

Illinois Department of Revenue
1500 South Ninth Street
Springfield, Illinois 62708

INFORMATION BULLETIN FY83-5

TO: Corporations Subject to Illinois Income Taxation

SUBJECT: Combined Apportionment Required
Intercompany Offsets and Consolidated Returns Prohibited

The Illinois Supreme Court, in its February 20, 1981 decision in Caterpillar Tractor Company et al. v. Lenckos, ruled that the combined apportionment method of computing Illinois income tax liability is required under the Illinois Income Tax Act (IITA) for corporations that are engaged with other commonly owned corporations in the conduct of a unitary business.

However, the IITA does not permit the filing of a consolidated return. Each corporation required to file a federal income tax return and qualified to do business in Illinois must file its own Illinois income tax return, regardless of whether it is liable for taxes imposed under IITA. A corporation participating in the filing of a consolidated return for federal income tax purposes is required to complete the Illinois return as if it had filed a separate federal return.

Requests for an extension of time to file an Illinois return must be filed separately for each member of a commonly owned group engaged in the conduct of a unitary business. Blanket extensions intended to include more than one taxpayer will not be permitted.

Payments of estimated tax cannot be used to reduce any taxpayer's liability other than the account to which the payment was properly posted. Separate estimated payments (when required by IITA Section 803) must be made by each taxpayer.

Any math error notice, notice and demand for payment, or refund will relate to a particular taxpayer and will not reflect taxes paid or owed by any other member of the group. Each member is separately liable for its own income and replacement taxes. Thus any overpayment or underpayment of a member cannot be used to alter the tax liability of another member.

If you need additional information or assistance, contact the Taxpayer Information Division at: (312) 641-2150 or (217) 782-3336.

J. Thomas Johnson
Director of Revenue

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