

 **Illinois Department of Revenue**
Schedule K-1-T(2) Beneficiary's Instructions

General Information

What is the purpose of Schedule K-1-T?

The trust or estate listed on the front of Schedule K-1-T has completed and provided you with the schedule that reflects your share of the trust's or estate's income and modifications. Use this completed schedule and these instructions to help you report the items shown on Schedule K-1-T on your Illinois Income Tax return. **You must attach a copy of Schedule K-1-T to the tax return you are filing. You should also keep a copy in your tax records.**

What if I believe the trust or estate has made an error on my Schedule K-1-T?

If you believe the trust or estate has made an error on your Schedule K-1-T, notify the trust or estate and ask for a corrected Schedule K-1-T. Do not change any items on your copy.

What does Column A represent?

Column A represents your specific share of the trust's or the estate's income and modifications. The trust or estate is required to complete this column if any part of the trust's or estate's income was paid, credited, or distributed, or deemed to have been paid, credited, or distributed by the trust or estate to you. If you were a resident of Illinois on the last day of the trust's or estate's taxable year, only Column A should have been completed and all amounts in Column A must be included as income and modifications allocated to Illinois. If you were not a resident of Illinois on the last day of the trust's or estate's taxable year, Column B will also be completed. See "What does Column B represent?"

What does Column B represent?

Column B represents the portion of Column A that is allocated or apportioned to Illinois. The trust or estate is required to complete this column if you were not a resident of Illinois on the last day of the trust's or estate's tax year. Make sure the amounts reported in Column B are included in the amounts reported on your

- Form IL-1040, Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax, Column B;
- Form IL-1041, Schedule NR, Nonresident Computation of Fiduciary Income, Columns 2, 3, and 4;
- Form IL-1120, Step 4, Figure your income allocable to Illinois; or
- Form IL-1065 or Form IL-1120-ST, Step 6, Figure your income allocable to Illinois.

Step-by-Step Instructions

These instructions are intended to help you report your share of the trust's or estate's income and modifications on your Illinois income tax return.

Steps 3 and 4 - Your share of nonbusiness and business income —

Column A - Beneficiary's share —

Lines 9 through 29 - Make sure the amounts reported on these lines match your federal Schedule K-1.

Column B - Nonresident beneficiary's share —

Step 3 represents your share of the trust's or estate's nonbusiness income allocated to Illinois. Step 4 represents your share of the trust's or estate's business income apportioned to Illinois. To determine the amount to include on specific lines of your Form IL-1065, IL-1120, or

IL-1120-ST, or (Form IL-1040 or IL-1041) Schedule NR, follow the instructions below.

► *For individuals filing Form IL-1040, Schedule NR —*

Note Use the following instructions in order to include the income reported in Steps 3 and 4 of Schedule K-1-T, on your Form IL-1040, Schedule NR, Step 3, Lines 7 through 21.

Interest income - Nonbusiness interest is not taxed by Illinois. Step 3, Line 9, Column B, should be "0." Include the amount from Step 4, Line 19, Column B, on your Schedule NR, Step 3, Line 8, Column B.

Dividend income - Nonbusiness dividends are not taxed by Illinois. Step 3, Line 10, Column B, should be "0." Include the amount from Step 4, Line 20, Column B, on your Schedule NR, Step 3, Line 9, Column B.

Rents, royalties, partnerships, S corporations, trusts, and estates - Add Step 3, Column B,

Line 11 _____
 Line 12 _____
 Line 13 _____
 Line 14 _____
 and _____
 Step 4, Column B,
 Line 25 _____
 Line 28 _____

Total _____

Include this total amount on your Schedule NR, Step 3, Line 17, Column B.

Capital gain or loss - Add Step 3, Lines 15, 16, and 17, Column B, and Step 4, Lines 21 and 22, Column B. Include this total amount on your Schedule NR, Step 3, Line 13, Column B.

Other income - The trust or estate is required to identify or send you a breakdown of the items reported on Step 3, Line 18, and Step 4, Line 29. This identification or breakdown will determine on what lines of your federal return you need to report the income in Column A. The amounts reported in Column B need to be reported on the corresponding lines of your Schedule NR, Column B.

► *For trusts or estates filing Form IL-1041, Schedule NR —*

Interest income - Nonbusiness interest is not taxed by Illinois. Include the amount of business interest from Step 4, Line 19, Column B, on your Schedule NR, Part I, Line 1, Column 3.

Dividend income - Nonbusiness dividends are not taxed by Illinois. Include the amount of business dividends from Step 4, Line 20, Column B, on your Schedule NR, Part I, Line 2, Column 3.

Income or loss from trusts and estates -

Add Step 3, Column B,
 Line 11 _____
 Line 12 _____
 Line 13 _____
 Line 14 _____
 and Step 4, Column B,
 Line 25 _____
 Line 28 _____

Total _____

Include this total amount on your Schedule NR, Part I, Line 5c, Column 3.

Nonbusiness gain or loss - Add Step 3, Lines 15, 16, and 17, Column B. Include this total amount on your Schedule NR, Part I, Line 4, Column 3.

Business gain or loss - Add Step 4, Lines 21 and 22, Column B. Include this total amount on your Schedule NR, Part I, Line 7, Column 3.

Other income - The trust or estate is required to identify or send you a breakdown of the items reported on Step 3, Line 18, and Step 4, Line 29. This identification or breakdown will determine on what lines of your federal return you need to report the income in Column A. The amounts reported in Column B need to be reported on the corresponding lines of your Schedule NR, Column 3.

► *For partnerships filing Form IL-1065, corporations filing Form IL-1120, or S corporations filing Form IL-1120-ST* — Include the amounts in Step 3, Column B, in the total amount you report on your Form IL-1065 or Form IL-1120-ST, Step 6, Line 45, or Form IL-1120, Step 4, Line 34.

Include the amounts in Step 4, Column B, in the total amount you report on your Form IL-1065 or Form IL-1120-ST, Step 6, Line 45, or Form IL-1120, Step 4, Line 29.

Step 5 - Your share of Illinois additions and subtractions —

Column A - Beneficiary's share —

Lines 30 through 37f - Make sure the amounts reported on these lines are reported in your Illinois base income by including them on your

- Form IL-1040, Schedule M, Other Additions and Subtractions for Individuals, Lines 2 and 11
- Form IL-1041, Part I, Lines 2d and 4g;
- Form IL-1065, Step 4, Line 19, and Step 5, Line 33;
- Form IL-1120, Step 2, Line 7, and Step 3, Line 22; or
- Form IL-1120-ST, Step 4, Line 19, and Step 5, Line 33.

Column B - Nonresident beneficiary's share —

► *For individuals filing Form IL-1040, Schedule NR* —

Note → Use the following instructions in order to include the Illinois additions and subtractions reported in Step 5 of Schedule K-1-T, on your Form IL-1040, Schedule NR.

Lines 30 through 32 - Add Lines 30 through 32. Include the total amount on Schedule NR, Step 4, Line 42, Column B.

Lines 33a through 37f - Add Lines 33a through 37f. Include the total amount on Schedule NR, Step 4, Line 48.

► *For trusts or estates filing Form IL-1041, Schedule NR* —

Lines 30 through 37f -

Write the amount for each line.

- | | |
|---------------------------------|-------|
| a. Line 30 | _____ |
| b. Line 31 | _____ |
| c. Line 32 | _____ |
| d. Add Lines a, b, and c. | _____ |
| e. Lines 33a and 33b | _____ |
| f. Line 34 | _____ |
| g. Line 35 | _____ |
| h. Line 36a and 36b | _____ |
| i. Lines 37a through 37f | _____ |
| j. Add Lines e through i. | _____ |
| k. Subtract Line j from Line d. | _____ |

Line j is your net addition or subtraction modification. Write the amount from Line h on Schedule NR, Line 5c, Column 4.

► *For partnerships filing Form IL-1065, corporations filing Form IL-1120, or S corporations filing Form IL-1120-ST* —

Lines 30 through 32 - Add Lines 30 through 32, Column B. Include this total amount on your Form IL-1065 or Form IL-1120-ST, Step 6, Line 46 or Form IL-1120, Step 4, Line 35

Lines 33a and 34 through 37f - Add Lines 33a, and 34 through 37f, Column B. Include this total amount on your Form IL-1065 or Form IL-1120-ST, Step 6, Line 46 or Form IL-1120, Step 4, Line 35.

Line 33b - Include this amount on your Form IL-1065 or Form IL-1120-ST, Step 6, Line 45, or Form IL-1120, Step 4, Line 34.

Step 6 - Your share of the Illinois August 1, 1969, appreciation amounts —

Column A - Beneficiary's share —

► *For individuals filing Form IL-1040, Schedule F* —

Line 38 - Include this amount on your Schedule F, Step 2, Line 6, Column H.

Line 39 - Include this amount on your Schedule F, Step 2, Line 6, Column I.

Line 40 - Include this amount on your Schedule F, Step 1, Line 2.

► *For trusts or estates filing Form IL-1041, Schedule F* —

Line 38 - Include this amount on your Schedule F, Line 2, Column K.

Line 39 - Include this amount on your Schedule F, Line 2, Column L.

Line 40 - Include this amount on your Schedule F, Line 2, Column M.

► *For partnerships filing Form IL-1065, Schedule F, or S corporations filing Form IL-1120-ST, Schedule F* —

Use the information in Column A when completing Step 6 of the Schedule K-1-P for your partners or shareholders.

Column B - Nonresident beneficiary's share —

► *For individuals filing Form IL-1040, Schedule NR* —

Lines 38 through 40 - Add Lines 38 through 40, Column B. Include this total amount as a subtraction on your Schedule NR, Step 4, Line 47.

► *For trusts or estates filing Form IL-1041, Schedule NR* —

Lines 38 through 40 - Include these amounts as subtractions on your Schedule NR, Part I, Line 4, Column 4, or Line 7, Column 4, whichever line is applicable.

► *For partnerships filing Form IL-1065, Schedule F, or S corporations filing Form IL-1120-ST, Schedule F* —

Line 38 - Include this amount on your Schedule F, Line 2, Column K.

Line 39 - Include this amount on your Schedule F, Line 2, Column L.

Line 40 - Include this amount on your Schedule F, Line 2, Column M.

