

 Illinois Department of Revenue  
**Schedule K-1-T(2) Beneficiary's Instructions**

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## General Information

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

The trust or estate listed on the front of Schedule K-1-T has completed and provided you with the schedule to reflect your share of the trust's or estate's income and modifications. Use the completed schedule and these instructions to help you report the items shown on Schedule K-1-T on your Illinois Income Tax return.

### What must I attach?

You must attach a copy of any Schedule K-1-T you receive from a trust or estate to your tax return. You should also keep a copy for your records.

**Note:** If you receive a Schedule K-1-T that has "the following information is included in the Schedule K-1-T from \_\_\_\_\_" (the name of the trust or estate) written at the top, it is a pro forma Schedule K-1-T. The pro forma Schedule K-1-T has been included to aid you in the completion of your return and should not be submitted with your tax return.

## Definitions

- **Pass-through entity** - the trust or estate that sent you Schedule K-1-T is a pass-through entity.
- **Pass-through entity income** is the income reported on your Schedule K-1-T.
- **Pass-through withholding** is the amount paid by the pass-through entity on your behalf. This amount is listed on Line 49 of your Schedule K-1-T. Not everyone who receives a Schedule K-1-T will have pass-through withholding reported. If you are a resident of Illinois or if you submitted Form IL-1000-E, Certificate of Exemption for Pass-through Withholding, to the pass-through entity, then you will not have pass-through withholding reported on your Schedule K-1-T. In this case, you will be responsible for reporting and paying Illinois Income tax on the pass-through income.
- **Pass-through Entity (PTE) tax** is an amount equal to 4.95 percent (.0495) of the taxpayer's calculated net income for the taxable year paid by a partnership (other than a publicly traded partnership under Section 7704 of the Internal Revenue Code) or subchapter S corporation who elects to pay the tax for taxable years ending on or after December 31, 2021, and beginning prior to January 1, 2026.
- **PTE tax credit** is the amount distributed to partners or shareholders by a partnership or S corporation if the election to file and pay PTE tax was made. This amount is reported on Schedule K-1-P.

If a pass-through entity made the election to pay PTE tax, then it passed through to its members both

- the credit for PTE tax it paid and
- each member's distributive share of the PTE tax credit it received from electing pass-through entities in which it is a member.

**Note:** Investment partnerships may use the PTE tax credit to offset their investment partnership liability, to the extent that such credit would otherwise be distributable to its nonresident partners. See the Form IL-1065 and Schedule K-1-P(4) Instructions for more information.

A nonresident individual partner of a partnership or S corporation for a taxable year in which the election to pay PTE tax was made shall not be required to file an income tax return under the Illinois Income Tax Act (IITA) for such taxable year if the only source of net income of the individual (or the individual and the individual's spouse in the case of a joint return) is from an entity making the PTE election and the credit allowed to the partner equals or exceeds the individual's liability for the tax imposed under subsections (a) and (b) of Section 201 of the IITA for the taxable year.

### When is pass-through entity income earned?

Pass-through entity income is considered earned on the last day of the pass-through entity's taxable year. Pass-through entity income is not considered received equally throughout the year. The pass-through entity's tax year ending date is listed in the upper right corner of the Schedule K-1-T you received.

### What if I am a Grantor Trust or Disregarded Entity?

If you are a grantor trust or other disregarded entity for federal and Illinois income tax purposes, check the applicable box on Line 8b, enter the name and identification number of the taxpayer that will report the income or loss from your Schedule K-1-T on their tax return, and provide them with a copy of the Schedule K-1-T and a copy of this Schedule K-1-T(2).

### What if I received Schedule K-1-T from a Grantor Trust or Disregarded Entity?

If the grantor trust or disregarded entity checkbox on Line 8b is checked and your name and identification number are listed, report the items from the Schedule K-1-T as if it were provided to you by the taxpayer in Step 1.

## What if I believe the trust or estate has made an error or did not provide all the required information on my Schedule K-1-T?

Do not change any items on your copy. You should notify the trust or estate and ask for a corrected Schedule K-1-T if you believe the trust or estate

- has made an error on your Schedule K-1-T, or
- did not provide all the required information. Required information includes not only the information listed in Steps 3 through 7, but also the trust's or estate's tax year ending and the identifying information requested in Step 1 and 2. If you submit an incomplete Schedule K-1-T to the Illinois Department of Revenue (IDOR), it may not be accepted and you may be notified to request a corrected Schedule K-1-T from the trust or estate.

## What does Column A represent?

Column A represents your specific share of the trust's or the estate's income and modifications. The trust or estate is required to complete this column if any part of the trust's or estate's income was paid, credited, or distributed, or deemed to have been paid, credited, or distributed by the trust or estate to you. If you were a resident of Illinois on the last day of the trust's or estate's taxable year, all amounts in Column A must be included as income, modifications, and credits allocated to Illinois. If you were a resident of Illinois on the last day of the trust's or estate's tax year, and you are claiming a credit for taxes paid to another state, see "What does Column B represent" below.

## What does Column B represent?

Column B represents the portion of Column A that is allocated or apportioned to Illinois. If you were not a resident of Illinois on the last day of the trust's or estate's tax year, be sure the amounts reported in Column B are included in the Illinois amounts reported on your

- Form IL-1040, Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax, Column B;
- Form IL-1041, Schedule NR, Nonresident Computation of Fiduciary Income, Column B;
- Form IL-1120, Step 4, Figure your income allocable to Illinois;
- Form IL-1065 or Form IL-1120-ST, Step 6, Figure your income allocable to Illinois; or
- Form IL-990-T, Step 3, Figure your income allocable to Illinois.

If you were a resident of Illinois on the last day of the trust's or estate's tax year and you are claiming a credit for taxes paid to another state, subtract the amount of each item in Column B from the amount of that item in Column A, and include the difference in the Non-Illinois Portion column for that item on your

- Form IL-1040, Schedule CR, Credit for Tax Paid to Other States, or
- Form IL-1041, Schedule CR, Credit for Tax Paid to Other States.

**Steps 3 and 4 - Column B** - Step 3 represents your share of the trust's or estate's nonbusiness income allocated to Illinois. Step 4 represents your share of the trust's or estate's business income apportioned to Illinois. Step 4, Lines 23, 24, 26, and 27 are not applicable to Column B.

## Should I round?

You must round the dollar amounts on Schedules K-1-T and Schedules K-1-T(3) 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 need additional assistance or forms?

- For assistance, forms, or schedules, visit our website at [tax.illinois.gov](http://tax.illinois.gov) or scan the QR code provided.
- Write us at:  
**ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19001**  
**SPRINGFIELD IL 62794-9001**
- Call **1 800 732-8866** or **217 782-3336** (TTY 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.



# Step-by-Step Instructions for individuals filing Form IL-1040

If you were a resident of Illinois on the last day of the trust's or estate's taxable year **and you are not** claiming a credit for taxes paid to another state, you will follow the Column A instructions beginning with Step 5. The figures in Steps 3 and 4 are included in the Adjusted Gross Income reported on Line 1 of your IL-1040.

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

Follow the Steps 3 and 4 instructions to determine the amounts to include on your Form IL-1040, Schedule NR or Schedule CR.

**Column A - Beneficiary's share** — The amounts reported on Lines 9 through 29 must match your federal Schedule K-1.

**Column B - Illinois share** — Use the following instructions in order to include the income reported in Steps 3 and 4 of Schedule K-1-T, on your

- Form IL-1040, Schedule NR, Step 3, Lines 5 through 19, Column B, or
- Form IL-1040, Schedule CR, Step 2, Lines 1 through 15, Column B.

### Interest income - (Lines 9 and 19)

Nonbusiness interest is allocable to your state of residence. If you are a nonresident, Step 3, Line 9, Column B, should be "0." If the Schedule K-1-T you received shows an amount in Column B of this line, you should notify the trust or estate who issued you the schedule and ask for a corrected Schedule K-1-T.

**Nonresidents:** Include the amount from Step 4, Line 19, Column B, on your Form IL-1040, Schedule NR, Step 3, Line 6, Column B.

**Residents claiming credit for taxes paid in other states:** Subtract the amount on Step 4, Line 19, Column B, from the amount on Step 4, Line 19, Column A, and include the result on your Form IL-1040, Schedule CR, Step 2, Line 2, Column B.

### Dividend income - (Lines 10 and 20)

Nonbusiness dividends are allocable to your state of residence. If you are a nonresident, Step 3, Line 10, Column B, should be "0." If the Schedule K-1-T you received shows an amount in Column B of this line, you should notify the trust or estate who issued you the schedule and ask for a corrected Schedule K-1-T.

**Nonresidents:** Include the amount from Step 4, Line 20, Column B, on your Form IL-1040, Schedule NR, Step 3, Line 7, Column B.

**Residents claiming credit for taxes paid in other states:** Subtract the amount on Step 4, Line 20, Column B, from the amount on Step 4, Line 20, Column A, and include the result on your Form IL-1040, Schedule CR, Step 2, Line 3, Column B.

### Rents, royalties, partnerships, S corporations, trusts, and estates - (Lines 11 - 14, 25, and 28)

Enter the amounts from Columns A and B for each line, and total the amounts for each Column.

	Column A	Column B
Line 11	_____	_____
Line 12	_____	_____
Line 13	_____	_____
Line 14	_____	_____
Line 25	_____	_____
Line 28	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B on your Form IL-1040, Schedule NR, Step 3, Line 15, Column B.

**Residents claiming taxes paid in other states:** Subtract the amount in Column B from the total amount in Column A, and include the result on your Form IL-1040, Schedule CR, Step 2, Line 11, Column B.

### Capital gain or loss - (Line 15 - 17, and 21 - 22)

Enter the amounts from Columns A and B for each line and total the amounts for each column.

	Column A	Column B
Line 15	_____	_____
Line 16	_____	_____
Line 17	_____	_____
Line 21	_____	_____
Line 22	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B on your Form IL-1040, Schedule NR, Step 3, Line 11, Column B.

**Note:** You may include any capital loss amounts on your Form IL-1040, Schedule NR, Step 3, Line 11, Column B, only to the extent those loss amounts are included in your federal adjusted gross income.

**Residents claiming taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and include the result on your Form IL-1040, Schedule CR, Step 2, Line 7, Column B.

**Other income - (Lines 18 and 29)**

The trust or estate is required to identify or send you a breakdown of the items reported on Step 3, Line 18, and Step 4, Line 29. This identification or breakdown will determine on what lines of your federal return you need to report the income in Column A.

**Nonresidents:** The amounts reported in Column B need to be reported on the corresponding lines of your Form IL-1040, Schedule NR, Step 3, Column B.

**Residents claiming taxes paid in other states:** Subtract the amounts in Column B from the corresponding amounts in Column A, and include the results on the appropriate lines of your Form IL-1040, Schedule CR, Step 2, Column B.

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

*Column A - Beneficiary's share of additions and subtractions —*

**Lines 30 through 35** - Enter the amounts from Column A for each line, and total the amounts for the column.

**Column A**

Line 30	_____
Line 31	_____
Line 32	_____
Line 33	_____
Line 34	_____
Line 35	_____
<b>Total</b>	_____

Enter the total on Form IL-1040, Schedule M, Other Additions and Subtractions for Individuals, Step 2, Line 2

**Lines 36a - 38 and 41 - 45** - Enter the amounts from Column A for each line, and total the amounts for the column.

**Column A**

Line 36a	_____
Line 36b	_____
Line 37	_____
Line 38	_____
Line 41	_____
Line 42	_____
Line 43	_____
Line 44	_____
Line 45	_____
<b>Total</b>	_____

Enter the total amount on your Form IL-1040, Schedule M, Step 3, Line 14. (see Form IL-1040, Schedule M instructions).

**Line 39** - Include the amount from Line 39 on your Form IL-1040, Schedule 1299-C, Income Tax Subtractions and Credits (for individuals), Step 1, Line 2.

**Line 40** - Include the amount from Line 40 on your Form IL-1040, Schedule 1299-C, Step 1, Line 5.

*Column B - Illinois share of additions and subtractions —*

**Lines 30 through 35** - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

**Column A**

**Column B**

Line 30	_____	_____
Line 31	_____	_____
Line 32	_____	_____
Line 33	_____	_____
Line 34	_____	_____
Line 35	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B on your Form IL-1040, Schedule NR, Step 4, Line 40, Column B.

**Residents claiming credit for taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and enter the result on your Form IL-1040, Schedule CR, Step 3, Line 35, Column B.

**Lines 36a through 45 -** Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	<b>Column A</b>	<b>Column B</b>
Line 36a	_____	_____
Line 36b	_____	_____
Line 37	_____	_____
Line 38	_____	_____
Line 39	_____	_____
Line 40	_____	_____
Line 41	_____	_____
Line 42	_____	_____
Line 43	_____	_____
Line 44	_____	_____
Line 45	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B on your Form IL-1040, Schedule NR, Step 4, Line 44, Column B.

**Residents claiming credit for taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and enter the result on your Form IL-1040, Schedule CR, Step 3, Line 39, Column B.

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

### *Column A - Beneficiary's share —*

**Line 46 -** Include the amount on your Form IL-1040, Schedule F, Gains from Sales or Exchanges of Property Acquired Before August 1, 1969, Step 3, Line 6, Column H.

**Line 47 -** Include the amount on your Form IL-1040, Schedule F, Step 3, Line 6, Column I.

**Line 48 -** Include the amount on your Form IL-1040, Schedule F, Step 2, Line 2.

### *Column B - Illinois share —*

**Lines 46 through 48 -** Enter the amounts from Columns A and B for each line, and total the amount for each column.

	<b>Column A</b>	<b>Column B</b>
Line 46	_____	_____
Line 47	_____	_____
Line 48	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B as a subtraction on your Form IL-1040, Schedule NR, Step 4, Line 44, Column B.

**Residents claiming taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and include the result on your Form IL-1040, Schedule CR, Step 3, Line 39, Column B.

## **Step 7- Your share of pass-through withholding, pass-through entity tax credit, and federal income subject to surcharge —**

If the trust or estate has distributed to you any pass-through withholding, PTE tax credit, or federal income subject to surcharge on Lines 49 through 52, see the Step-by-Step Instructions for Step 7 at the end of these instructions for more information.

## ***Step-by-Step Instructions for trusts or estates filing Form IL-1041***

If you were a resident of Illinois on the last day of the trust's or estate's taxable year **and you are not** claiming a credit for taxes paid to another state, you will follow the Column A instructions beginning with Step 5. The figures in Steps 3 and 4 are included in the Federal Taxable Income reported on Line 1 of your IL-1041.

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

Follow the Steps 3 and 4 instructions to determine the amounts to include on your Form IL-1041, Schedule NR or Schedule CR.

**Column A - Beneficiary's share** — The amounts reported on Lines 9 through 29 must match your federal Schedule K-1.

**Column B - Illinois share** — Use the following instructions in order to include the income reported in Steps 3 and 4 of Schedule K-1-T on your

- Form IL-1041, Schedule NR, Step 3, Lines 1 through 26, or
- Form IL-1041, Schedule CR, Step 2, Lines 1 through 23.

#### Interest income - (Lines 9 and 19)

Nonbusiness interest is allocable to your state of residence. If you are a nonresident, Step 3, Line 9, Column B, should be "0." If the Schedule K-1-T you received shows an amount in Column B of this line, you should notify the trust or estate who issued you the schedule and ask for a corrected Schedule K-1-T.

Nonresidents: Include the amount of business interest from Step 4, Line 19, Column B, that was not distributed or deemed distributed to a beneficiary on your Form IL-1041, Schedule NR, Step 3, Line 1, Column C.

**Residents claiming credit for taxes paid in other states:** Subtract the amount on Step 4, Line 19, Column B, from the amount on Step 4, Line 19, Column A, and include the result on your Form IL-1041, Schedule CR, Step 2, Line 1, Column C.

#### Dividend income - (Lines 10 and 20)

Nonbusiness dividends are allocable to your state of residence. If you are a nonresident, Step 3, Line 10, Column B, should be "0." If the Schedule K-1-T you received shows an amount in Column B of this line, you should notify the trust or estate who issued you the schedule and ask for a corrected Schedule K-1-T.

**Nonresidents:** Include the amount of business dividends from Step 4, Line 20, Column B, that was not distributed or deemed distributed to a beneficiary on your Form IL-1041, Schedule NR, Step 3, Line 2, Column C.

**Residents claiming credit for taxes paid in other states:** Subtract the amount on Step 4, Line 20, Column B, from the amount on Step 4, Line 20, Column A, and include the result on your Form IL-1041, Schedule CR, Step 2, Line 2, Column C.

#### Income or loss from trusts and estates - (Lines 11 - 14, 25, and 28)

Enter the amounts from both Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 11	_____	_____
Line 12	_____	_____
Line 13	_____	_____
Line 14	_____	_____
Line 25	_____	_____
Line 28	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B, to the extent it was not distributed or deemed distributed to a beneficiary, on your Form IL-1041, Schedule NR, Step 3, Line 7, Column C.

**Residents claiming credit for taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and include the result on your Form IL-1041, Schedule CR, Step 2, Line 7, Column C.

#### Nonbusiness gain or loss - (Lines 15 - 17)

Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 15	_____	_____
Line 16	_____	_____
Line 17	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B, to the extent it was not distributed or deemed distributed to a beneficiary, on your Form IL-1041, Schedule NR, Step 3, Line 4, Column C.

**Note:** You may include any capital loss amounts on your Form IL-1041, Schedule NR, Step 3, Line 4, Column C, only to the extent those loss amounts are included in your federal taxable income.

**Residents claiming credit for taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and include the result on your Form IL-1041, Schedule CR, Step 2, Line 4, Column C.

**Business gain or loss - (Lines 21 - 22)**

Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	Column A	Column B
Line 21	_____	_____
Line 22	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B, to the extent it was not distributed or deemed distributed to a beneficiary, on your Form IL-1041, Schedule NR, Step 3, Line 10, Column C.

**Note:** You may include any capital loss amounts on your Form IL-1041, Schedule NR, Step 3, Line 10, Column C, only to the extent those loss amounts are included in your federal taxable income.

**Residents claiming credit for taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and include the result on your Form IL-1041, Schedule CR, Step 2, Line 10, Column C.

**Other income - (Lines 18 and 29)**

The trust or estate is required to identify or send you a breakdown of the items reported on Step 3, Line 18, and Step 4, Line 29. This identification or breakdown will determine on what lines of your federal return you need to report the income in Column A.

**Nonresidents:** The amounts reported in Column B need to be reported on the corresponding lines of your Form IL-1041, Schedule NR, Step 3, Column C.

**Residents claiming taxes paid in other states:** Subtract the amounts in Column B from the corresponding amounts in Column A, and include the results on the appropriate lines of your Form IL-1041, Schedule CR, Step 2, Column C.

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

*Column A - Beneficiary's share of additions and subtractions —*

**Lines 30 through 35** - Enter the amounts from Column A for each line, and total the amounts for the column.

	Column A
Line 30	_____
Line 31	_____
Line 32	_____
Line 33	_____
Line 34	_____
Line 35	_____
<b>Total</b>	_____

Enter the total on Form IL-1041, Step 2, Line 9.

**Lines 36a - 38 and 41 - 45 -**

Enter the amounts from Column A for each line, and total the amounts for the column.

	Column A
Line 36a	_____
Line 36b	_____
Line 37	_____
Line 38	_____
Line 41	_____
Line 42	_____
Line 43	_____
Line 44	_____
Line 45	_____
<b>Total</b>	_____

Enter the total on Form IL-1041, Step 3, Line 22.

**Line 39** - Include the amount from Line 39 on your Schedule 1299-B, River Edge Redevelopment Zone or Foreign Trade Zone (or sub-zone) Subtractions (for corporations and fiduciaries), Step 1, Line 2.

**Line 40** - Include the amount from Line 40 on your Schedule 1299-B, Step 1, Line 5.

**Column B - Illinois share of additions and subtractions —**

**Lines 30 - 35** - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	<b>Column A</b>	<b>Column B</b>
Line 30	_____	_____
Line 31	_____	_____
Line 32	_____	_____
Line 33	_____	_____
Line 34	_____	_____
Line 35	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B as an addition on your Form IL-1041, Schedule NR, Step 4, Line 35, Column B, to the extent it was not distributed or deemed distributed to a beneficiary.

**Residents claiming credit for taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and enter the result on your Form IL-1041, Schedule CR, Step 3, Line 32, Column B, to the extent it was not distributed or deemed distributed to a beneficiary.

**Lines 36a - 38 and Line 41 - 45** - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	<b>Column A</b>	<b>Column B</b>
Line 36a	_____	_____
Line 36b	_____	_____
Line 37	_____	_____
Line 38	_____	_____
Line 41	_____	_____
Line 42	_____	_____
Line 43	_____	_____
Line 44	_____	_____
Line 45	_____	_____
<b>Total</b>	_____	_____

**Nonresidents:** Include the total amount from Column B on your Form IL-1041, Schedule NR, Step 4, Line 47, Column B, to the extent it was not distributed or deemed distributed to a beneficiary.

**Residents claiming credit for taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and enter the result on your Form IL-1041, Schedule CR, Step 3, Line 45, Column B, to the extent it was not distributed or deemed distributed to a beneficiary.

**Line 39 -**

**Nonresidents:** Include the amount from Column B on your Form IL-1041, Schedule NR, Step 4, Line 42, Column B, to the extent it was not distributed or deemed distributed to a beneficiary.

**Residents claiming credit for taxes paid in other states:** Subtract the amount in Column B from the amount in Column A, and enter the result on your Form IL-1041, Schedule CR, Step 3, Line 40, Column B, to the extent it was not distributed or deemed distributed to a beneficiary.

**Line 40 -**

**Nonresidents:** Include the amount from Column B on your Form IL-1041, Schedule NR, Step 4, Line 43, Column B, to the extent it was not distributed or deemed distributed to a beneficiary.

**Residents claiming credit for taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and enter the result on your Form IL-1041, Schedule CR, Step 3, Line 41, Column B, to the extent it was not distributed or deemed distributed to a beneficiary.

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

**Column A - Beneficiary's share —**

**Line 46** - Include the amount on your Form IL-1041, Schedule F, Line 2, Column K.

**Line 47** - Include the amount on your Form IL-1041, Schedule F, Line 2, Column L.

**Line 48** - Include the amount on your Form IL-1041, Schedule F, Line 2, Column M.

**Column B - Illinois share —**

**Lines 46, 47, and 48** - Enter the amounts from Columns A and B for each line, and total the amounts for each column.

	<b>Column A</b>	<b>Column B</b>
Line 46	_____	_____
Line 47	_____	_____
Line 48	_____	_____
Total	_____	_____

**Nonresidents:** Include the total amount from Column B as a subtraction on your Form IL-1041, Schedule NR, Step 4, Line 38, Column B.

**Residents claiming taxes paid in other states:** Subtract the total amount in Column B from the total amount in Column A, and include the result on your Form IL-1041, Schedule CR, Step 3, Line 36, Column B.

**Step 7 - Your share of pass-through withholding, pass-through entity tax credit, and federal income subject to surcharge —**

If the trust or estate has distributed to you any pass-through withholding, PTE tax credit, or federal income subject to surcharge on Lines 49 through 52, see the Step-by-Step Instructions for Step 7 at the end of these instructions for more information.

**Step-by-Step Instructions for partnerships filing Form IL-1065 and S corporations filing Form IL-1120-ST**

**Steps 3 and 4 - Your share of nonbusiness and business income or loss —**

**Column A - Beneficiary's share —** The amounts reported on Lines 9 through 29 must match your federal Schedule K-1.

**Column B - Illinois share —**The following information allows you to determine the amount to include on specific lines of your Form IL-1065 or Form IL-1120-ST.

**Lines 9 through 29** - Include the amounts in Step 3, Column B in the total amount you report on your Schedule NB.

**Note:** You may include any capital loss amounts on your Schedule NB only to the extent those loss amounts are included in your unmodified base income on Form IL-1065 or IL-1120-ST, Step 3, Line 13.

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

**Note:** You may include any capital loss amounts on your Form IL-1065 or Form IL-1120-ST, Step 6, Line 45, only to the extent those loss amounts are included in your unmodified base income on Form IL-1065 or Form IL-1120-ST, Step 3, Line 13.

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

**Column A - Beneficiary's share of additions and subtractions —**

**Lines 30 through 35** - The amounts on these lines are reported in your Illinois base income by including them on Step 4, Line 19, of your Form IL-1065 or IL-1120-ST.

**Lines 36a through 38 and 41 through 45** - The amounts on these lines are reported in your Illinois base income by including the total of these lines on Step 5, Line 32 of your Form IL-1065 or Form IL-1120-ST.

**Line 39** - Include the amount from Line 39 on your Schedule 1299-A, Tax Subtractions and Credits (for partnerships and S corporations), Step 1, Line 2.

**Line 40** - Include the amount from Line 40 on your Schedule 1299-A, Step 1, Line 5.

In addition, report the business and nonbusiness amounts in Lines 30 through 45, Column A, as indicated in the following instructions.

**Column A - Beneficiary's share of business and nonbusiness amounts —**

**Lines 30 through 45 -**

**Nonbusiness amounts** - Enter the total of any nonbusiness amounts from Lines 30 through 35 and 36b through 45 (do not include amounts from Line 36a), Column A.

A Total of nonbusiness amounts from Lines 30 through 35, Column A. \_\_\_\_\_

B Total of nonbusiness amounts from Lines 36b through 45, Column A. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on your Schedule NB.

**Business amounts** - Enter the total of any business amounts from Lines 30 through 35 and 36a through 45 (excluding Line 36b), Column A.

A Total of business amounts from Lines 30 through 35, Column A. \_\_\_\_\_

B Total of business amounts from Lines 36a through 45 (excluding Line 36b), Column A. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on Step 6, Line 37, of your Form IL-1065 or Form IL-1120-ST.

*Column B - Illinois share of business and nonbusiness income —*

**Lines 30 through 45 -**

**Nonbusiness amounts** - Enter the total of any nonbusiness amounts from Lines 30 through 35 and 36b through 45 (do not include amounts from Line 36a), Column B.

A Total of nonbusiness amounts from Lines 30 through 35, Column B. \_\_\_\_\_

B Total of nonbusiness amounts from Lines 36b through 45, Column B. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on your Schedule NB.

**Business amounts** - Enter the total of any business amounts from Lines 30 through 35 and 36a through 45 (excluding Line 36b), Column B.

A Total of business amounts from Lines 30 through 35, Column B. \_\_\_\_\_

B Total of business amounts from Lines 36a through 45 (excluding Line 36b), Column B. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on Step 6, Line 45, of your Form IL-1065 or Form IL-1120-ST.

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

*Column A - Beneficiary's share —*

**Line 46** - Include the amount on your Schedule F, Line 2, Column K.

**Line 47** - Include the amount on your Schedule F, Line 2, Column L.

**Line 48** - Include the amount on your Schedule F, Line 2, Column M.

*Column B - Illinois share —*

Use the information in Column B when completing Step 6 of the Schedule K-1-P for your members.

**Step 7 - Your share of pass-through withholding, pass-through entity tax credit, and federal income subject to surcharge —**

If the trust or estate has distributed to you any pass-through withholding, PTE tax credit, or federal income subject to surcharge on Lines 49 through 52, see the Step-by-Step Instructions for Step 7 at the end of these instructions for more information.

**Step-by-Step Instructions for corporations filing Form IL-1120**

**Steps 3 and 4 - Your share of nonbusiness and business income or loss —**

*Column A - Beneficiary's share —* The amounts reported on Lines 9 through 29 must match your federal Schedule K-1.

*Column B - Illinois share —* Include the amounts in Step 3, Column B in the total amount you report on your Schedule NB.

**Note:** You may include any capital loss amounts on your Schedule NB only to the extent those loss amounts are included in your federal taxable income.

Include the amounts in Step 4, Column B in the total amount you report on your Form IL-1120, Step 4, Line 33.

**Note:** You may include any capital loss amounts on your Form IL-1120, Step 4, Line 33, only to the extent those loss amounts are included in your federal taxable income.

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

*Column A - Beneficiary's share of additions and subtractions —*

**Lines 30 through 35** - The amounts on these lines are reported in your Illinois base income by including them on your Form IL-1120, Step 2, Line 7.

**Lines 36a through 38 and 41 through 45** - The amounts on these lines are reported in your Illinois base income by including the total of these lines on your Form IL-1120, Step 3, Line 20.

**Line 39** - Include the amount from Line 39 on your Schedule 1299-B, Step 2, Line 10.

**Line 40** - Include the amount from Line 40 on your Schedule 1299-B, Step 2, Line 13.

In addition, report the business and nonbusiness amounts in Lines 30 through 45, Column A, as indicated in the following instructions.

**Column A - Beneficiary's share of business and nonbusiness amounts —**

**Lines 30 through 45 -**

**Nonbusiness amounts** - Enter the total of any nonbusiness amounts from Lines 30 through 35 and 36b through 45 (do not include amounts from Line 36a), Column A.

A Total of nonbusiness amounts from Lines 30 through 35, Column A. \_\_\_\_\_

B Total of nonbusiness amounts from Lines 36b through 45, Column A. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on your Schedule NB.

**Business amounts** - Enter the total of any business amounts from Lines 30 through 35 and 36a through 45 (excluding Line 36b), Column A.

A Total of business amounts from Lines 30 through 35, Column A. \_\_\_\_\_

B Total of business amounts from Lines 36a through 45 (excluding Line 36b), Column A. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on Step 4, Line 25, of your Form IL-1120.

**Column B - Illinois share of business and nonbusiness amounts—**

**Lines 30 through 45 -**

**Nonbusiness amounts** - Enter the total of any nonbusiness amounts from Lines 30 through 35 and 36b through 45 (do not include amounts from Line 36a), Column B.

A Total of nonbusiness amounts from Lines 30 through 35, Column B. \_\_\_\_\_

B Total of nonbusiness amounts from Lines 36b through 45, Column B. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on your Schedule NB.

**Business amounts** - Enter the total of any business amounts from Lines 30 through 35 and 36a through 45 (excluding Line 36b), Column B.

A Total of business amounts from Lines 30 through 35, Column B. \_\_\_\_\_

B Total of business amounts from Lines 36a through 45 (excluding Line 36b), Column B. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on Step 4, Line 33, of your Form IL-1120.

**Step 7 - Your share of pass-through withholding, pass-through entity tax credit, and federal income subject to surcharge —**

If the trust or estate has distributed to you any pass-through withholding, PTE tax credit, or federal income subject to surcharge on Lines 49 through 52, see the Step-by-Step Instructions for Step 7 at the end of these instructions for more information.

**Step-by-Step Instructions for exempt organizations filing Form IL-990-T**

**Step 4 - Your share of business income or loss —**

**Column A - Beneficiary's share —** See General Information.

**Column B - Illinois share —**

**Lines 19 through 29** - Include the amounts in Step 4,

Column A, in the total amount you report on your Form IL-990-T, Step 3, Line 4.

**Note:** You may include any capital loss amounts on your Form IL-990-T, Step 3, Line 4, only to the extent those loss amounts are included in your unrelated business taxable income.

Include the amounts in Step 4, Column B in the total amount you report on your Form IL-990-T, Step 3, Line 10.

**Note:** You may include any capital loss amounts on your Form IL-990-T, Step 3, Line 10, only to the extent those loss amounts are included in your unrelated business taxable income.

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

### Column A - Beneficiary's share of business amounts —

#### Lines 30 through 45 (excluding Line 36b) -

**Business amounts** - Enter the total of any business amounts from Lines 30 through 35 and 36a through 45 (excluding Line 36b), Column A.

A Total of business amounts from Lines 30 through 35, Column A. \_\_\_\_\_

B Total of business amounts from Lines 36a through 45 (excluding Line 36b), Column A. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on Step 3, Line 4, of your Form IL-990-T.

### Column B - Illinois share of business amounts —

#### Lines 30 through 45 (excluding Line 36b) -

**Business amounts** - Enter the total of any business amounts from Lines 30 through 35 and 36a through 45 (excluding Line 36b), Column B.

A Total of business amounts from Lines 30 through 35, Column B. \_\_\_\_\_

B Total of business amounts from Lines 36a through 45 (excluding Line 36b), Column B. \_\_\_\_\_

C Subtract Line B from Line A. \_\_\_\_\_

Include the total amount from Line C in the total amount reported on Step 3, Line 10, of your Form IL-990-T.

## Step 7 - Your share of pass-through withholding, pass-through entity tax credit, and federal income subject to surcharge —

If the trust or estate has distributed to you any pass-through withholding, PTE tax credit, or federal income subject to surcharge on Lines 49 through 52, see the Step-by-Step Instructions for Step 7 at the end of these instructions for more information.

## Step-by-Step Instructions for Step 7 - Figure your share of pass-through withholding, pass-through entity tax credit, and federal income subject to surcharge

### Line 49 - Pass-through withholding —

- **Individuals** — enter the amount from Line 49 on your Form IL-1040, Step 8, Line 27.
- **Trusts or Estates** — enter the amount from Line 49 on your Form IL-1041, Step 7, Line 55c.
- **Partnerships or S corporations** — enter the amount from Line 49 on Step 9, Line 65c, of your Form IL-1065 or Step 9, Line 65c, of your Form IL-1120-ST.
- **Corporations** — enter the amount from Line 49 on your Form IL-1120, Step 8, Line 61c.
- **Exempt organizations** — enter the amount from Line 49 on your Form IL-990-T, Step 6, Line 29c. Schedule K-1-T, Step 1, Line 3, must be completed or the pass-through withholding reported on this line may not be credited to your return.

**Note:** Pass-through withholding made on your behalf and reported to you on Schedule K-1-T, Line 49, is based on items of business income and certain items of nonbusiness income only. If you had Illinois income from other sources, and the payments made on your behalf do 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.

### Line 50 - Pass-through entity (PTE) tax credit —

- **Individuals** — enter the amount from Line 50 on Form IL-1040, Step 8, Line 28.
- **Trusts or Estates** —
  - enter the total amount from Line 50 on Form IL-1041, Line 55d if the PTE tax credit amount is retained by the fiduciary.
  - enter each beneficiary's distributive share on Schedule K-1-T, Line 50 if the PTE tax credit amount you receive on Line 50 is distributed to your beneficiaries.
- **Partnerships or S corporations** — enter the distributive share of amount from Line 50 on each partner's or shareholder's Schedule K-1-P, Line 53a.

- **Corporations** — enter the amount from Line 50 on Form IL-1120, Line 61d.
- **Exempt organizations** — enter the amount from Line 50 on Form IL-990-T, Line 29d.

The credit on Line 50 is allowed against the tax imposed on the member under IITA subsections 201(a) and (b).

A nonresident individual member of a partnership or S corporation for a tax year in which the election to pay PTE tax was made shall not be required to file an income tax return under the IITA for such taxable year if the only source of net income of the individual (or the individual and the individual's spouse in the case of a joint return) is from an entity making the PTE election and the credit allowed to the member equals or exceeds the individual's liability for the tax imposed under subsections (a) and (b) of Section 201 of the IITA for the tax year.

**Note:** Investment partnerships that receive PTE tax credit may use the credit to offset their investment partnership withholding liability. The amount or a portion of the amount received on Line 50 may be entered on Schedule K-1-P(4), Step 4, Line 12, to offset investment partnership withholding. See Schedule K-1-P(4) instructions for more information.

**Line 51** — This is your share of taxable gains attributable to transactions subject to the Compassionate Use of Medical Cannabis Program Act surcharge. Use this information when calculating the surcharge on your return.

See the instructions below and the instructions for the return you are filing for more information.

### Definitions related to the Surcharge —

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 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 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 beneficiary who incurs a federal income tax liability on income from a transaction subject to surcharge distributed by a trust or estate will incur a surcharge.

**Note:** Although a unitary business group filing combined Illinois returns is treated as a single taxpayer and its members are jointly and severally liable for any surcharge imposed on the group, the group itself is not an organization registrant and transactions of any member that is not itself an organization registrant are not subject to the surcharge.

### How do I use the amount reported on Line 51?

The amount reported on Line 51 identifies your share of any federal income attributable to transactions subject to the surcharge. The trust or estate listed in Step 1 should have also provided you with a breakdown itemizing any amount reported on Line 51.

Use this information when completing the “Surcharge Worksheet” found in the Form IL-1120 Instructions. Line 51 identifies federal income attributable to transactions subject to the surcharge that should not be included when you complete Line 2 of the worksheet.

**Note:** The amount on Line 51 identifies taxable gains attributable to transactions subject to the surcharge, **not** federal income tax liability for the taxable year attributable to the transactions subject to the surcharge. Exclude this income before figuring the federal income tax amount on Line 2 of the worksheet.

For more information, see [86 Ill. Adm. Code Section 100.2060](#).

**Line 52** — This is your share of taxable gains attributable to transactions subject to the surcharge on the sale of assets by gaming licensee. Use this information when calculating the surcharge on your return.

See the instructions below and the instructions for the return you are filing for more information.

## **Definitions related to the surcharge —**

**Gaming licensee** is an organization licensee under the Illinois Horse Racing Act of 1975 and/or an organization gaming licensee under the Illinois Gambling Act.

**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 a gaming licensee.

## **What is the surcharge?**

For each taxable year 2019 through 2027, a surcharge is imposed on all taxpayers on income arising from the transactions subject to the surcharge on the sale of assets by gaming licensee.

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 “gaming licensee” that engaged in the transaction.

A beneficiary who incurs a federal income tax liability on income from a transaction subject to surcharge distributed by a trust or estate will incur a surcharge.

**Note:** Although a unitary business group filing combined Illinois returns is treated as a single taxpayer and its members are jointly and severally liable for any surcharge imposed on the group, the group itself is not a gaming licensee and transactions of any member that is not itself a gaming licensee are not subject to the surcharge.

## **How do I use the amount reported on Line 52?**

The amount reported on Line 52 identifies your share of any taxable gains attributable to transactions subject to the surcharge. The trust or estate listed in Step 1 should have also provided you with a breakdown itemizing any amount reported on Line 52.

Use this information when completing the “Surcharge Worksheet” found in the Form IL-1120 Instructions. Line 52 identifies taxable gains attributable to transactions subject to the surcharge that should not be included when you complete Line 2 of the worksheet.

**Note:** The amount on Line 52 identifies taxable gains attributable to transactions subject to the surcharge, **not** federal income tax liability for the taxable year attributable to the transactions subject to the surcharge. Exclude this income before figuring the federal income tax amount on Line 2 of the worksheet.