



Schedule UB/NLD Unitary Illinois Net Loss Deduction

For Illinois net losses arising in tax years ending on or after December 31, 1986.

Attach to your Form IL-1120, Form IL-1120-X, Form IL-1120X-PY.

Month

Year

Name as shown on the tax return of the member filing the Schedule UB in this carry year Federal employer identification number (FEIN)

Part I: Figure your Illinois net loss

Read the instructions before completing this schedule.

All references to separate unitary returns are for Forms IL-1120 for tax years ending prior to December 31, 1993.

Complete this part for all Illinois members of the unitary group in the loss year. (See Specific Instructions.)

"Loss year" is the tax year in which the loss occurred. Write the month and year of the loss being reported.

At the top of each column write the FEIN of each Illinois member. (Attach a separate sheet if necessary.)

Loss year ending ____/____ Was an Illinois combined return filed for this loss year? Yes No

Month Year

A

B

C

D

Combined totals

FEIN: _____

1 Write the unitary business income (loss) apportionable to Illinois. _____

2 Write the nonbusiness income (loss) allocable to Illinois. _____

3 Write the non-unitary partnership business income (loss) apportionable to Illinois. _____

4 Add Lines 1 through 3. This is the base income or net loss allocable to Illinois. _____

5 Write the total loss of loss members. See instructions. 5 _____

Part II: Figure each member's apportionment of the combined unitary loss

Complete this part only if you are carrying a combined unitary loss to a separate unitary carry year.

6 Figure each member's NLD factor. See instructions. _____

7 Multiply Line 4, Column D, by each member's NLD factor shown on Line 6. Write "0" if an NLD factor was not computed on Line 6. _____

Remember: You must attach supporting documentation to this schedule.

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is required of those taxpayers to whom this form applies. Failure to provide this information when required could result in a penalty. This form has been approved by the Forms Management Center. IL-492-2298



Part III: Figure your Illinois net loss deduction (NLD)

Separate unitary carry year - Complete Columns A through I for any member of the unitary group that will report an Illinois net loss deduction (NLD) in this carry year.

Combined unitary carry year - Complete Columns A through I as single combined amounts.

"Carry year" is the year to which the loss is being carried. (See instructions.)

Write all amounts as positive figures.

Table with 9 columns (A-I) and multiple rows for data entry. Column A: FEIN; Column B: Loss year month/year; Column C: Illinois net loss available; Column D: Illinois net loss previously used; Column E: Remainder of Illinois net loss; Column F: Base income allocable to Illinois; Column G: Illinois net loss deduction (NLD); Column H: Base income after NLD; Column I: Remaining NLD. Includes a 'Totals' row at the bottom.

Schedule UB/NLD Instructions

For Illinois net losses arising in tax years ending **on or after** December 31, 1986.

General Information

When must I use this schedule?

You must use this schedule

- to carry forward or back a unitary Illinois net loss; or
- to carry forward or back a non-unitary Illinois net loss to a unitary year.

An Illinois net loss deduction (NLD) can be used to reduce the base income allocable to Illinois only if the loss year return has been filed and the loss was not used to offset income from any other tax year. Schedule UB/NLD must be used to support Part IV, Line 2, of Form IL-1120; Part IV, Line 2, Column C, of Form IL-1120-X; or Part I, Line 9, Column C, of Form IL-1120X-PY.

Note: If corrections have been made to the loss amount (*e.g.*, federal audit, or amended return), you must report the corrected amount when you file this schedule.

What is the purpose of this schedule?

The purpose of Schedule UB/NLD is to calculate the total amount of unitary Illinois net loss available, the amount deductible for this year, and the remaining NLD available for use in other years.

The purpose of Part I is to

- report the composition of Illinois net loss; and
- compute the separate Illinois net loss of each member who was required to file an Illinois return when that loss is to be carried to a separate unitary return.

The purpose of Part II is to apportion any combined unitary loss that is to be carried to a separate unitary return.

The purpose of Part III is to report the application of Illinois net loss against the base income allocable to Illinois of a unitary group, or its separate group members.

What are the limitations of the Illinois NLD?

For Illinois net losses in tax years **ending on or after December 31, 1999**, the

Illinois NLD provisions are decoupled from Internal Revenue Code (IRC), Section 172. All Illinois net losses must be carried back 2 years, (unless an election to only carry forward is made) then forward 20 years. The special rules under IRC, Section 172, and future amendments to that section, no longer apply to Illinois net losses. Also, no limitations under IRC, Section 382, or the separate return limitation year provisions of the federal consolidated return regulations apply to an NLD carryover.

Illinois net losses in tax years **ending before December 31, 1999**, are allowed as a carryback or carryforward deduction only in the manner allowed under IRC, Section 172, including, for example, the 10-year carryback allowed to banks for bad debt losses.

The following are the carryback and carryforward years generally allowed for Illinois net losses in tax years **ending before December 31, 1999**. Illinois net losses in tax years beginning

- after August 5, 1997, and ending before December 31, 1999, must be carried back 2 years, then forward 20 years.
- on or before August 5, 1997, must be carried back 3 years, then forward 15 years.

Note: You may make the election to forgo any of the previously mentioned Illinois NLD carryback periods by checking the appropriate box on your loss year return. This election must be made by the extended due date of your return and once made, this election is irrevocable.

What do I need to complete?

A Combined unitary loss year

If you filed a combined unitary Form IL-1120 reporting a loss and that loss is being applied to

- a combined unitary carry year return, **only** complete Column D of Part I, Lines 1 through 4, and Part III.
- separate unitary carry year returns, complete all of Parts I, II, and III. You **must** attach a copy of the loss year(s) Schedule UB, Part IV. If Part IV does not report each member's average apportionment factor, you must also

attach a separate worksheet providing this information. Refer to the current Schedule UB for an example of the required formatting.

B Separate unitary loss year

If you filed separate unitary Forms IL-1120 reporting a loss and that loss is being applied to

- a combined unitary carry year return, complete all columns of Part I, Lines 1 through 5, and Part III.
- separate unitary carry year returns, complete all columns of Part I, Lines 1 through 4, and Part III. You **must** attach a copy of the loss year(s) Schedule UB, Part IV. If Part IV does not report each member's average apportionment factor, you must also attach a separate worksheet providing this information. Refer to the current Schedule UB for an example of the required formatting.

C Non-unitary loss year

If you are carrying a non-unitary loss to a unitary year, complete Part III only.

D Changes in membership

If the membership is not the same in both the loss year and the carry year, refer to the Illinois Income Tax Regulations, Section 100.2350.

What must I attach?

You **must** attach copies of the original loss year returns, front and back, amended returns, or audit reports reflecting the loss amounts that you are claiming on this schedule. Failure to do so will result in processing delays.

What if I need additional assistance?

If you need additional assistance, visit our Web site at **www.revenue.state.il.us**; call our Taxpayer Assistance Division at **1 800 732-8866, 217 782-3336**, or call our TDD (telecommunications device for the deaf) at **1 800 544-5304**. Our office hours are 8 a.m. to 5 p.m. If you prefer, you may write to us at P.O. Box 19044, Springfield, IL 62794-9044.

Specific Instructions

Part I: Figure the Illinois net loss

Note: If your loss year and carry year were filed on a combined return basis, complete Column D only.

Line 1 — Write the unitary business income (loss) apportionable to Illinois of each member who is required to file an Illinois return in the loss year. This may be calculated by multiplying Schedule UB, Part IV, Line 1, Column D, by each member's average apportionment on that schedule's Line 19 **or** from the required worksheet if the apportionment calculations are not shown on Part IV.

Line 2 — Write each member's non-business income (loss) allocable to Illinois.

Line 3 — Write each member's partnership business income (loss) apportionable to Illinois.

Line 4 — Add Lines 1 through 3. The result is base income or net loss allocable to Illinois. The amount in Column D is your group's Illinois net loss.

If your loss year and carry year were filed on a combined return basis, write the result (Column D) in Part III, Column C. Do not complete the remainder of Part I, or any of Part II.

If your loss year and carry year were filed on a separate return basis, and Line 4 of any column is a loss, write that amount in Part III, Column C. Do not complete the remainder of Part I, or any of Part II.

Line 5 — In Column D, write the total loss of all group members showing a loss on Line 4.

If your loss year was filed on a separate return basis and you are applying that loss to a combined carry year, write the result in Part III, Column C. Do not complete any of Part II.

If your loss year was filed on a combined return basis and you are applying that loss to a separate return basis carry year, continue to Part II.

Part II: Figure each member's apportionment of the combined loss

Line 6 - NLD factor — For each member showing a loss on Line 4, divide that member's Line 4 by Line 5 (Column D). If the member shows zero or a positive amount on Line 4, write "0" on the corresponding column of Line 6.

Line 7 — Follow the instructions on the form. Write the results in Part III, Column C.

Part III: Figure the Illinois net loss deduction (NLD)

Write all amounts as positive figures.

Note: If you are applying net loss to a combined unitary return, report each column as a single combined amount.

Column A — If you are applying loss to a separate unitary return, write the FEIN of each member to which a loss is being carried. If you are applying loss to a combined unitary return, write the FEIN of the designated agent or member filing Schedule UB.

Column B — Write the tax year ending of the Illinois net loss being applied in this carry year. The first entry should be the **earliest** loss year, if more than one loss year is being reported.

Column C — Write the Illinois net loss that is available to be used as an Illinois net loss deduction. See instructions for Parts I and II. If the loss is from a non-unitary return, this amount comes from the loss year Form IL-1120, Part IV, Line 1.

Column D — Write the amount, or total amounts, of Illinois net loss previously used to offset base income allocable to Illinois in any previous year. This amount is shown on the prior years' Form IL-1120, Part IV, Line 2; Form IL-1120-X, Part IV, Line 2, Column C; or Form IL-1120X-PY, Part I, Line 9, Column C.

Column E — Subtract Column D from Column C. This is the remaining Illinois net loss available for application to this carry year.

Column F — For each member to which a loss is being carried, write the carry year's base income allocable to Illinois reported on the member's return (*i.e.*, Form IL-1120, Part IV, Line 1). If you are submitting this schedule as support for Form IL-1120-X or Form IL-1120X-PY, write the amount shown on Form IL-1120-X, Part IV, Line 1, Column C, less Part IV, Line 2, Column A, **or** Form IL-1120X-PY, Part I, Line 8, Column C, less Part I, Line 9, Column A. If this is a negative amount, you **should not** be using Schedule UB/NLD.

Column G — Write the lesser of Column E or Column F on this year's Form IL-1120, Part IV, Line 2. This is your Illinois net loss deduction (NLD). If you are sending this schedule as support for Form IL-1120-X or Form IL-1120X-PY, write this amount on your Form IL-1120-X, Part IV, Line 2, Column C, **or** Form IL-1120X-PY, Part I, Line 9, Column C. The total of this column cannot be greater than the total of Column F.

Column H — Subtract Column G from Column F.

Column I — Subtract Column G from Column E. This is the remaining NLD that you may carry forward to other tax years. This amount should equal Part III, Column E, of your **subsequent** Schedules UB/NLD.