

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

INFORMATIONAL BULLETIN FY85-11

TO: Unitary Corporate Income and Replacement Tax Accounts

SUBJECT: Combined Return and Inter-Company Offsets for a Unitary
Business

Effective for taxable years ending on or after December 31, 1985, Public Act 83-1289 (S.B. 1791) amends the Illinois Income Tax Act to provide that corporate members (other than Subchapter S corporations) of the same unitary business group with the same taxable year may elect to file as one taxpayer. The election to be treated as one taxpayer, as opposed to several separate and distinct taxpayers, will be binding not only for the filing of an original return, but also for the filing of an amended return, an extension of time to file, a claim for refund, and for the assessment, collection, and payment of any taxes due under this Act. We will make information and instructions on this matter available at a later date.

Public Act 83-1289 also provides that, for a limited time, any member of a unitary group may elect to apply any overpayment which is due, against the liability of any other member of that group. The provision will allow unitary taxpayers the benefits of intercompany offsets even though they filed separate returns.

The election to use intercompany offsets is subject to the following restrictions:

- It is available only for taxable years which end prior to December 31, 1985.
- If the liability to be offset is due to an audit, the offsetting overpayment may be from any taxable year covered by the audit.
- If the liability to be offset is not due to an audit, both the liability and the offsetting overpayment must be from the same taxable year and the election must be made within the period of limitations provided in Section 911 of the Illinois Income Tax Act.
- Once an overpayment has been refunded or credited to another year, it is no longer available for application against any other member's liability.
- Once made, an election cannot be revised, canceled, or reversed by the taxpayer.

We will accept a request for intercompany offsets only if it conforms to the regulations promulgated by the Department and is made on proper forms made available by the Department. If you make a request for an

intercompany offset under the proposed regulations, we will process it under those proposed regulations. You may not later amend your request to reflect any changes under the approved regulations. We expect to issue proposed regulations and have offset forms available within the next few months. Please do not make any request for intercompany offsets until proposed regulations and forms are available.

We have no plans to develop combined estimated payment forms. However, a schedule will be created for attachment to the current IL-1120ES, for use by taxpayers who intend to elect to file a combined return. We will accept combined estimated payments beginning with first quarter payments due on or after April 15, 1985 if you have a tax year ending on or after December 31, 1985 and intend to elect to file a combined return. The regulations and any new schedules will be available before April 15, 1985. Please make combined estimated payments in conformity with those regulations.

We will distribute further information regarding Public Act 83-1289 as it becomes available. Should you have any questions, please call or write us. If you are in Cook County, call (312) 641-2150 in Chicago. If you are located elsewhere, call (217) 782-3336 in Springfield. Mail any letters to Illinois Department of Revenue, Unitary Processing, P.O. Box 3747, Springfield, Illinois 62708.

J. Thomas Johnson
Director of Revenue

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