



What's new for 2007?

For tax years ending **on or after** December 31, 2007, the Form IL-1041, Illinois Fiduciary Income and Replacement Tax Return, has been redesigned. Form IL-1041-X, Amended Fiduciary Income and Replacement Tax Return, with revision date 12/07,

reflects the changes made to the 2007 Form IL-1041. Use this version of Form IL-1041-X for tax years ending on or after December 31, 2007.

General Information

Who must file Form IL-1041-X?

You should file Form IL-1041-X if you are amending a previously filed, processable Form IL-1041, Illinois Fiduciary Income and Replacement Tax Return, for a tax year ending **on or after December 31, 2007**. Your change can occur from a state or federal change that affects items used to compute your Illinois net income, net loss, or credit, such as

- an amendment of your federal income tax return,
- an adjustment made by the Internal Revenue Service (IRS), or
- any other recomputation or redetermination.

A separate amended return must be filed for each tax year you need to amend.

Note Use Form IL-843, Amended Return or Notice of Change in Income, and the corresponding year's Form IL-1041, to amend tax years ending **prior to December 31, 2007**.

What if I need to correct my return before the extended due date expires?

If you filed your original Form IL-1041 and a state or federal correction or change needs to be made before the extended due date expires (see the instructions of your original return), you should file Form IL-1041-X, and write "CORRECTED" at the top. Due to the automatic extension, any corrected return filed after the original return and prior to the extended due date will be treated as the original return, rather than an amended return.

If you are filing a "corrected return" to change the election on your original return to treat all income other than compensation as business income, mark the box in Step 1, Line H and provide a written explanation indicating the change to your election in Step 2 of Form IL-1041-X.

How long do I have to amend my return?

The amount of time you have to amend your return depends on whether your Form IL-1041-X is being filed to report a state or federal change.

State change - If your change creates or increases the Illinois net loss for the year, you must file Form IL-1041-X showing the increase in order to carry the increased loss amount to another year.

If your change decreases the tax due to Illinois and you are entitled to a refund, you must file Form IL-1041-X within

- three years after the due date of the return (including extensions),

- three years after the date your original return was filed, or
- one year after the date your Illinois tax was paid, whichever is latest.

If your change increases the tax due to Illinois, you should file Form IL-1041-X and pay the tax, penalty, and interest promptly.

Federal change - You should not file this form until you receive a federal finalization notification from the IRS, stating that they have accepted your change, either by paying a refund, or by final assessment, agreement, or judgment.

If your federal change decreases the tax due to Illinois and you are entitled to a refund, you must file Form IL-1041-X within two years plus 120 days of federal finalization.

If your federal change increases the tax due to Illinois, you must file Form IL-1041-X and pay any additional tax within 120 days of IRS partial agreement or finalization. In order to avoid late payment penalties, you must attach proof of the federal finalization date, showing the change was reported to Illinois within 120 days of IRS acceptance, or you may be assessed a late-payment penalty.

Note If you fail to notify us of your change by filing Form IL-1041-X, we may issue a notice of deficiency at any time. Once you file your change, we may issue a notice of deficiency within two years.

What if my amended return involves an Illinois net loss deduction (NLD)?

If you have an Illinois NLD from any loss year ending on or after December 31, 1986, it is subtracted from and limited to base income allocable to Illinois.

To determine your "Illinois net loss" start with your total unmodified base income and apply all addition and subtraction modifications, and all allocation and apportionment provisions.

If you are carrying an Illinois NLD, you must complete and attach Illinois Schedule NLD, Illinois Net Loss Deduction, and claim the deduction on Step 5, Line 28. See Specific Instructions for Step 5, Line 28.

Do not file Form IL-1041-X to report an Illinois NLD carryforward until **after** you have filed the loss year Form IL-1041 or Form IL-1041-X, or Form IL-843 (for tax years ending prior to December 31, 2007) reporting the loss. When you file Form IL-1041-X, you must attach a completed Illinois Schedule NLD. **Failure to attach the correct and completed schedule could result in partial or total denial of your claim.**

If you need more information,

- visit our web site at tax.illinois.gov and view the Illinois Income Tax Regulations, Sections 100.2050 and 100.2300 through 100.2330, or
- write to Illinois Department of Revenue, Legal Services Office, Senior Counsel - Income Tax, 5-500, 101 West Jefferson Street, Springfield, Illinois 62702, and request these sections of the Illinois Income Tax Regulations.

Who should sign the return?

Your Form IL-1041-X must be signed by the fiduciary of the trust or estate. If there are two or more joint fiduciaries, the signature of one will comply with the requirements of the IITA. In the case of bankruptcy, a receiver, trustee, or assignee must sign any return required to be filed on behalf of the trust or estate. The signature verifies by written declaration (and under penalties of perjury) that the signing fiduciary has personally examined the return and the return is true, correct, and complete. The fact that a fiduciary's name is signed to a return is *prima facie* evidence that the fiduciary is authorized to sign the return on behalf of the trust or estate.

Any person paid to prepare the return (other than a fiduciary of the trust or estate, or a regular, full-time employee of the taxpayer, such as a clerk, secretary, or bookkeeper) must provide a signature, date the return, and write the preparer's taxpayer identification number. If the preparer is an employee or partner of a firm or corporation, the preparer must also provide the firm's name, address, and instead of the preparer's taxpayer identification number, the preparer must provide the firm's FEIN. Self-employed preparers must provide their own name, address, and taxpayer identification number in the appropriate spaces.

Can a reasonable facsimile be used?

You must use a form that has been prescribed or approved by the Illinois Department of Revenue. Computer generated printouts are not acceptable, even if they are in the same format as the department forms. Computer generated forms from a department-approved software developer are acceptable. Failure to use department-approved forms may result in processing delays.

What are the penalties and interest?

Penalties — You will owe

- a **late-filing penalty** if you do not file a processable return by the extended due date;
- a **late-payment penalty** if you do not pay the tax you owe by the original due date of the return;
- a **bad check penalty** if your remittance is not honored by your financial institution;

- a **cost of collection fee** if you do not pay the amount you owe within 30 days of the date printed on your bill.

Interest — The interest rate is the “short-term federal rate” for the first year that the overpayment or underpayment accrues interest. This rate is set by the IRS under IRC Section 6621. After one year, interest will accrue on any remaining balance at the underpayment rate, which is also set by the IRS under IRC Section 6621, and is three percent higher than the short-term federal rate.

Note → For more information about penalties and interest, see Publication 103, Penalties and Interest for Illinois Taxes. To receive a copy of this publication, see “What if I need additional assistance or forms?” for our phone numbers and addresses.

What must I attach to my Form IL-1041-X?

This form must contain a complete explanation of the reasons for filing the claim or amendment. You **must** attach any required schedules or forms to support your claim. If Form IL-1041-X is submitted without the proper attachments it may be partially or totally denied.

If you are filing Form IL-1041-X because

- you filed an amended federal return and your tax due to Illinois decreases, you must include a copy of that return, plus any other related forms, schedules, or attachments, including a signed and dated copy of any federal report of income tax examination changes, if applicable.
- you filed an amended federal return and your tax due to Illinois increases, you must attach proof of the federal finalization date, including a signed and dated copy of any federal report of income tax examination changes, if applicable, showing the change was reported to Illinois within 120 days of IRS acceptance, or you may be assessed a late-payment penalty.
- of a change by the IRS, you must include all copies of the federal examining officer's reports, including preliminary, revised, corrected, and superseding reports, and a signed and dated copy of any federal report of income tax examination changes, if applicable.
- you copied information incorrectly from your federal Form 1041 onto your Form IL-1041, you must include a copy of your federal Form 1041.
- of a change in, or audit of, another state's tax return, you must include a copy of the other state's corrected return or the examining officer's reports.
- of an Illinois net loss carryback, you must include a completed Illinois Schedule NLD. See Specific Instructions for Step 5, Line 28.
- of changes, other than those described above, see Form IL-1041 Instructions and any schedules for the year you are changing to determine what attachments you must provide.

What if I need additional assistance or forms?

If you need additional assistance -

- Visit our web site at tax.illinois.gov.
- Write to us at
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19044
SPRINGFIELD IL 62794-9044
- Call **1 800 732-8866** or **217 782-3336** (TDD (telecommunications device for the deaf, at **1 800 544-5304**). Our office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.

If you need additional forms or schedules -

- Visit our web site at tax.illinois.gov.
- Call our 24-hour Forms Order Line at **1 800 356-6302**.
- Write to us at
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19010
SPRINGFIELD IL 62794- 9010

Specific Instructions

Write the tax year you are amending in the space provided at the top of Form IL-1041-X.

Step 1: Provide the following business information

A — Indicate if you are a trust or an estate by checking the appropriate box.

B — Type or print the required name and address information clearly in the spaces provided. If your name or address has changed since your last filed return, check the box.

C — If you are not an Illinois resident, you must check the box on Line C and attach a completed Illinois Schedule NR (Form IL-1041), Nonresident Computation of Fiduciary Income, to this return.

D — Indicate if you are an Electing Small Business Trust (EBST) or an individual bankruptcy estate by checking the appropriate box.

Note → For individual bankruptcy estates, you should complete Form IL-1040-X, Amended Individual Income Tax Return, and carry the tax amount to Step 7 of Form IL-1041-X and mark the individual bankruptcy estate box. On the top of Form IL-1040-X, write “Individual Bankruptcy Estate. Do not detach.” Attach Form IL-1040-X to the back of Form IL-1041-X.

E — Write your federal employer identification number (FEIN).

F — If you have an IBT number, write it in the space provided.

G — Check the appropriate box for the reason you are filing this return. If you are amending due to a federal change, you must check the appropriate box for partial agreed or finalized, and include the date of IRS finalization, not the date the federal change was filed. Please attach a dated copy of the federal examining officer’s report. If you do not provide this date, you may be assessed penalties and interest.

H — If you are filing a “corrected” return and wish to make the election to treat all income, other than compensation, as business income, check this box. If you previously had nonbusiness income on Illinois Schedule NR (Form IL-1041), you must attach a “corrected” Illinois Schedule NR (Form IL-1041) reflecting this election on the appropriate lines of this schedule. This election must be made by the extended due date of the original tax return. Once made, the election is irrevocable. If you are filing Form IL-1041-X and Illinois Schedule NR (Form IL-1041) after the extended due date of the original return and did not make the election on your original or corrected Illinois Schedule NR (Form IL-1041), you cannot check this box.

I — Check the box if you are filing this form only to report an increased net loss and no refund will result. Complete Steps 2 through 4, and Illinois Schedule NR (Form IL-1041), if applicable, and Step 5, Line 27. Sign the return in Step 9 and leave the rest of the form blank.

J — If you are entitled to take income tax credits on Step 7, Line 42, you must check the box on Line J, and attach Illinois Schedule 1299-D, Income Tax Credits. If you have earned credits

this tax year, but are unable to use them, you must still complete and submit Illinois Schedule 1299-D and show the credits you have earned.

K — If you received income from a partnership, an S corporation, or another trust or estate, you must check the box on Line K and attach Illinois Schedule I, Income Received, to this return.

L — If you completed federal Form 8886 to report a tax shelter, and you did not attach a copy to your original return, check the box and attach a copy of the federal Form 8886 to this return. If you are filing this return because of changes associated with federal Form 8886, provide a detailed explanation in Step 2.

Step 2: Explain the changes on this return

The purpose of Step 2 is to allow you to explain what specific changes you are making to your Illinois tax return. You should include all relevant information, including, but not limited to, changes made to

- specific addition and subtraction modifications,
- the business income election,
- credit or credit recapture amounts,
- the Illinois net operating loss deduction, and
- the federal or other state return that caused changes to the Illinois return.

You must provide an explanation for each line item you change.

General Information for Steps 3 through 9

Column A — Write the amounts from your most recently filed return or as most recently adjusted for the year that you are amending. This may be your original Form IL-1041 or as previously amended.

Column B — Write the correct amount for each line in Column B.

For each line item you change, you must provide an explanation for that change in Step 2.

For instructions regarding completion of Steps 3 through 7, refer to the Form IL-1041 instructions and schedules for the year being amended.

Specific instructions for most of the lines are provided on the following pages. Lines that are not discussed in the instructions are self-explanatory.

Note → If you are filing this form only to report an increase in your Illinois net loss and the change will not result in a refund, see the instructions for Step 5, Line 28.

Step 3: Figure your income or loss

Lines 1 through 11 — Refer to your Form IL-1041, Step 2, Specific Instructions, for the year being amended.

Note → Do not apply your Illinois net loss deduction amount from Illinois Schedule NLD in this step. NLDs are reported on Step 5, Line 28.

Step 4: Figure your Illinois base income or net loss

Lines 13 through 25 — List each item and the amount on the line provided. You must identify all subtractions and attach all of the required supporting documentation.

Line 26 — This is your base income or net loss. If you are a resident of Illinois write this amount on Step 5, Line 27, and complete the rest of the return. If you are a nonresident of Illinois complete a revised Illinois Schedule NR (Form IL-1041), before completing Step 5. Complete a revised Illinois Schedule NR (Form IL-1041) only if you completed this schedule with your original return. **You must attach a completed Illinois Schedule NR (Form IL-1041) to your return.**

Note If you elected to treat all of your income other than compensation as business income on your original or corrected Illinois Schedule NR (Form IL-1041), you must follow that election on your revised Illinois Schedule NR (Form IL-1041). If you are filing a “corrected” return and are making the election to treat all nonbusiness income as business income, you must complete a “corrected” Illinois Schedule NR (Form IL-1041). See Illinois Schedule NR (Form IL-1041), Specific Instructions, for the year being amended.

Step 5: Figure your net income

Line 27 — Follow the instructions on the form. If the corrected amount in Column B reflects a loss, you may be able to carry this loss to other years as an Illinois NLD. See the instructions for Illinois Schedule NLD for more information.

Note If you are filing this form only to report an increase in your Illinois net loss and the change will not result in a refund, check the box in Step 1, Line I, complete Steps 3 and 4, Illinois Schedule NR, if applicable, and Step 5, Line 27. Complete Step 2, explaining what caused the increase in the Illinois net loss and sign the return in Step 9. Leave the rest of the form blank.

Line 28 — Write your Illinois NLD carryforward amount from an Illinois net loss year ending on or after December 31, 1986. This amount is from your loss year return, Form IL-1041 or any previously filed amended return, reduced by any Illinois net loss applied to an earlier year.

You must attach a completed Illinois Schedule NLD, Illinois Net Loss Deduction, to support the amount of Illinois NLD claimed.

Step 6: Figure your net replacement tax - For trusts only, estates go to Step 7

Follow the instructions on the form. Be sure to attach any required schedules or forms.

Line 33 — See Illinois Schedule 4255 for more information regarding the recapture of investment credits. You must attach Illinois Schedule 4255 if you have an amount on this line.

Line 35 — See Form IL-477 for more information regarding investment tax credits. You must attach Form IL-477 if you have an amount on this line.

Step 7: Figure your net income tax

Follow the instructions on the form. Be sure to attach any required schedules.

Line 39 — See Illinois Schedule 4255 for more information regarding the recapture of investment credits. You must attach Illinois Schedule 4255 if you have an amount on this line.

Line 41 — See Illinois Schedule CR (Form IL-1041), for more information regarding the credit for income tax paid to another state while an Illinois resident. You must attach Illinois Schedule CR (Form IL-1041) and other states’ returns if you have an amount on this line.

Line 42 — See Illinois Schedule 1299-D for more information regarding income tax credits. If you have an amount on this line, attach Illinois Schedule 1299-D and check the box in Step 1, Line J.

Step 8: Figure your refund or balance due

Note If you are filing this form only to report an increase in your Illinois net loss and a refund will not result, do not complete this part.

Line 51 — Write the total amount of any subsequent tax payments you made with a previously filed Form IL-1041-X, or for any other reason (e.g., responding to a bill). Do not include any penalty and interest you previously paid.

Line 53 — Write the total amount of any overpayment, credit, or refund (whether received or not) reported on your previously filed Form IL-1041 or Form IL-1041-X. Do not include any interest that you received.

Line 55 — Follow the instructions on the form. We will calculate any interest that may be due you and include it in your refund check. Any refund may be reduced to satisfy any outstanding liability.

Note Overpayments from Form IL-1041-X cannot be credited to next year’s return, unless this is a “corrected” return filed before the extended due date of the original return.

Line 56 — Follow the instructions on the form. This is your amount of tax due that must be paid in full if \$1 or more. Make your check or money order payable to “**Illinois Department of Revenue.**” We will compute any penalty or interest due and notify you.

Note We will apply all payments against tax first, penalty second, and interest third.

Lines 57 through 59 — We will bill you for penalties and interest. If you prefer, you may calculate the penalties and interest you owe on Form IL-2220, Computation of Penalties for Businesses, and write these amounts on the lines provided. For more information see “What are the penalties and interest?” and Publication 103, Penalties and Interest for Illinois Taxes. **If you calculate penalty and interest, be sure that your payment is equal to the amount on Line 59.**

Note Lines 57 and 58 are applicable only if you wish to self-assess late-filing and late-payment penalties on Form IL-2220. If you do not wish to complete Form IL-2220, we will compute any penalty or interest due and notify you.

If you have a balance due on Lines 56 or 59, be sure to **write the amount you are paying on the top of Page 1 of the Form IL-1041-X.**

