



# *i*nformational Bulletin

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## Foreign Dividend Reporting Changes for Corporate Filers Effective for Tax Years Ending on or after June 30, 2021

**To: Corporate (Form IL-1120) filers with tax years ending on or after June 30, 2021**

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

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[Public Act 102-0016](#) makes changes for tax years **ending on or after June 30, 2021**, for Illinois corporate (Form IL-1120) filers by

1. decoupling Illinois from
  - the federal 100% foreign dividends received deduction,
  - the deduction for global intangible low-taxed income (GILTI), and
  - the deduction under IRC\* Section 243(e) for foreign dividends treated as domestic dividends.
2. disallowing a subtraction modification
  - for foreign dividends eligible for deduction federally under IRC Section 245(a), and
  - for IRC Section 1248 gain.

These changes are outlined in revised instructions (R-06/21) for Schedule M, Other Additions and Subtractions (for businesses), and Schedule J, Foreign Dividends.

### What are the changes to the instructions for Schedule M?

Corporate (Form IL-1120) filers must add back amounts deducted federally under

- IRC Section 250(a)(1)(B)(i),
- IRC Section 245A(a), and
- IRC Section 243(e).

These amounts qualify for the foreign dividend subtraction modification on Schedule J, Foreign Dividends.

### What are the changes to the instructions for Schedule J?

Corporate (Form IL-1120) filers

- may no longer include any amount attributable to dividends eligible for deduction under IRC Section 245(a);
- are allowed a subtraction modification for dividends reported on federal Form 1120, Schedule C, Line 13, except for any amount attributable to gains treated as a dividend under IRC Section 1248; and
- may include in their subtraction modification for GILTI the addition modification required on Schedule M for the amount deducted federally.

\*IRC -Internal Revenue Code