

Illinois Department of Revenue  
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Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY86-49

TO: All Tax Practitioners

SUBJECT: 1985 Income Tax Form Errors and Clarifications

You should note the following changes to the forms and instructions:

IL-1040 Instructions-Step-By-Step Instructions

Subtractions, Line 4. "The following items are not taxable in Illinois, but may be included in the amount you entered on line 1." This statement is not true in the case of Illinois real estate (property) taxes paid, which are not included in line 1, but are subtractable.

IL-1040, Schedule NR Instructions, Part II, line 11:

Moving Expenses. Instructions for column A should be column B instructions. Column A instructions should read "Enter the amount from you U.S. 1040, line 24."  
Column D instructions should read, "Enter the amount from Column B."

Individual Retirement Accounts (IRA). Column B should be changed to read, "Enter the lease of: column A, or the amount contributed while an Illinois resident, or the compensation attributable to Illinois (Part II, line 1, column B)."

Schedule W (U.S. 1040). The italicized portion is added to instructions for column B. "If the spouse with the lower income on Schedule W has Illinois income reportable on Schedule W, enter 10% of that Illinois income, or the amount shown on Schedule W,, whichever is smaller.

IL-1120, Schedule NL

Part I, line 3. Columns B and C include a parenthetical phrase, "(enter line 6 previous column)", which should be on line 4.

Specific Instructions. Column A, line 6. The italicized portion is added. "Subtract line 5 from line 4. The last entry on this line is your federal taxable income for Illinois purposes."

Column D, line 5 should be changed to read, "Add columns A, B, and C. This should total IL-1120-X, line 1, column B on carryback years."

IL-1120-X (R-12/85), Part I

Line 11a. The form should read, "Income tax - Multiply line 10 by

applicable rate."

IL-1065 Specific Instructions

Part I, line 5b, first dot-point. The reference to line 2c should be to line 2d.

IL-1065 Instructions for Schedule B, Part II

Column 9. At the end of the first line is a reference to column 7. The reference should be to column 8.

Column 10. A. Gains and losses. Delete "and" in the second line of the first sentence. It should read "Gains and losses from sales or exchanges of real or tangible property not included in the property factor used in the business income apportionment formula are allocable to Illinois if the property is located in Illinois at the time of the sale or exchange."

Please also note the following clarification concerning estimated tax payments made with Forms IL-1040-ES and IL-1120-ES.

Several taxpayers and practitioners have contacted us lately about whether they may use the full amount of a 1985 overpayment credited forward to 1986 against a first quarter estimated income tax liability (see Forms IL-1040-ES and IL-1120-ES). The answer is yes.

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