

Illinois Department of Revenue
J. Thomas Johnson, Director
101 West Jefferson Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY87-23

TO: All Tax Practitioners

RE: 1986 Income Tax Form Errors and Clarifications

Please note the following changes to the forms and instructions:

IL-1040 Schedule CR, Instructions:

Under "Should I Attach Copies of Other Forms?", the second paragraph reads: "If you paid taxes to a foreign county, attach a copy of U.S. Form 1116 Schedule A." U.S. Form 1116 Schedule A is obsolete and does not have to be attached.

IL-1041, Page 1:

Above the name and address area is the following statement: "Estates do not complete Part IV." It should read: "Estates do not complete Part III, lines 4 through 7."

IL-1065 Schedule C:

Change the last sentence of the note to read: "Entries on Schedule C should be included on the Illinois Schedule F of each partner (except corporate partners)."

IL-1065 Schedule F, Line 11:

Line 11 reads: "Net capital gain - Enter the total of U.S. Form 1065, line 9 plus U.S. Form 1065 Schedule D, line 9." Add to the end of that statement the following: "plus U.S. Form 4797, Part I, line 6."

IL-1065, Schedule NB Instructions for Column B:

Replace all references to "corporation" with "partnership".

IL-1120-ST Schedule C:

Replace the last sentence of the note with: "Entries on Schedule C should be included on the Illinois Schedule F of each shareholder (except corporate shareholders)."

IL-1120-X (R-12/86), Part I:

Line 9, column B should not be shaded.

Line 11, Standard exemptions, reads: "Divide line 10 by line 7 - Multiply by \$1,000 (not to exceed \$1,000)". Change this to read: "Divide line 8 by line 7 - Multiply by \$1,000 (not to exceed \$1,000)."

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IL-1120-X, Specific Instructions:

Income and Modifications. Insert instructions for Part I, line 9 to read: "Enter the Illinois net loss carryback from an Illinois net loss year ending on or after 12/31/86."

Part IV - Replacement Tax. Change the last sentence of the first paragraph to read: "If the year being amended began between 01/01/80 and 12/31/85, refer to the Form IL-1120 Instructions for the appropriate year."

IL-2220, Part II, line 4:

The box in column 4 should read, "Enter 80% of tax." It is currently blank.

IL-477:

Line 6 - Additional credit based on increases in employment. Replace the instructions with: "Enter line the box the amount from line 5 or 6 of the worksheet (on back of this form). Multiply line 4 by this amount."

Base Employment Calculation Worksheet:

Line 4 - Add to the instructions: "On the front of the IL-477 enter zero in the box on line 6."

Line 5 - Replace the second line of instructions with: "If this amount is .01 or larger, enter .005 here and in the box on line 6 on the front of the IL-477. Continue on the IL-477, line 6."

Instructions for Form IL-477, Specific Instructions, line 6:

Change to read: "If you made an entry on line 3, complete the Base Employment Calculation Worksheet (on the back of Form IL-477). Enter the amount from line 5 or 6 of the worksheet in the box. Then multiply line 4 by the number in the box."

Schedule 1299-B Instructions, Part I, U.S.-1120 Filers:

Line 2, column B. Now reads: "Enter the portion of U.S. Schedule C, column C, lines 1 and 2 received from an Illinois enterprise or foreign trade zone corporation." Change to read: "Enter the portion of U.S. Schedule C, column A, lines 1 and 2 received from an Illinois enterprise or foreign trade zone corporation."

Please also note the following clarification concerning the Reconciliation of Illinois Income Tax Withheld and Transmittal of Income and Tax Statements, Form IL-W-3.

This year's form shows the year "1987" at the top. You should use this form to submit 1986 forms W-2, W-2G, W-2P, and IL-W-2NR. Mark out "1987"

and replace it with "1986".

Roger D. Sweet,
Director of Revenue

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