Illinois Department of Revenue

# Schedule F (IL-1041) Instructions

## General Information

### What is the purpose of Schedule F?

The purpose of this schedule is to determine, for certain property acquired before August 1, 1969, the amount of appreciation that is attributable to the period between the date you acquired the property and August 1, 1969. Illinois does not tax the gain resulting from appreciation that accrued before that date, which is the effective date of the Illinois Income Tax Act. The amount of appreciation that accrued before August 1, 1969, is often called the "valuation limitation amount" or the "pre-August 1, 1969, appreciation amount."

### Who should file Schedule F?

You should file Schedule F only if

- you reported a capital gain from property that you acquired before August 1, 1969, and you have a net capital gain on U.S. Form 1041, Schedule D, Capital Gains and Losses or U.S. Form 8949, Sales and Other Dispositions of Capital Assets; or
- you reported a gain on U.S. Form 4797, Sales of Business Property, from Sections 1231, 1245, and 1250 property acquired before August 1, 1969; or
- you reported a gain on U.S. Form 6252, Installment Sale Income, from an installment sale on property acquired before August 1, 1969.

Do not file Schedule F for any distribution from an employee pension, profit-sharing or stock bonus plan, or gains from the disposition of employer securities even though it was reported on U.S. Form 1041, Schedule D. Refer to the instructions for Form IL-1041, Line 14, to claim an exemption for distributions from these plans. Refer to instructions for Form IL-4644, to claim an exemption for gains on the disposition of employer securities.

### Should I attach copies of other forms?

If you filed any of the following forms or schedules, you must attach copies of them to your Schedule F: U.S. Form 1041, Schedule D; U.S. Form 4797; U.S. Form 6252; and U.S. Form 8949.

**Note** For installment sales, see the instructions on the back of Schedule F.

### 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.

## Specific Instructions

### Line 1

**Column A -** Enter the description of the property or full name of security as shown on your

- U.S. Form 1041, Schedule D (or U.S. Form 8949, if applicable),
- U.S. Form 4797, or
- U.S. Form 6252.

**Column B -** Enter the month and year you acquired the property. For securities you acquired through the exercise of rights, warrants, or options, enter the date exercised.

**Column C -** Enter the month and year you disposed of the property.

**Column D** - Enter the total gain reported this year from each disposition of property, including involuntary conversions by casualty or theft, as shown on

- U.S. Form 1041, Schedule D (or U.S. Form 8949, if applicable),
- U.S. Form 4797, or
- U.S. Form 6252.

**Note** Do not enter any transaction for which you incurred a loss.

**Column E -** Enter for each property the portion of Column D that is ordinary income under Section 1245 or 1250 of the Internal Revenue Code (IRC). This is reported on U.S. Form 4797, or U.S. Form 6252.

**Column F -** For each property figure the portion of Column D that is a gain under IRC Section 1231 from either U.S. Form 6252 or U.S. Form 4797.

- U.S. Form 6252: Enter the amount from Line 26.
- U.S. Form 4797: Use the following formula and enter the result.

**Line 24 - (Line 25b + Line 26g)**

**Note** Where there is a disposition of Section 1251, 1252, 1254, or 1255 property, the sum of the amounts in Columns E and F may be less than the amount in Column D.

**Column G -** Enter the gain shown on U.S. Form 1041, Schedule D (or U.S. Form 8949, if applicable).

**Column H -** Enter the fair market value on August 1, 1969, or the "applicable fraction" for each property. Your entry for each property will depend upon whether the property was a listed security on August 1, 1969, or, if it was not listed, whether you have an appraisal of its fair market value as of August 1, 1969. See below.

- **Listed Securities:** If the gain was from a security listed on a national securities exchange or quoted in the over-the-counter market between July 28 and 31, 1969, enter the market value of the property on August 1, 1969.

  If the security was traded between July 28 and 31, 1969, use the price of the last sale during the period to value the security. If the security was not traded during the period, use the average of the bid and ask quotations on July 31, 1969, to value the security.

- **Other Properties: Fair Market Value Readily Ascertainable by Appraisal -** If the gain was not from a security traded or quoted between July 28 and 31, 1969, enter the fair market value of the property on August 1, 1969,

only if the fair market value was readily ascertainable on that date. Attach a bona fide, independent written appraisal as of August 1, 1969, made by a competent appraiser of recognized standing and ability, to support the readily ascertainable fair market value. Book value is not generally acceptable as evidence of the August 1, 1969, fair market value.

- **Other Properties: Fair Market Value Not Readily Ascertainable - (The Number-of-Months Method)** If the fair market value of the property was not readily ascertainable on August 1, 1969, enter a fraction (also called "applicable fraction") whose numerator is the number of full calendar months you held the property before August 1, 1969, and whose denominator is the total number of full calendar months you held the property. Do not include in the numerator or denominator the month that you acquired or disposed of the property. If the property was acquired in July 1969, enter zero in Columns H and J.

**Column I -** If you entered the fair market value of the property in Column H, enter in Column I the federal income tax basis of the property (for determining gain) as of August 1, 1969. Federal income tax basis is the amount you would have entered as "cost or other basis" on U.S. Form 1041, Schedule D, U.S. Form 8949, or U.S. Form 6252 if you had sold the property on August 1, 1969.

***Note*** If you entered a fraction in Column H, leave Column I blank.

**Column J -** If you entered the fair market value or an appraisal value of the property in Column H, subtract Column I from Column H and enter the difference. However, if Column I is equal to or greater than Column H, enter zero. If you entered a fraction in Column H, multiply Column D by the fraction and enter the result.

**Column K -** Enter the smaller of Column E or Column J. If you show no amount in Column E, enter zero in Column K.

**Column L -** Enter the smaller of Column F **or** the result of subtracting Column K from Column J. If Column F is blank, enter zero in Column L.

**Column M -** Enter the smaller of Column G or Column J. If Column G is blank, enter zero in Column M.

## Line 2

***Note*** Refer to all Schedules K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, you received from partnerships or S corporations, and all Schedules K-1-T, Beneficiary's Share of Income and Deductions, you received from trusts or estates for the amounts to enter on Line 2, Columns K, L, and M.

**Column K -** Enter your share of any pre-August 1, 1969, appreciation amounts for Sections 1245 and 1250 gain, or capital assets, from Schedule K-1-P, Step 6, Line 48, Column A, and Schedule K-1-T, Step 6, Line 46, Column A.

**Column L -** Enter your share of any pre-August 1, 1969, appreciation amounts (including involuntary conversions by casualty or theft) for Section 1231 gain from Schedule K-1-P, Step 6, Line 49, Column A, and Schedule K-1-T, Step 6, Line 47, Column A.

**Column M -** Enter your share of capital gain appreciation amounts from Schedule K-1-P, Step 6, Line 51, Column A, and Schedule K-1-T, Step 6, Line 48, Column A.

## Line 3

Enter any gain you realized from a sale of employer securities received in a distribution from a qualified employee benefit plan. You will find the amount on Form IL-4644, Gains from Sales of Employer's Securities Received from a Qualified Employee Benefit Plan, Line 18.

## Lines 4 and 5

Follow the instructions on Schedule F. For each column, include the amount from Line 2 of that column in the total.

## Line 6

Follow the instructions on Schedule F. Include the amounts from Lines 2 and 3.

## Lines 7 through 9, Column 2 -

Refer to Step 6 of each Schedule K-1-T you are completing to report each beneficiary's share of the appreciation amounts.

## Line 7

**Column 1 -** Enter the amount from Line 4. This is the total pre-August 1, 1969, appreciation amount for Sections 1245 and 1250 gain.

**Column 2 -** Enter the beneficiaries' share of the amount shown on Line 7, Column 1. Enter each beneficiary's share on each Schedule K-1-T, Step 6, Line 46, Column A.

**Column 3 -** Enter the fiduciary's share of the amount shown on Line 7, Column 1.

## Line 8

**Column 1 -** Enter the amount from Line 5. This is the total pre-August 1, 1969, appreciation amount for Section 1231 gain.

**Column 2 -** Enter the beneficiaries' share of the amount shown on Line 8, Column 1. Enter each beneficiary's share on each Schedule K-1-T, Step 6, Line 47, Column A.

**Column 3 -** Enter the fiduciary's share of the amount shown on Line 8, Column 1.

## Line 9

**Column 1 -** Enter the amount from Line 6. This is the total pre-August 1, 1969, appreciation amount for capital assets.

**Column 2 -** Enter the beneficiaries' share of the amount shown on Line 9, Column 1. Enter each beneficiary's share on each Schedule K-1-T, Step 6, Line 48, Column A.

**Column 3 -** Enter the fiduciary's share of the amount shown on Line 9, Column 1.

## Lines 10 through 13

Follow the instructions on Schedule F.

## Line 14

If you received a lump-sum distribution from a qualified employee benefit plan and a portion of that distribution was reported as capital gain on your U.S. Form 1041, Schedule D, you must include your share of the amount of the capital gain on this line. (You may claim the subtraction for this capital gain on your Form IL-1041, Line 14b, not on Schedule F. See Form IL-1041 instructions.)

If you sold employer securities received in a distribution from a qualified employee benefit plan and realized gain on the sale, include on Line 14 your share of the amount from Form IL-4644, Line 13.

***Note*** If you are a beneficiary of another estate or trust that received a capital gain distribution from a qualified employee benefit plan or realized a capital gain on the disposition of certain employer securities that were distributed under such a plan, the amount of the gain you received as a beneficiary of such estate or trust may be subject to limitation. The trustee or fiduciary must notify you of your share of the limitation. Include the amount of your share of such limitation on Line 14.

## Lines 15 through 18

Follow the instructions on Schedule F.