U.S. Form 1041, Line 8. These**

amounts are excluded from your federal taxable income on Form IL-1041, Line 1, and cannot be subtracted.

Special Note You must notify each beneficiary of his or her share of any amount included on Line 14, Column A, that is attributable to a capital gain distribution or to a gain realized on the disposition of employer securities. You must also advise the beneficiary that his or her share of any such amount is to be reported **only** if he or she is limiting capital gain on the disposition of property acquired before August 1, 1969, on Illinois Schedule F. If the beneficiary is an individual, he or she will include the amount on Illinois Schedule F (Form IL-1040), Line 13. If the beneficiary is a trust or estate, the fiduciary will include the amount on Illinois Schedule F (Form IL-1041), Line 14.

Line 15 — Enter the total interest received or accrued from U.S. Treasury bonds, notes, bills, federal agency obligations, and savings bonds that is included in your federal taxable income. You may **not** subtract anything that is not identified in Illinois Publication 101, Income Exempt from Tax. This amount is net of any bond premium amortization deducted federally.

Line 16 — Enter any retirement payments to retired partners that were received by the trust or estate and excluded in computing net earnings from self-employment by IRC Section 1402.

Note **You must attach Illinois Schedule 1299-B, River Edge Redevelopment Zone or Foreign Trade Zone (or sub-zone) Subtractions, to your Form IL-1041 if you have an amount on Lines 17 and 18.**

Line 17 — Enter the River Edge Redevelopment Zone Dividend subtraction from Illinois Schedule 1299-B, Step 1, Line 3.

Line 18 — Enter the High Impact Business Dividend subtraction from Illinois Schedule 1299-B, Step 1, Line 6.

Line 19 — Enter the amount of any contribution made to a job training project established under the "Tax Increment Allocation Redevelopment Act," as amended. For further information, see Illinois Compiled Statutes, Chapter 65, paragraph 5/11-74.4-1 *et seq.*

Line 20 — Enter the subtraction allowance from Form IL-4562, Special Depreciation, Step 3, Line 10. **Attach Form IL-4562 to your Form IL-1041.**

Note The sum of the amounts reported in columns A and B of this line should match the total amount reported on Form IL-4562, Step 3, Line 10.

Line 21 — Enter the amount from Illinois Schedule 80/20, Step 4, Line 32. **Attach Illinois Schedule 80/20 to your Form IL-1041.**

Note The sum of the amounts reported in columns A and B of this line should match the total amount reported on Illinois Schedule 80/20, Step 4, Line 32.

You should use Illinois Schedule 80/20

- if you added back interest paid to an affiliated company on Step 2, Line 8, you may subtract any interest received from that affiliated company during this tax year, up to the amount of your addition for interest expense paid to that company. Also, if you added back intangible expenses from a transaction with an affiliated company on Line 8, you may subtract any income you received during the tax year from similar transactions with the affiliated company, up to the amount of your addition for intangible expense for that company. To compute the amount of this subtraction, complete Illinois Schedule 80/20.
- if you are an affiliated company, and you received interest or intangible income from someone who had to add back the interest and intangible expense on their Illinois Schedule 80/20, you may subtract your interest or intangible income from that person.

Line 22 — Enter your distributive share of subtractions passed through to you on Schedules K-1-P or K-1-T by a partnership, S corporation, trust, or estate that you were either a partner, a shareholder, or a beneficiary of. Do not include any amounts passed through that are reflected on Illinois Schedule 1299-B. **Attach a copy of all Illinois Schedules K-1-P and K-1-T you received to your Form IL-1041.**

Note The partnership or the subchapter S corporation is required to send you an Illinois Schedule K-1-P and Schedule K-1-P(2) and the trust or estate is required to send you an Illinois Schedule K-1-T and Schedule K-1-T(2), specifically identifying your share of subtractions.

Special Note Include only subtractions reported to you on the Schedule(s) K-1-P or K-1-T you received from a pass-through entity in which you are an investing partner or shareholder or a beneficiary. **Do not attach** copies of Schedules K-1-T you issued to your beneficiaries. You should keep copies of these schedules in your records.

Line 23 — If you are an ESBT, enter the amount of net taxable income if it is a loss passed through to you by subchapter S corporations. Also, you should include the amounts applicable from this trust in your addition and subtraction modifications. Attach a breakdown worksheet explaining each amount. Net positive income from subchapter S corporations is reported on Line 3.

Note Do not enter an amount on Line 23a.

Line 24 — Enter the subtraction amount calculated on Illinois Schedule M Step 3, Line 36. **Attach a copy of Illinois Schedule M to your Form IL-1041.**

Note The sum of the amounts reported in columns A and B of this line should match the total amount reported on Illinois Schedule M, Step 3, Line 36.

You may **not** subtract anything that is not identified below, on Schedule M (for businesses), or in Illinois Publication 101.

Loss Reduction Worksheet

1	Enter the amount of the reduction to your federal net operating losses See federal Form 982.	**1** _____
2	Enter your income allocation ratio. See instructions.	**2** _____
3	Multiply the amount on Line 1 by Line 2. This is your reduction amount. Enter the result here and on Form IL-1041, Line 28.	**3** _____

Line 1 — Follow the instructions in Line 1.

Line 2 — 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 Schedule NR for the tax year of the debt cancellation.

Line 3 — Follow the instructions on the form.

Subtractions allowed on Illinois Schedule M include:

- notes, bonds, debentures, or obligations issued by the Governments of Guam, American Samoa, Puerto Rico, the Northern Mariana Islands, or the Virgin Islands, to the extent that you were required to add these amounts to your federal taxable income;
- Lloyd's plan of operations income if reported on your behalf on Form IL-1065 and included in your federal taxable income;
- the amount equal to the deduction used to compute the federal tax credit for restoration of amounts held under claim of right under IRC Section 1341;
- the amounts disallowed as federal deductions or interest expenses under IRC Sections 171(a)(2), 265, or 280C;
- reparations or other amounts received as a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime that are included in your federal taxable income. Also include any reparations or other amounts received as an heir of such victim that are included in your federal taxable income;
- any other income included on Step 2, Line 11, exempt from taxation by Illinois by reason of its Constitution or statutes or by the Constitution, treaties, or statutes of the United States. This amount is net of any bond premium amortization deducted federally. For more information, see Illinois Publication 101.

Line 26 — Subtract Line 25 from Line 12. If you are a resident of Illinois enter this amount on Step 4, Line 27. The base income of a resident trust or estate is not subject to allocation or apportionment. The entire amount is allocated to Illinois under the provisions of the IITA. If you are a nonresident of Illinois, complete Illinois Schedule NR (Form IL-1041) before completing Step 4. **Attach Illinois Schedule NR (Form IL-1041) to your Form IL-1041.** For more information, see Illinois Schedule NR (Form IL-1041) instructions.

Step 4 — Figure your net income

Line 27 — Follow the instructions on the form. If this amount is a loss, you may be allowed to carry it forward to other years as an Illinois net loss deduction (NLD).

Line 28 — If you were required to reduce the net operating loss reported on your federal Form 1041 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 27. Use the Loss Reduction Worksheet on page 9 to figure your loss reduction.

Attach a copy of your federal Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness, to your Form IL-1041. For more information, see Illinois Income Tax Regulations, Section 100.2310(c).

Note If you also have Illinois net operating loss carryovers to the tax year of the debt cancellation, you may also be required to reduce these carryovers. See Schedule NLD for more information.

Line 29 — If you have a discharge of indebtedness adjustment on Line 28, add Lines 27 (a negative number) and 28 (a positive number), and enter the result here. This amount cannot be greater than "0".

If you do not have a discharge of indebtedness adjustment, enter "0" on Line 28 and the amount from Line 27 on Line 29.

Line 30 — Enter your Illinois NLD carryforward from the Illinois Schedule NLD, Step 1, Line 5 total box. **Attach Illinois Schedule NLD to your Form IL-1041.**

Line 31 — The standard exemption is $1,000. If you have a change in your tax year end, and the result is a tax period of less than 12 months, the standard exemption is prorated based on the number of days in the short tax year. However, if this is your first or final return, you are allowed to use the full-year standard exemption even if it is a short tax year. If you are a nonresident, you must use Schedule NR (Form IL-1041) to compute your exemption allowance.

This figure cannot be greater than "$1,000." The standard exemption is $0.00 if your AGI is $250,000 or more. You should make the determination about your AGI based on AGI under IRC Section 67(e).

Step 5 — Figure your net replacement tax - For trusts only, estates go to Step 6

Line 35 — Enter your recapture of investment credits from Illinois Schedule 4255, Recapture of Investment Tax Credits, Step 4, Column C, Line 18.

If you claimed any Illinois investment tax credit in a prior year on Form IL-477, Replacement Tax Investment Credits, and any of the property was disqualified within 48 months of being placed in service, you must use Illinois Schedule 4255 to compute the amount of recapture. Credit must be recaptured in the year the property became disqualified.

Line 37 — Enter the amount from Illinois Schedule CR (Form IL-1041), Credit for Tax Paid to Other States, Step 5, Line 60. **Attach Illinois Schedule CR and all required supporting documents to your Form IL-1041.** For more information, see Illinois Schedule CR instructions.

Line 38 — Enter the amount from Form IL-477, Step 1, Line 13. **Attach Form IL-477 and any other required support listed on Form IL-477 to your Form IL-1041.**

You may claim a replacement tax investment credit of .5 percent (.005) of the basis of qualified property placed in service in Illinois during the tax year.

An additional credit of up to .5 percent (.005) of the basis of qualified property is available if your Illinois base employment increased over the preceding year or if your business is new to Illinois. Excess credit may be carried forward for five years following the excess credit year. For more information, see Form IL-477 instructions.

Step 6 — Figure your net income tax - For trusts and estates

Line 42 — Follow the instructions on the form.

Line 43 — Enter the total of your recapture of investment credits from Illinois Schedule 4255, Step 4, Columns A and B, Line 18 and Step 5, Line 21. See Schedule 4255 instructions for more information regarding the recapture of investment credits.

If you claimed an Illinois Enterprise Zone or River Edge Redevelopment Zone Investment Credit, High Impact Business Investment Credit, or Angel Investment Credit in a prior year on Illinois Schedule 1299-D, Income Tax Credits, and any of the property becomes disqualified, you must use Illinois Schedule 4255 to compute the amount of recapture. Credit must be recaptured in the year in which the property became disqualified. For more information, see Illinois Schedule 4255.

Line 45 — Enter the amount from Illinois Schedule CR (Form IL-1041), Step 5, Line 59. **Attach Illinois Schedule CR and all required supporting documents to your Form IL-1041.** For more information, see Illinois Schedule CR instructions.

Line 46 — Enter the amount from Illinois Schedule 1299-D, Step 2, Line 21. The total of all credits is limited to the total income tax shown on Line 44. **Attach Illinois Schedule 1299-D and any other required support listed on Schedule 1299-D to your Form IL-1041.** For more information, see Illinois Schedules 1299-D and 1299-I instructions.

Step 7 — Figure your refund or balance due

Line 51 — Compassionate Use of Medical Cannabis Pilot Program Act surcharge.

Definitions

Organization registrant means a corporation, partnership, trust, limited liability company (LLC), or other organization, that holds either a medical cannabis cultivation center registration issued by the Illinois Department of Agriculture or a medical cannabis dispensary registration issued by the Illinois Department of Financial and Professional Regulation.

Transactions subject to the surcharge means sales and exchanges of

- capital assets;
- depreciable business property;
- real property used in the trade or business; and
- Section 197 intangibles

of an organization registrant.

What is the surcharge?

For each taxable year beginning or ending during the Compassionate Use of Medical Cannabis Pilot Program, a surcharge is imposed on all taxpayers on income arising from the transactions subject to the surcharge of an organization registrant under the Compassionate Use of Medical Cannabis Pilot Program Act.

The amount of the surcharge is equal to the amount of federal income tax liability for the taxable year attributable to the transactions subject to the surcharge.

To whom does the surcharge apply?

The surcharge is imposed on any taxpayer who incurs a federal income tax liability on the income realized on a "transaction subject to the surcharge," including individuals and other taxpayers who are not themselves the "organization registrant" that engaged in the transaction.

A line has been included on Schedules K-1-P and K-1-T to identify the amount of federal income attributable to transactions subject to the surcharge that was passed through to you on federal Schedule K-1.

How do I figure the surcharge?

If the surcharge applies to you, complete the Compassionate Use of Medical Cannabis Pilot Program Act surcharge Worksheet at the top of page 11.

For more information, see Illinois Income Tax Regulations, Section 100.2060.

Line 52 — Complete **all sections** of Illinois Schedule D and enter the amount from Illinois Schedule D, Section A, Line 7 on this line. This is the amount of pass-through withholding you owe on behalf of your members. **Attach Illinois Schedule D to your Form IL-1041.** See "Definitions to help you complete your Form IL-1041" in these instructions for more information.

Note Do not include on Line 52 any pass-through withholding **reported to you** on Schedule(s) K-1-P or K-1-T. Pass-through withholding amounts reported to you are included on Step 7, Line 54b.

Line 53 — Add Lines 49, 50, 51, and 52 and enter the total on this line. This is your total net income and replacement taxes, surcharge, and pass-through withholding you owe.

Line 54a — Enter the sum of any payments made on or before the original due date of the return, including, but not limited to:

- overpayment from your prior year tax returns that you requested to be applied to this year's tax return. Take into account any correspondence we may have sent you that changed the amount of your credit carryforward from the previous year.
- voluntary estimated payments or tax prepayments made during the tax year.
- extension payments.

Line 54b — Enter the amount you wish to claim of Illinois pass-through withholding reported to you by partnerships, S corporations, or trusts on Schedule(s) K-1-P or K-1-T. If you received more than one Schedule K-1-P or K-1-T, add the amounts you wish to claim from all the schedules and enter the total on Line 54b. **Attach copies of the Schedules K-1-P and K-1-T you received from the pass-through entities to your Form IL-1041.** See "Definitions to help you complete your Form IL-1041" in these instructions for more information.

Note Do not include on Line 54b any pass-through withholding **you owe** on behalf of your members. Pass-through withholding you owe on behalf of your members are included on Step 7, Line 52.

Special Note **Do not attach** copies of Schedules K-1-T you issued to your beneficiaries. You should keep copies of these schedules in your records.

Line 54c — Enter the amount of Illinois income tax withheld on wages and salaries (of a decedent) and gambling withholding that were received by you. **This withholding must be claimed by the fiduciary.** Also include any Illinois Income Tax withheld as reported on any federal 1099 forms you received. **Attach Forms W-2, W-2G, and any federal 1099 forms you received to your Form IL-1041.**

Line 57 — Enter the amount of overpayment you elect to be credited forward.

Your credit carryforward will not be applied if you do not file a processable return.

Note Your credit carryforward may be reduced by us due to corrections we make to your return, or to satisfy any unpaid tax, penalty, and interest due for this year or any other year. If we reduce your credit carryforward, it may result in a late-payment penalty in a subsequent year.

To which tax year will my credit apply?

If your 2018 return was filed

- ❑ **on or before the original filing and payment due date of your return,** your credit will be applied to the next full tax year, unless you elect to apply the credit to a different tax year.

  Example 1: You file your 2018 calendar-year return on March 1, 2019, requesting to receive your overpayment as a credit. March 1, 2019, falls before the original filing and payment due date of the 2018 tax year (April 15, 2019, for calendar-year filers). Your credit will be applied against your 2019 tax year liability.

- ❑ **after the original filing and payment due date of your return,** your credit will be applied to the next full tax year in which **timely** payments can be made as of the date you are filing this return, unless you elect to apply the credit to a different tax year.

  Example 2: You file your 2018 calendar-year return on August 4, 2019, requesting to receive your overpayment as a credit. August 4, 2019, is after the original filing and payment due date of the 2018 tax year (April 15, 2019, for calendar-year filers), but is before the original filing and payment due date of the 2019 tax year (April 15, 2020, for calendar-year filers). Your credit will be applied against your 2019 tax year liability.

  Example 3: You file your 2018 calendar-year return on April 23, 2020, requesting to receive your overpayment as a

Compassionate Use of Medical Cannabis Pilot Program Act Surcharge Worksheet

1	Enter your federal income tax liability for the taxable year.	**1**	_____
2	Enter your federal income tax liability for the taxable year computed as if transactions subject to the surcharge made in that year had not been made by the organization registrant.	**2**	_____
3	Subtract Line 2 from Line 1. This is your Compassionate Use of Medical Cannabis Pilot Program Act surcharge. Enter the result here and on Form IL-1041, Step 7, Line 51.	**3**	_____

credit. April 23, 2020, is after the original filing and payment due date of the 2019 tax year (April 15, 2020, for calendar-year filers), but is before the original filing and payment due date of the 2020 tax year (April 15, 2021, for calendar-year filers). Your credit will be applied against your 2020 tax year liability.

Note If you wish to apply the credit to a different tax year, see "May I apply my credit to a different tax year?"

You may complete the Credit Carryforward Worksheet on page 13 if you require assistance determining the year to which your credit will apply.

With what date will my credit apply against my tax liability?

If your 2018 return was filed

- ❑ **on or before the extended due date of your return** (October 15, 2019, for calendar-year filers), your credit is considered to be paid on the original due date of this return (April 15, 2019, for calendar-year filers).

  However, if all or a portion of your overpayment results from payments made after the original due date of this return, that portion of your credit is considered to be paid on the date you made the payment.

  Example 1: You file your 2018 calendar-year return on or before the extended due date of your return requesting $500 be applied as a credit. All of your payments are made before the original due date of your return. Your credit of $500 will be considered to be paid on April 15, 2019.

  Example 2: You file your 2018 calendar-year return on or before the extended due date of your return requesting $500 be applied as a credit. Your overpayment includes payments of $400 you made before the original due date of your return, and a $100 payment you made on June 1, 2019. Your credit of $400 will be considered to be paid on April 15, 2019. The remaining $100 credit will be considered to be paid on June 1, 2019.

- ❑ **after the extended due date of your return,** your credit is considered to be paid on the date you filed the return on which you made the election.

  Example 3: You file your 2018 calendar-year return on December 1, 2019, requesting $500 be applied as a credit. Your credit of $500 will be considered to be paid on December 1, 2019, because you filed your return after the extended due date of your 2018 calendar-year return.

You may complete the Credit Carryforward Worksheet on page 13 if you require assistance determining with what date your credit will apply.

Note If you are filing your return after the extended due date, you may only elect to claim an overpayment credit for payments received on or before the date you filed your return. Any payments made after the date you filed that return can only be claimed as an overpayment credit on a subsequent amended return.

May I apply my credit to a different tax year?

Yes. If you wish to apply your credit to a tax year other than the one during which you file this return, you must submit a separate request in writing to:

ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19004
SPRINGFIELD IL 62794-9004

Note Submit your request at the time you file your return. **Do not** submit your return to this address.

Your request must include

- your name,
- your FEIN,
- the tax year of the return creating the overpayment, and
- the tax year you wish to have the credit apply.

If you do not follow these instructions, your election will be considered invalid and we will not apply your credit as you requested.

If you submit a valid request, we will apply your credit as you requested and notify you. Once made, your election to change the tax year to which your credit will apply is irrevocable. Requests will be worked in the order we receive them.

Note You may only apply your credit to tax years occurring after the year of the return creating the overpayment. If you request to apply more credit than our records show you have available, we will apply the maximum amount available and notify you of the difference.

Lines 58 — Follow the instructions on the form. Your refund will not be issued if you do not file a processable return.

Note Your refund may be reduced by us to satisfy any unpaid tax, penalty, and interest due for this year or any other year.

Line 59 — Direct deposit information.

If you choose to deposit your refund directly into your checking or savings account, you must

- Enter your routing number.
  - For a checking account, your routing number must be nine digits and the first two digits must be 01 through 12 or 21 through 32.

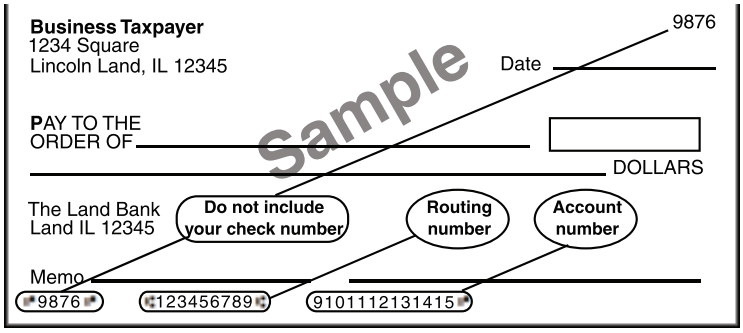
    The sample check following these instructions has an example of a routing number.
  - For a savings account, you must contact your financial institution for your routing number.
- Check the appropriate box to indicate whether you want your refund deposited into your checking or savings account.
- Enter your account number.
  - For a checking account, your account number may be up to 17 digits.

    The sample check following these instructions has an example of an account number.
  - For a savings account, you must contact your financial institution for your account number.

Do not use your account and routing numbers from your checking or savings account **deposit slip**. **Do not** include your check number. Include hyphens, but omit spaces and special symbols. You may have unused boxes.

Note If your financial institution does not honor your request for direct deposit, we will send you a check instead.

Note We do not support international ACH transactions. We will only deposit refunds into accounts located within the United States. If your financial institution is located outside the United States, we will send you a check instead of depositing your refund into your account.



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. If you are not paying electronically, complete a payment voucher, Form IL-1041-V, make your check or money order payable to **"Illinois Department of Revenue" and attach them to the front of your return.**

Note If you are paying electronically **do not** complete and attach a payment voucher.

You should also **enter the amount you are paying in the box located on the top of Page 1** of the Form IL-1041.

We encourage you to let us figure your penalties and interest and send you a bill instead of determining these amounts yourself. We will compute any penalty and interest due and notify you (see General Information, "What are the penalties and interest?").

Step 8 — Signature, date, and paid 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 pay someone to prepare your return, the income tax return preparer must also sign and date the return, enter the preparer tax identification number (PTIN) issued to them by the Internal Revenue Service, and provide their firm's name, address, and phone number.

If you want to allow the paid preparer listed in this step to discuss this return with IDOR, check the box. This authorization will allow your paid 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 the due date for filing your 2019 tax return (excluding extensions). You may revoke the authorization at any time by calling or writing us.

Credit Carryforward Worksheet

Step 1: Determine the tax year to which your credit will apply

Check box A or B and follow the instructions for the box you checked. If you did not check a box, do not complete the question(s) associated with that box.

A ☐ I filed my return on or before the original filing and payment due date of my return.

Complete Line 1a only if you checked box A, above.

1a Enter the ending date of the next full tax year. This is the year your credit will be applied to unless you elect to apply it to a different year. **1a** ____/____/_____

Example:

- A calendar-year filer, filing a return on March 1, 2019 (which falls before April 15, 2019, the original filing and payment due date for the 2018 tax year), would enter the next full tax year ending date, 12/31/2019.

B ☐ I filed my return after the original filing and payment due date of my return.

Complete Lines 1b through 2b only if you checked box B, above.

1b Enter the date you filed this return. **1b** ____/____/_____

2b Enter the ending date of the next full tax year for which a payment made on the date entered on Line 1b would be considered a timely payment. This is the year your credit will be applied to unless you elect to apply it to a different year. **2b** ____/____/_____

Examples:

- A calendar-year filer, filing a return on August 4, 2019 (which falls after April 15, 2019, the original filing and payment due date for the 2018 tax year, but before April 15, 2020, the original filing and payment due date for the 2019 tax year), would enter 12/31/2019 on Line 2b.
- A calendar-year filer, filing a return on April 23, 2020 (which falls after April 15, 2020, the original filing and payment due date for the 2019 tax year, but before April 15, 2021, the original filing and payment due date for the 2020 tax year), would enter 12/31/2020 on Line 2b.

Step 2: Determine the date that your credit will apply against your tax liability

Check box A or B and follow the instructions for the box you checked. If you did not check a box, do not complete the question(s) associated with that box.

Note Credit carryforwards calculated on this worksheet will not be available until your return is processed by IDOR. Your credit carryforward may be reduced by us due to corrections we make to your return, or to satisfy any unpaid tax, penalty, and interest due for this year or any other year. If we reduce your credit carryforward, it may result in a late-payment penalty in a subsequent year.

A ☐ I filed my return on or before the extended due date of my return.

Complete Lines 1a through 3a only if you checked box A, above.

1a Enter the original due date for this 2018 return. **1a** ____/____/_____

2a Enter the total amount of your overpayment from payments made **on or before** the date entered on Line 1a. A credit in this amount will be applied to your account with the date entered on Line 1a. **2a** _____

3a Enter the overpayment amount(s) and payment date(s) for any payment(s) you made **after** the date entered on Line 1a. Credit(s) in the amount(s) listed below will be applied to your account and will be considered to be paid on the date you made the payment.

Overpayment Amount	Date of Payment	Overpayment Amount	Date of Payment	Overpayment Amount	Date of Payment
$	/ /	$	/ /	$	/ /
$	/ /	$	/ /	$	/ /

B ☐ I filed my return after the extended due date of my return.

Complete Line 1b only if you checked box B, above.

1b Enter the date you filed this return. The date you enter is the date we will consider your credit to have been paid. **1b** ____/____/_____ _

Illinois Schedule D Instructions

General Information

Read this information before completing Illinois Schedule D.

Amounts listed on the Schedule(s) K-1-T and Schedule(s) K-1-T(3) you complete are carried to your Illinois Schedule D and then reported on your Form IL-1041. Therefore, you **must** complete Schedule(s) K-1-T and Schedule(s) K-1-T(3) **before** completing Schedule D.

In order to ensure you complete Schedule D correctly, do the following in order:

- ❑ Complete all Schedule(s) K-1-T and Schedule(s) K-1-T(3), as applicable, for your members **before** completing any section of Illinois Schedule D. The information reported on Schedule(s) K-1-T and Schedule(s) K-1-T(3) will be used to complete Illinois Schedule D. See Schedule K-1-T(1) for more information.
- ❑ Complete Section B of Illinois Schedule D **before** completing Section A of Illinois Schedule D. Section B reports specific amounts from each Schedule K-1-T and Schedule K-1-T(3) you completed. Section B is required to be completed in full in order to avoid processing delays, further correspondence, or delays in the processing of any overpayments.
- ❑ Complete Section A of the Illinois Schedule D. Section A reports total amounts from Section B, and is required to be completed in full in order to avoid processing delays, further correspondence, or delays in the processing of any overpayments.
- ❑ Carry the amount from Illinois Schedule D, Section A, Line 7 to your Form IL-1041, as applicable.

See the Schedule K-1-T(1) instructions and Illinois Schedule D specific instructions for more information.

What is the purpose of Illinois Schedule D?

The purpose of Illinois Schedule D, Beneficiary Information, is for you to identify any person who was a beneficiary during your tax year.

Illinois Schedule D also allows you to identify your beneficiaries that are subject to the Illinois Personal Property Tax Replacement Income Tax and to figure the share of distributable income or loss that is to be added to or subtracted from your base income.

Is Schedule D required?

Yes. You are required to have a copy of this form on file. You **must** attach a copy to your Form IL-1041, Illinois Fiduciary Income and Replacement Tax Return.

Illinois Schedule D supports the amount reported on Form IL-1041, Step 7, Line 52, as pass-through withholding you owe on behalf of your nonresident members. Therefore, you **must** follow the instructions for Illinois Schedule D, complete it in full, and attach it to your return.

Note You must use forms prescribed by 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 delay the processing of your return or the generation of any overpayment.** Additionally, failure to submit appropriate documentation when requested may result in a referral to our Audit Bureau for compliance action.

Fiduciaries must complete Illinois Schedule D. Do not send a computer printout with line numbers and dollar amounts attached to a blank copy of the schedule. Computer generated printouts are not acceptable, even if they are in the same format as IDOR's forms. Computer generated forms from an IDOR-approved software developer are acceptable.

What is a resident?

A resident is

- an individual who is present in Illinois for other than a temporary or transitory purpose;
- an individual who is absent from Illinois for a temporary or transitory purpose but who is domiciled in Illinois;
- the estate of a decedent who at his or her death was domiciled in Illinois;
- a trust created by a will of a decedent who at his or her death was domiciled in Illinois; or
- an irrevocable trust, whose grantor was domiciled in Illinois at the time the trust became irrevocable. For purposes of this definition, a trust is irrevocable to the extent that the grantor is not treated as the owner of the trust under Internal Revenue Code (IRC) Sections 671 through 678.

What is a nonresident?

A nonresident is a person who is not a resident, as previously defined. Corporations, S corporations, partnerships, and exempt organizations are considered nonresidents for purposes of Illinois Schedule D.

What do Section B, Columns F and G report?

Columns F and G report certain items of income and pass-through withholding you reported to your nonresident members on the Schedule K-1-T you issued to them.

How do I determine the amounts to report in Section B, Columns F and G?

Before completing Illinois Schedule D you must complete Schedule(s) K-1-T and Schedule(s) K-1-T(3) for each of your nonresident members, as applicable. The amounts reported on those schedules will be used to complete Illinois Schedule D, Section B, Columns F and G.

Estates are not required to make pass-through withholding on behalf of their nonresident members.

See Schedule K-1-T(1) for instructions and more information about Schedule K-1-T(3).

Specific Instructions

Section A — Total members' information

Note Complete Schedule(s) K-1-T and Schedule(s) K-1-T(3), as applicable, **and** all of Illinois Schedule D, Section B, before completing this section.

Illinois Schedule D, Section A should be completed using the totals from Illinois Schedule D, Section B. When you submit your return you should only attach a single page of Section A. If you require multiple pages of Section B, you may attach as many pages of Section B as required behind Section A.

Line 1 — Report amounts for **both resident and nonresident members —** Add the amounts you reported on Step 3, Column A, Line 9 through Line 18, of all the Schedule(s) K-1-T you issued to your beneficiaries and enter the total here.

Lines 2 through 7 — Report amounts for **nonresident members only**.

Line 2 — Enter the total amount of pass-through withholding you reported on the Schedule(s) K-1-T you issued to your **nonresident individual members only**. Total the amounts reported in Section B, Column G, for members that are identified with an **"I"** in Section B, Column B, and enter it here.

Line 3 — Enter the total amount of pass-through withholding you reported on the Schedule(s) K-1-T you issued to your **nonresident estate members only**. Total the amounts reported in Section B, Column G, for members that are identified with an **"M"** in Section B, Column B, and enter it here.

Line 4 — Enter the total amount of pass-through withholding you reported on the Schedule(s) K-1-T you issued to your **partnership and S corporation members only**. Total the amounts reported in Section B, Column G, for members that are identified with a **"P"** or **"S"** in Section B, Column B, and enter it here.

Line 5 — Enter the total amount of pass-through withholding you reported on the Schedule(s) K-1-T you issued to your **nonresident trust members only**. Include members identified as an exempt organization (trust). Total the amounts reported in Section B, Column G, for members that are identified with a **"T"** or **"A"** in Section B, Column B, and enter it here.

Line 6 — Enter the total amount of pass-through withholding you reported on the Schedule(s) K-1-T you issued to your **C corporation members only**. Include members identified as an exempt organization (corporation). Total the amounts reported in Section B, Column G, for members that are identified with a **"C"** or **"N"** in Section B, Column B, and enter it here.

Line 7 — Add Section A, Lines 2 through 6 of this Illinois Schedule D and enter this amount here and on Form IL-1041, Line 52. The amount on Line 7 should match the total amount from Schedule D, Section B, Column G for all members on all pages.

If you completed multiple pages of Section B, complete Section A one time reporting the totals from all pages of Section B. Place all pages of Section B behind the single page of Section A, and attach them to your return.

Section B — Members' information

Lines 1 through 5 —

Column A — Enter the name and address of each beneficiary. Use the following examples as a guide.

If the beneficiary is an individual, use the following formats:

John Doe
111 W. Main Street
Anytown, IL 62666

John and Mary Doe
111 W Main Street
Anytown, IL 62666

John Doe
% Mary Doe
111 W Main St. #5A
Anytown, IL 62666

If the beneficiary is a trust or an estate, use the following formats:

John Doe Bankruptcy Trust
% Mary Doe, Trustee
111 W Main Street, Suite 4A
Anytown, IL 62666

Estate of John Doe
111 W Main St., Ste 4A
Anytown, IL 62666

If the beneficiary is a corporation (including S corporations), or a partnership, use the following formats:

Illinois Big Business Group
% John Doe, VP Finance
111 West Main Street, Suite 4
Anytown, IL 62666

Illinois Small Business Group
% Mary Doe
111 West Main Street
Anytown, IL 62666

Column B — Indicate the type of each beneficiary. Enter

- "I" for individual
- "P" for partnership
- "M" for estate
- "T" for trust
- "C" for C corporation
- "S" for S corporation
- "A" for exempt organization (trust)
- "N" for exempt organization (corporation)

Note If this beneficiary is a grantor trust or other disregarded entity, enter the letter that corresponds to the tax type of the grantor or owner.

Column C — Enter the Social Security number (SSN) or federal employer identification number (FEIN) of each beneficiary.

Note If the beneficiary is a foreign entity and does not have an SSN or FEIN, leave this column blank for that beneficiary. If you leave this column blank, you may be contacted for further information.

Column D — Enter the amount of base income or loss that was distributed or deemed distributed to this beneficiary.

Column E — If the beneficiary was excluded from pass-through withholding indicate the reason by entering

- "R" if the beneficiary is an Illinois resident,
- "E" if the beneficiary provided you a Form IL-1000-E, Certificate of Exemption for Pass-through Withholding, indicating that they would pay their own tax liability,

  Note Beneficiaries who provide you Form IL-1000-E must not be individual taxpayers.
- "M" if you are an estate and therefore not required to make pass-through withholding on behalf of your beneficiaries, or
- "N" if the beneficiary was an exempt organization and you did not make pass-through withholding on their behalf.

  Note Taxpayers are not required to make pass-through withholding on behalf of their exempt organization members, but may do so for tax year ending on or after December 31, 2014.

  If you elected to make pass-through withholding on behalf of an exempt organization member, leave this column blank for that member and complete Columns F and G.

Column F — Enter the amount you reported on Step 3, Line 12, of the Schedule K-1-T(3) you completed for this member. This amount is this member's share of Illinois income subject to pass-through withholding.

Note This amount is a dollar amount. Do not list a percentage in this column.

Column G — Enter the amount of **pass-through withholding** that were made on behalf of the beneficiary and reported to them on Schedule K-1-T, Step 7, Line 49.

Note This should match the amount reported on Step 3, Line 13, of the Schedule K-1-T(3) you completed for this member.

If you have more than five beneficiaries to report, and additional space is needed, complete and attach additional pages of Illinois Schedule D, Section B. After you have completed Section B, listing all required amounts for your members, complete the single page of Illinois Schedule D, Section A.

Appendix A - Extension Tax Payment Worksheet

Use this worksheet if all of the following apply to you:

- you are required to file Form IL-1041,
- you cannot file your annual tax return by the due date, and
- you complete this worksheet and determine you owe a tentative tax.

If Line 8 of the worksheet shows you owe tentative tax, pay the full amount due either by filing and paying with Form IL-1041-V or by making your payment electronically. **An extension of time to file does not extend the amount of time you have to make your payment.**

Extension Tax Payment Worksheet (for your records)

1	Enter the total income (trusts and estates) and replacement (trusts only) taxes you expect to owe (including recapture of investment credits, pass-through withholding you will owe on behalf of your beneficiaries, and Compassionate Use of Medical Cannabis Pilot Program Act surcharge).	**1** _____
2	Enter any previous tax payments or prepayments you made and any overpayment you elected to be credited to this tax year.	**2** _____
3	Enter any withholding reported to you or pass-through withholding made on your behalf in this tax year.	**3** _____
4	Resident fiduciary only, enter any credit for income tax paid to other states expected in this tax year.	**4** _____
5	Enter the estimated income tax credits expected for this tax year.	**5** _____
6	Enter the estimated replacement tax investment credits expected for this tax year.	**6** _____
7	Add lines 2 through 6 and enter the result here.	**7** _____
8	Subtract Line 7 from Line 1. This is your **tentative tax due**. Enter the result here and on Form IL-1041-V. Pay this amount with your Form IL-1041-V on or before the original due date of your return.	**8** _____

Extension Tax Payment Worksheet Instructions

Line 1 — Enter the total amount of income (trusts and estates) and replacement (trusts only) taxes (including the amount of recapture of investment tax credit that you expect to report on Schedule 4255, Recapture of Investment Tax Credits, pass-through withholding you expect to owe on behalf of your beneficiaries, and Compassionate Use of Medical Cannabis Pilot Program Act surcharge you expect to owe for the tax year).

Line 2 — Enter the total amount of any previous tax payments or prepayments you made and any overpayment you elected to be credited to this tax year.

Line 3 — Enter the total amount of Illinois income tax withheld on Forms W-2 and W-2G, and the amount of pass-through withholding made on your behalf and reported to you on Illinois Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, or Schedule K-1-T, Beneficiary's Share of Income and Deductions.

Line 4 — If you are a resident fiduciary, enter the estimated Illinois credit for income tax paid to other states (the sum of Schedule CR, Step 5, Lines 59 and 60). See the instructions for Schedule CR (Form IL-1041), Credit for Tax Paid to Other States.

Line 5 — Enter the total of any estimated income tax credits (including any credit carryforward) from Schedule 1299-D, Income Tax Credits.

Line 6 — Enter the amount of any estimated replacement tax investment credits from Form IL-477, Replacement Tax Investment Credit.

Line 7 — Follow the directions on the worksheet. This is your total tax payments and credits.

Line 8 — Subtract Line 7 from Line 1. This is your **tentative tax due**. If Line 8 is $1 or more, you must file Form IL-1041-V and pay the amount due. If Line 8 is less than $1, you do not have to pay or file Form IL-1041-V. **Do not attach your federal Form 7004 to your Form IL-1041-V.**

Appendix B - Tax Prepayment Worksheets

Use this worksheet to determine the amount to voluntarily prepay:
- pass-through withholding on behalf of your beneficiaries or
- your own tax liability.

Prepayments are entirely voluntary; however, we suggest that you make your prepayments in four equal installments during the course of a year.

Check the following boxes to determine which worksheets you should complete. (You may check multiple boxes.)

1 If you have nonresident individual and estate members that you wish to voluntarily prepay pass-through withholding on behalf of, check this box and complete Worksheet 1 . . . . . ☐

2 If you have partnership or S corporation members that you wish to voluntarily prepay pass-through withholding on behalf of, check this box and complete Worksheet 2 . . . . . ☐

3 If you have nonresident trust members that you wish to voluntarily prepay pass-through withholding on behalf of, check this box and complete Worksheet 3 . . . . . ☐

4 If you have corporation members that you wish to voluntarily prepay pass-through withholding on behalf of, check this box and complete Worksheet 4 . . . . . ☐

5 If you wish to prepay your own estimated tax liability, check this box and complete Worksheet 5. . . . . ☐

Once the worksheets are complete, add the total from each worksheet:

Worksheet 1, Line 5 _____

Worksheet 2, Line 5 _____

Worksheet 3, Line 5 _____

Worksheet 4, Line 5 _____

Worksheet 5, Line 11 _____

TOTAL _____

This is the amount of each of your voluntary quarterly prepayments to be made with Form IL-1041-V. These payments may be made at any time, up to and including the original due date of your return.

Worksheet 1: Figure your pass-through withholding prepayments for nonresident individual and estate members. If you have nonresident individual and estate members that you wish to voluntarily prepay pass-through withholding on behalf of, complete this worksheet to determine the amount of your prepayment. Keep this record for your files.

1 Enter your nonresident individual and estate members' share of business income apportioned to Illinois expected in the tax year (cannot be less than zero). 1 _____

2 Enter your nonresident individual and estate members' share of nonbusiness income allocable to Illinois expected in the tax year (cannot be less than zero). 2 _____

3 Add Lines 1 and 2 and enter the result. 3 _____

4 Multiply Line 3 by 4.95% (.0495) and enter the result. 4 _____

5 Divide Line 4 by 4. This is the amount of each of your voluntary prepayments for nonresident individual and estate members. 5 _____

Worksheet 2: Figure your pass-through withholding prepayments for partnership or S corporation members. If you have partnership or S corporation members that you wish to voluntarily prepay pass-through withholding for, complete this worksheet to determine the amount of your prepayment. Keep this record for your files.

1	Enter your partnership or S corporation members' share of business income apportioned to Illinois expected in the tax year (cannot be less than zero).	1 _____
2	Enter your partnership or S corporation members' share of nonbusiness income allocable to Illinois expected in the tax year (cannot be less than zero).	2 _____
3	Add Lines 1 and 2 and enter the result.	3 _____
4	Multiply Line 3 by 1.5% (.015) and enter the result.	4 _____
5	Divide Line 4 by 4. This is the amount of each of your voluntary prepayments for partnership or S corporation members.	5 _____

Worksheet 3: Figure your pass-through withholding prepayments for nonresident trust members. If you have nonresident trust members that you wish to voluntarily prepay pass-through withholding for, complete this worksheet to determine the amount of your prepayment. Keep this record for your files.

1	Enter your nonresident trust members' share of business income apportioned to Illinois expected in the tax year (cannot be less than zero).	1 _____
2	Enter your nonresident trust members' share of nonbusiness income allocable to Illinois expected in the tax year (cannot be less than zero).	2 _____
3	Add Lines 1 and 2 and enter the result.	3 _____
4	Multiply Line 3 by 6.45% (0.0645) and enter the result.	4 _____
5	Divide Line 4 by 4. This is the amount of each of your voluntary prepayments for nonresident trust members.	5 _____

Worksheet 4: Figure your pass-through withholding prepayments for corporation members. If you have corporation members that you wish to voluntarily prepay pass-through withholding for, complete this worksheet to determine the amount of your prepayment. Keep this record for your files.

1	Enter your corporation members' share of business income apportioned to Illinois expected in the tax year (cannot be less than zero).	1 _____
2	Enter your corporation members' share of nonbusiness income allocable to Illinois expected in the tax year (cannot be less than zero).	2 _____
3	Add Lines 1 and 2 and enter the result.	3 _____
4	Multiply Line 3 by 9.5% (.095) and enter the result.	4 _____
5	Divide Line 4 by 4. This is the amount of each of your voluntary prepayments for corporation members.	5 _____

Worksheet 5: Figure your own tax liability prepayments. If you wish to voluntarily prepay your own income and replacement tax liability, complete this worksheet to determine the amount of your prepayment. Keep this record for your files.

1	Enter the amount of Illinois net income expected in this tax year.	1	
2	Figure your tax before credits. Multiply Line 1 by 4.95% (0.0495) for estates or 6.45% (0.0645) for trusts.	2	
3	Enter the amount of recapture of investment credits expected in this tax year.	3	
4	Enter Compassionate Use of Medical Cannabis Pilot Program Act surcharge you expect in this tax year.	4	
5	Add Lines 2 through 4 and enter the result.	5	
6	Enter the amount of Illinois tax credits expected in this tax year as calculated on the corresponding Form IL-477, Schedule CR, or Schedule 1299-D.	6	
7	Enter the amount of pass-through entity withholding expected to be made on your behalf in this tax year.	7	
8	Enter the amount of Illinois withholding you expect in this tax year as shown on any federal Forms W-2, W-2G, or 1099 you expect to receive.	8	
9	Add Lines 6 through 8 and enter the result.	9	
10	Subtract Line 9 from Line 5 and enter the result.	10	
11	Divide Line 10 by 4. This is the amount of each of your voluntary prepayments for your own tax liability.	11	