



Subgroup Schedule Instructions (UB)

General Information

Complete a separate Subgroup Schedule for each Insurance Company Subgroup, Financial Organization Subgroup, Regulated Exchange Subgroup, and Transportation Company Subgroup, in order to determine the amounts to enter on Schedule UB, Step 4, Lines 2 and 3 for each member of that subgroup. Attach all Subgroup Schedules to the Schedule UB.

Only groups that include members who use different apportionment formulas are required to apply the subgroup method.

Note Entities subject to Illinois Income Tax Act (IITA) Section 304(a) calculate total everywhere sales and total Illinois sales as if the subgroup method does not apply. See Schedule UB instructions, Step 4, Lines 2 and 3 for additional information.

You **must** receive permission from the Illinois Department of Revenue (IDOR) **prior** to filing your return if you have negative figures in Lines 1, 2, or 3; otherwise, your apportionment figures will be rejected. Send your request to:

**ILLINOIS DEPARTMENT OF REVENUE
LEGAL SERVICES OFFICE
SENIOR COUNSEL - INCOME TAX, 5-500
101 WEST JEFFERSON STREET
SPRINGFIELD IL 62702**

When is a unitary partnership included on a Subgroup Schedule?

If the unitary partnership is a financial organization (IITA Section 304(c)), a federally regulated exchange (IITA Section 304(c-1)), or a transportation company (IITA Section 304(d)), you must first ask:

Is the unitary partnership required to be included on Schedule UB because the members of the unitary group own or control more than 90% of all the interest in the partnership?

- **YES** - Then the unitary partnership must be included on the Subgroup Schedule as its own member along with the other members of the subgroup.
- **NO** - Then the distributive shares from the unitary partnership must be incorporated on the Subgroup Schedule as follows:
 - If the unitary partnership and the owning partner use the **SAME apportionment formula**, the partner must then add the distributive share of the partnership's sales everywhere and Illinois sales to its own sales on the Subgroup Schedule.
 - If the unitary partnership and the owning partner use a **DIFFERENT apportionment formula**, the partnership must then calculate its sales everywhere and Illinois sales on the applicable subgroup schedule using only the owning partner's distributive shares. Then the partner will add the partnership's calculated figures to its own sales when entering them on the Schedule UB.

When is a unitary partnership *not* included on a Subgroup Schedule?

If a unitary partnership apportions its business income using the single sales formula under IITA Section 304(a), do not include the owning partner's distributive share of the partnership's apportionment factors on the subgroup schedule as no calculation is needed for single sales entities. The partner will add the partnership's sales everywhere and Illinois sales to its own sales when entering them on the Schedule UB. See "Partnership requirements" and Step 4, Lines 2 and 3, of the Schedule UB Instructions for information on how to report an IITA Section 304(a) partnership on Schedule UB.

For more information about unitary partnerships, see IDOR Regulations Section 100.3380.

Specific Instructions

Line 1 – For each member, enter the total sales everywhere, according to IDOR Regulations Sections 100.3370 and 100.3380, in Columns A, B, and C. If you have more than 3 members in your subgroup, use additional schedules and add Columns A through C of all your schedules and enter the result in Column D. Otherwise, total Columns A, B, and C and enter the result in Column D.

On Schedule UB, Step 4, Line 2, enter each member's Line 1 amount, plus the member's distributive share of the everywhere sales of any IITA Section 304(a) unitary partnership and any unitary partnership included on a different Subgroup Schedule.

The term 'sales' is defined under IITA Section 1501(a)(21) to mean all gross receipts included in your business income and not otherwise excluded under the IITA or IDOR Regulations Sections 100.3370 or 100.3380. This is the amount of gross receipts of the member that would be included in the computation of the group's combined business income reported on Schedule UB, Step 4, Line 1, Column D, if that member was required to determine the denominator of its sales factor under IDOR Regulations Sections 100.3370 and 100.3380. Do not include receipts that are eliminated as a result of an intercompany transaction with any member of your unitary business group. For example, in the case of an insurance subgroup member, Line 1 includes all gross receipts of the insurance company included in its apportionable business income (and not merely its direct premiums). Similarly, in the case of a transportation company, Line 1 includes all gross receipts of the transportation company included in its apportionable business income (and not merely its business income from furnishing transportation services).

Note Line 1, Columns A through D, cannot be less than zero.

Line 2 – For each member, enter the amount the member would have computed as the numerator of its apportionment factor applying the member’s applicable apportionment factor under IITA Section 304. Do not include receipts that are eliminated as a result of an intercompany transaction with any member of your unitary business group.

If you are a transportation subgroup and one or more of your subgroup members provides transportation services by airline, enter the amount determined by multiplying the member’s gross receipts from transportation by air by the member’s apportionment factor determined by the revenue miles formula for transportation by air. If one or more of your transportation subgroup members provides transportation services by airlines and by other means, use the weighted average method set forth in IDOR Regulations, Section 100.3450(d) in order to determine the amount to enter on Line 2 for such member.

Note → Line 2, Columns A through D, cannot be less than zero.

Line 3 – For each member, enter the amount the member would have computed as the denominator of its apportionment factor applying the member’s applicable apportionment factor under IITA Section 304. For example, in the case of an insurance subgroup member, Line 3 would include only receipts from direct premiums written for insurance and premiums written for reinsurance if the member’s principal source of premiums written consists of premiums written for reinsurance. Similarly, in the case of a transportation company, Line 3 would include receipts directly associated with its transportation services. Do not include receipts that are eliminated as a result of an intercompany transaction with any member of your unitary business group.

Enter the total of Columns A through C in Column D. If you have more than 3 members in your subgroup, use additional schedules and add Columns A through C of all your schedules and enter the result in Column D. If you are a transportation subgroup and one or more of your subgroup members provides transportation services by airline, enter on Line 3 the member’s total gross receipts from providing transportation services by airline.

Note → Line 3, Columns A through D, cannot be less than zero.

Line 4 – Divide Line 2 of each Column by Line 3, Column D (round to the sixth decimal place).

Line 5 – Multiply Line 4 of each Column by Line 1, Column D. This is the member’s Illinois sales under the subgroup method.

On Schedule UB, Step 4, Line 3, enter this amount, plus the member’s distributive share of the Illinois sales of any IITA Section 304(a) unitary partnership and any unitary partnership included on a different Subgroup Schedule.

For more information, see the example on Page 3 and IDOR Regulations Section 100.3600.

EXAMPLE

Note that the everywhere sales of the insurance and transportation companies on Line 1 exceed the denominators of those companies' apportionment formulas on Line 3 because the denominators of insurance companies under IITA Section 304(b) and transportation companies under IITA Section 304(d) include only premiums and income from transportation services, respectively, while the everywhere sales of those companies under IITA Section 304(a)(3)(A) include all gross business receipts of those companies, except amounts specifically excluded from the sales factor under Sections 100.3370 and 100.3380. For example, in the case of an insurance company, direct premiums, premiums for reinsurance, interest, gross rental income and net gains or losses on sales of intangibles in the regular course of business would all be included in the sales factor denominator of an insurance company under IITA Section 304(a)(3)(A), and so must be included in everywhere sales on Line 1 of the Subgroup Schedule. Line 3 of the Subgroup Schedule includes only the insurance company's direct premiums everywhere as determined under IITA Section 304(b).

Insurance Companies Subgroup Schedule

	Ins A	Ins B	Subgroup Total
1. Sales Everywhere	\$250.00	\$450.00	\$700.00
2. Section 304 Numerator	\$3.00	\$6.00	
3. Section 304 Denominator	\$50.00	\$100.00	\$150.00
4. Subgroup Apportionment For each subgroup: Divide Line 2 (Numerator) of each Column by Line 3, Column D (Subgroup Total)	0.02	0.04	
5. Illinois Sales For each subgroup: Multiply Line 4 (Apportionment) by Line 1, Column D (Subgroup Total Sales Everywhere)	\$14.00	\$28.00	

Sales Companies No Subgroup Schedule

Transportation Companies Subgroup Schedule

	Trans A	Trans B	Subgroup Total
	\$300.00	\$700.00	\$1,000.00
	\$5.00	\$8.00	
	\$25.00	\$175.00	\$200.00
	0.025	0.04	
	\$25.00	\$40.00	

Schedule UB, Step 4

	Ins A	Ins B	Comp A	Comp B	Trans A	Trans B	Total
2. Net Sales Everywhere	\$250.00	\$450.00	\$100.00	\$200.00	\$300.00	\$700.00	\$2000.00
3. Net Sales in Illinois	\$14.00	\$28.00	\$10.00	\$25.00	\$25.00	\$40.00	\$142.00
4. Apportionment Factor (for Unitary Group) Divide Line 3 (Illinois Sales) of each Column by Line 2, Column D, (Grand Total Sales Everywhere)	0.007	0.014	0.005	0.0125	0.0125	0.02	0.071