



General Information

What is the purpose of Schedule NR?

Note Do not use this schedule if you are filing Form IL-1040, Individual Income Tax Return.

Schedule NR allows a trust or estate that is a nonresident of Illinois to determine the income that is taxed by Illinois during the tax year. Resident trusts and estates are not permitted to allocate their fiduciary base income.

Note Attach 2011 Illinois Schedule NR to your Form IL-1041.

What is a nonresident trust or estate?

A nonresident trust or estate is defined as

- the estate of a decedent who at his or her death was not domiciled in Illinois;
- a trust created by a will of a decedent who at his or her death was not domiciled in Illinois; or
- an irrevocable trust, whose grantor was not domiciled in Illinois at the time the trust became irrevocable. For purposes of this definition, a trust is irrevocable to the extent that the grantor is not treated as the owner of the trust under Internal Revenue Code (IRC) Sections 671 through 678.

Note Your domicile is the place where you reside and the place where you intend to return after temporary absences.

What is business income?

Business income means all income, other than employee compensation, that may be apportioned among the states in which you are doing business without violating the Constitution of the United States. All income of a trust or estate is business income unless it is clearly attributable to only one state and is earned or received through activities totally unrelated to any business you are conducting in more than one state. Business income is net of all deductions attributable to that income.

When is business income allocable to Illinois?

For a nonresident of Illinois whose business income is derived

- wholly inside Illinois, the entire amount of business income is allocable to Illinois.
- wholly outside Illinois, none of the business income is allocable to Illinois.
- inside and outside Illinois, you must complete Illinois Schedule NR, Step 6, Figure your business income apportionment factor. You will use this factor to figure the Illinois portion of each item of your business income.
- from S corporations, partnerships, and other fiduciaries, the business income may be allocable to Illinois. See the Illinois Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, furnished by the S corporation or partnership or the Illinois Schedule K-1-T, Beneficiary's Share of Income and Deductions, furnished by the trust or estate to determine what income is allocable to Illinois.

What is nonbusiness income?

Nonbusiness income is all income other than business income or employee compensation. It is income you can clearly classify as having no connection to your business.

When is nonbusiness income allocable to Illinois?

For a nonresident of Illinois, items of income and deduction that constitute nonbusiness income are allocable to Illinois according to the following rules:

- **Interest and dividend income** received by a nonresident trust or estate is not allocable to Illinois.

● Net rents and royalties:

Real property — Rents and royalties from real property are allocable to Illinois if the property is located in Illinois.

Tangible personal property — Rents and royalties from tangible personal property are allocable to Illinois by multiplying the rents and royalties derived from the property by a fraction, in which the numerator is the number of days in which the property is located in Illinois during the rental and royalty period in the tax year, and the denominator is the total number of days of all rental or royalty periods in the tax year.

- **Patent and copyright royalties** are allocable to Illinois to the extent that the patent or copyright is used in Illinois.

A **patent** is used in Illinois to the extent that it is employed in production, fabrication, manufacturing, or other processing in Illinois or to the extent that a patented product is produced in Illinois.

A **copyright** is used in Illinois to the extent that printing or other publication originates in Illinois.

- **Gains and losses** from sales or exchanges of real or tangible personal property are in Illinois if the property is located in Illinois at the time of the sale or exchange. Gains or losses from the sale or exchange of intangible personal property are not allocable to Illinois.
- **Illinois State Lottery winnings** are allocable to Illinois.
- **Other unspecified items** of income or deduction of a nonresident trust or estate are not allocable to Illinois.
- **Nonbusiness income from S corporations, partnerships, and other fiduciaries** is allocated to Illinois as if the trust or estate received it directly. See the Illinois Schedule K-1-P furnished by the S corporation or partnership, or the Illinois Schedule K-1-T furnished by the fiduciary to determine what income is allocable to Illinois.

What if I need additional assistance or forms?

If you need additional assistance -

- Visit our website 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 website 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

Step 1 — Provide the following information

Write your name and federal employer identification number as shown on your Form IL-1041.

Step 2 — Complete Form IL-1041

Complete Lines 1 through 26 of your Form IL-1041 as if you were an Illinois resident. Follow the Form IL-1041 instructions. You will use Lines 1 through 25 when you complete Illinois Schedule NR, Steps 4 and 5.

Step 3 — Figure the Illinois portion of your federal taxable income

Business income election — If you are making the election to treat all of your income other than employee compensation as business income, you must check the box in Step 3 and report all income as business income, including any amount on Step 3, Line 4. **This election must be made by the extended due date of this return. Once made, the election is irrevocable.**

Note → If you received income from a partnership or an S corporation, it is required to send you an Illinois Schedule K-1-P and a copy of Illinois Schedule K-1-P(2), Partner's and Shareholder's Instructions.

If you received income from another trust or estate, it is required to send you an Illinois Schedule K-1-T and a copy of Illinois Schedule K-1-T(2), Beneficiary's Instructions.

Special Note → If you have made the election to treat all income as business income and the income reported on the Illinois Schedule K-1-P or K-1-T is derived from

- **business income**, follow the Illinois Schedule K-1-P(2), or Illinois Schedule K-1-T(2) instructions for completing Illinois Schedule NR.
- **nonbusiness income**, you must report this income as business income and include this income on Illinois Schedule NR, Step 3, Lines 6 and 7.

Column A — U.S. Form 1041

Write the amounts exactly as reported on your U.S. Form 1041, unless noted below:

Line 5 — Write the portion of net rent and royalty income included on U.S. Form 1041, Line 5.

Line 6 — Write the portion of income from partnerships and S corporations included on U.S. Form 1041, Line 5.

Line 7 — Write the portion of income from trusts and estates included on U.S. Form 1041, Line 5.

Line 8 — Write the portion of Real Estate Mortgage Investment Conduits (REMIC) income included on U.S. Form 1041, Line 5

Note → The total of Lines 5 through 8 should equal the amount written on your U.S. Form 1041, Line 5.

Column B — Fiduciary's Share

Write for each line your share, as fiduciary, of the amounts shown in Column A.

Line 22 — Write the amount from Column B, Line 20. This amount should equal the amount shown on Column A, Line 22, because the "income distribution deduction" claimed on Column A, Line 21 is the federal deduction allowed for the beneficiaries' share of all items of income and deduction.

Lines 23 and 24 — Write the amounts reported for each line item on your U.S. Form 1041.

Lines 25 and 26 — Follow the instructions on Illinois Schedule NR.

Column C — Illinois Portion

Write the portion of Column B, Fiduciary's Share, that is taxed by Illinois. To determine the taxable amount, you must read and follow the instructions for each line.

Note → If you received an Illinois Schedule K-1-P or K-1-T, refer to that form's instructions to figure the amount to include on each line.

Special Note → If the fiduciary's share of any business income was received from both inside and outside Illinois, you must complete Step 6, Figure your business income apportionment factor, before you can correctly complete this form.

Line 1 — Nonbusiness interest income that you received is not taxed by Illinois.

Business interest income that you received as part of a business conducted in Illinois is taxed by Illinois. If this income was received

- entirely from Illinois sources, write the amount from Column B.

- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 2 — Nonbusiness dividend income that you received is not taxed by Illinois.

Business dividend income that you received as part of a business conducted in Illinois is taxed by Illinois. If this income was received

- entirely from Illinois sources, write the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 3 — Business income or loss that you received as part of a business conducted in Illinois is taxed by Illinois. If your business income or loss was received

- entirely from Illinois sources, write the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 4 — Write any nonbusiness capital gains or losses that you received from the sale of real property or tangible personal property located in Illinois at the time of the sale or exchange. Nonbusiness capital gains or losses that resulted from your sale of intangibles are not taxed by Illinois.

Capital gains or losses that you received as part of a business conducted in Illinois are taxed by Illinois. If you received your business income or loss

- entirely from Illinois sources, write the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Note → Do not include gains or losses from sales or exchanges of nonbusiness property from partnerships, S corporations, trusts or estates on this line.

Line 5 — *Figure the total amount to write on this line by adding*

- the net amount of nonbusiness income or loss that you received from
 - ◆ real estate located in Illinois.
 - ◆ tangible personal property, to the extent it was used in Illinois.

Note → You can determine the extent of Illinois use of tangible personal property by multiplying the rents and royalties derived from the property by a fraction, in which the numerator is the total number of days in which the property is located in Illinois during the rental and royalty period in the tax year, and the denominator is the total number of days of all rental or royalty periods in the tax year.

- ◆ patents and copyrights (the amount that was used in Illinois).

Note → A **patent** is used in Illinois when it is employed in the production, fabrication, manufacturing, or other processing of a product, or when a patented product is produced in Illinois.

A **copyright** is used in Illinois when the printing or publication originated in Illinois.

- the net rent and royalty income that you received as part of a business conducted in Illinois are taxed by Illinois. If you received your business income or loss

- ◆ entirely from Illinois sources, write the amount from Column B.

- ◆ from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 6 — Write the amount of net gain or loss you received from partnerships or S corporations as directed by Illinois Schedule K-1-P.

Line 7 — Write the amount of net gain or loss you received from other trusts and estates as directed by Illinois Schedule K-1-T.

Line 8 — REMIC income is treated as interest income. Follow the instructions for Step 3, Line 1.

Line 9 — All farm income or loss that you included on federal Schedule F (Form 1040), Profit or Loss From Farming, and that you received from an Illinois farm is taxed by Illinois. If your farm income or loss was received

- entirely from Illinois sources, write the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Line 10 — Write any nonbusiness capital gains or losses that you received from the sale of real property or tangible personal property located in Illinois at the time of the sale or exchange.

Gains or losses that you received as part of a business conducted in Illinois are taxed by Illinois. If you received your business income or loss

- entirely from Illinois sources, write the amount from Column B.
- from both inside and outside Illinois, multiply the amount in Column B by the apportionment factor from Step 6, Line 3.

Note → Do not include gains or losses from sales or exchanges of business property from partnerships, S corporations, trusts or estates on this line.

Line 11 — Write the total amount of

- income that you received from the **Illinois State Lottery** (nonresidents are not required to include other Illinois gambling winnings such as riverboat and parimutuel winnings).
- compensation paid in this state and received by the decedent's estate that is income in respect of a decedent. Do not include any compensation if the decedent was a resident of Iowa, Kentucky, Michigan, or Wisconsin.
- any part of a total distribution shown on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., that is treated as ordinary income.

Line 12 — Follow the instructions on Illinois Schedule NR.

Line 13 — Write the amount of interest from Column B that is attributable to income in Column C, Lines 1 through 11.

Line 14 — Write the amount of taxes from Column B that is attributable to income in Column C, Lines 1 through 11.

Line 15 — Write the amount of deductible fiduciary fees from Column B.

Line 16 — Write the amount of charitable contributions from Column B.

Line 17 — Write the amount of deductible attorney, accountant, and preparer fees from Column B.

Line 18 — Write the amount of other deductions from Column B that is attributable to income in Column C, Lines 1 through 11.

Note → Do not include any federal net operating loss deduction (FNOLD) on this line.

Lines 19 and 20 — Follow the instructions on Illinois Schedule NR.

Line 22 — Write the amount from Column C, Line 20.

Line 23 — Write the amount of federal estate tax from Column B.

Line 24 — Write the amount of exemption from Column B.

Lines 25 through 27 — Follow the instructions on Illinois Schedule NR.

Step 4 — Figure your Illinois additions and subtractions

Column A — Form IL-1041, Fiduciary Share

In Column A, write the total amounts from your Form IL-1041, Column B.

Column B — Illinois Portion

To determine the Illinois portion of additions and subtractions, you must read and follow the instructions for each line.

Note → If you received an Illinois Schedule K-1-P or K-1-T, refer to that form's instructions to figure the amount to include on each line.

Additions:

Line 28 — Write the portion of the federal net operating loss included on any line in Step 3, Column C.

Line 29 — If you are an Electing Small Business Trust (ESBT), write the amount of positive Illinois income you received from the S corporation as directed by Illinois Schedule K-1-P. If the S corporation had a loss, go to Line 48.

Line 30 — Write the amount from Column A.

Line 31 — Write the portion of the Illinois income and replacement tax deducted from Column A that is included as a deduction on any line in Step 3, Column C.

Line 32 — Nonbusiness interest income that you received is not taxed by Illinois.

Business interest income that you received as part of a business conducted in Illinois is taxed by Illinois. If this income was received

- entirely from Illinois sources, write the amount from Column A.
- from both inside and outside Illinois, multiply the amount in Column A by the apportionment factor from Step 6, Line 3.

Line 33 — Write the portion of the Illinois Special Depreciation addition from Column A that is deducted from income on any line in Step 3, Column C.

Line 34 — Write the portion of the Related-Party Expenses additions from Column A that is deducted from income on any line in Step 3, Column C.

Line 35 — Write any distributive share of additions received from partnerships, S corporations, and other trusts or estates as reported on Illinois Schedules K-1-P and K-1-T.

Line 36 — Include the following:

- notes, bonds, debentures, or obligations issued by the governments of Guam, Puerto Rico, or the Virgin Islands, from your Illinois Schedule M, Line 2.
- Lloyd's plan of operations loss if reported on your behalf on Form IL-1023-C, Composite Income and Replacement Tax Return, from your Illinois Schedule M, Line 3, to the extent the loss was deducted in figuring your Illinois portion of your federal taxable income on Step 3, Column C, Line 26.
- business expense recapture.**

Note → *In order to get the correct figure for this line, you must complete the Apportionment Factor Worksheet below.*

If you reported income from an asset or activity as business income in prior years, and reported any income from that asset or activity as nonbusiness income on your Illinois Schedule NR for this year, include on this line all deductions you claimed for expenses connected with that income in this year and in the

Apportionment Factor Worksheet

- | | |
|---|----------------|
| a Write your Schedule NR apportionment factor from two years ago (if applicable). | a _____ |
| b Write your Schedule NR apportionment factor from last year's tax return. | b _____ |
| c Write your apportionment factor from this year's Schedule NR. | c _____ |
| d Add Lines a, b, and c. | d _____ |
| e If you have an amount on Line a, divide Line d by 3. If you do not have an amount on Line a, divide Line d by 2. | e _____ |
| f Write the greater of Line c or Line e. This is your apportionment factor. | f _____ |
| g Write your fiduciary's share of the business expense recapture from Illinois Schedule M, Line 4. | g _____ |
| h Multiply Line g by Line f, and write the result here and include this amount on Schedule NR, Column B, Line 36. | h _____ |

two most recent tax years. This recapture should be allocated to the fiduciary to the extent the business expenses were allocated to the fiduciary in the year they were deducted. The amount allocated to Illinois should be figured by multiplying the amount of business expense recapture from your Illinois Schedule M, Line 4 (included in the total amount on Illinois Schedule NR, Column A, Line 36), by the **greater of**

- ◆ the apportionment factor on Illinois Schedule NR, Step 6, Line 3, or
 - ◆ the total of the apportionment factor on Illinois Schedule NR, Step 6, Line 3, for this year, plus the apportionment factors from the Illinois Schedules NR you filed for the two most recent tax years, prior to this year, divided by 3. If you filed an Illinois Schedule NR for only one prior year, add the apportionment factor from that year's Illinois Schedule NR to the apportionment factor on Step 6, Line 3, for the current year, and divide by 2.
- the smaller of any capital loss on U.S. Form 1041, Line 4 that you may carry forward or any negative amount on U.S. Form 1041, Line 22, from your Illinois Schedule M, Line 6, to the extent the loss was deducted in figuring your Illinois portion of your federal taxable income on Step 3, Column C, Line 26.

Line 37 — Follow the instructions on Illinois Schedule NR.

Subtractions:

Line 38 — Write the portion of the August 31, 1969 valuation limitation amount from Column A that is included as income on any line in Step 3, Column C.

Line 39 — Write the portion of the payments from certain retirement plans from Column A that is included as income on any line in Step 3, Column C.

Line 40 — Write the portion of the interest income from U.S. Treasury and other exempt federal obligations from Column A that is included as income on any line in Step 3, Column C.

Line 41 — Write the portion of the retirement payments to retired partners from Column A that is included as income on any line in Step 3, Column C.

Line 42 — Write the portion of the Enterprise Zone or River Edge Redevelopment Zone Dividend subtraction from Column A that is included as income on any line in Step 3, Column C.

Line 43 — Write the portion of the High Impact Business Dividend subtraction from Column A that is included as income on any line in Step 3, Column C.

Line 44 — Write the amount of contributions to certain job training projects from Column A.

Line 45 — Write the portion of the Illinois Special Depreciation subtraction from Column A that is attributable to a federal depreciation deduction included on any line in Step 3, Column C.

Line 46 — Write the portion of the Related-Party Expenses subtraction from Column A that is included as income on any line in Step 3, Column C.

Line 47 — Write any distributive share of subtractions received from partnerships, S corporations, other trusts or estates as reported on Illinois Schedule(s) K-1-P and K-1-T.

Line 48 — If you are an ESBT, write the amount of loss you received from the S corporation as directed by Illinois Schedule K-1-T. If the S corporation had positive income, go to Line 29.

Line 49 — Include the portion of:

- interest from notes, bonds, debentures, or obligations issued by the governments of Guam, Puerto Rico, or the Virgin Islands, from your Illinois Schedule M, Line 12, to the extent that you included these amounts in Column B, Line 37.
- Lloyds plan of operations income if that amount was reported on your behalf on Form IL-1023-C from your Illinois Schedule M, Line 13, to the extent the amount is included as business income on any line in Step 3, Column C.
- the amount equal to the deduction used to compute the federal tax credit for restoration of amounts held under claim of right under IRC Section 1341 from your Illinois Schedule M, Line 14, to the extent that the amount you had to repay was allocated to Illinois in a prior year.
- the amounts disallowed as federal deductions or interest expenses under IRC Sections 171(a)(2), 265, or 280C from your Illinois Schedule M, Line 15, to the extent that they are included as Illinois income on any line in Step 3, Column C.
- reparations or other amounts received as a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime that are included in your federal taxable income. Also include any reparations or other amounts received as an heir of such victim that are included in your federal taxable income. These amounts come from your Illinois Schedule M, Line 26. These amounts may be subtracted to the extent that they are included as income on any line in Step 3, Column C.
- any other income included in Step 4, Line 37, exempt from taxation by Illinois by reason of its Constitution or statutes or by the Constitution, treaties, or statutes of the United States, net of any bond premium amortization deducted federally from your Illinois Schedule M, Line 30, to the extent the amount is included as income on any line in Step 3, Column C, or in Step 4, Lines 28 through 36.

Line 50 — Follow the instructions on Illinois Schedule NR.

Step 5 — Figure your standard exemption

Line 51 — Follow the instructions on Illinois Schedule NR. If this amount is a loss, you may carry it forward to later years as an Illinois net loss deduction (NLD).

Lines 52 and 53 — Follow the instructions on Illinois Schedule NR.

Line 54 — You are entitled to deduct a standard exemption in computing net income. The amount of the standard exemption is \$1,000, multiplied by a fraction, the numerator is your base income allocable to Illinois for the tax year and the denominator is total base income for the tax year.

Step 6 — Figure your business income apportionment factor

Who must complete Step 6?

You must complete Step 6 if the trust or estate derived business income or loss from both inside and outside of Illinois. The apportionment factor is applied to items of business income or loss in Steps 3 and 4 to determine the amount of business income or loss apportionable to Illinois. The apportionment factor is also used to apportion business income or loss on Illinois Schedule K-1-T for each beneficiary.

Special Note → If you are a partner engaged in unitary business with your partnership, you must include your distributive share of the “everywhere” and “Illinois” sales factors from the partnership in your “everywhere” and “Illinois” sales factors. For more information, see the Illinois Income Tax Regulations, Section 100.3380(d).

Line 1 — Write your total sales everywhere.

Line 2 — Write your total sales inside Illinois.

In general, “sales” means all gross receipts included in business income.

Include gross receipts from the license, sale or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property in the numerator and denominator of your sales factor only if these gross receipts are more than 50 percent of the total gross receipts included in gross income for this tax year and each of the two immediately preceding tax years.

Do not include the following items of income in the numerator or denominator of your sales factor:

- dividends;
- amounts included under IRC Section 78;
- subpart F income as defined in IRC Section 952; and
- any item of income excluded or deducted from base income.

For more information on what should be included in the numerator and denominator of your sales factor, see Illinois Income Tax Regulations 100.3370 and 100.3380.

Sales of tangible personal property are inside Illinois if

- the property is delivered or shipped from anywhere to a purchaser in Illinois, other than the United States government, regardless of the f.o.b. point or other conditions of the sale;
- the property is shipped from Illinois to any place and the purchaser is the United States government;
- the property is shipped from Illinois to another state and you are not taxable in the state of the purchaser or you did not file a tax return in the state of the purchaser; or
- your salesperson operates out of an office in Illinois, and the property sold by the salesperson is shipped from a state in which you are not taxable, to a state in which you are not taxable.

For radio and television broadcasting (including cable and satellite broadcasting), the following sales are in Illinois:

- Advertising revenue received from an advertiser whose headquarters is in Illinois.
- Fees received by a broadcaster from its viewers or listeners in Illinois.
- In the case of fees received by a broadcaster from the producer or other owner of the contents of a program, the percentage of the fees equal to the percentage of the broadcast’s viewing or listening audience located in Illinois.
- In the case of a broadcaster who owns the contents of a program, the percentage of the fees received from another broadcaster for the right to broadcast the program equal to the percentage of the broadcast’s viewing or listening audience located in Illinois.
- In the case of a person who owns the contents of a program and who is not a broadcaster, the percentage of the fees received for that program from a broadcaster located in Illinois.

If the “sales everywhere” amount includes gross receipts from the licensing, sale, or other disposition of patents, copyrights, trademarks, and other similar items of intangible personal property, and the receipts are not covered by the broadcasting rules, then these receipts should be attributed to Illinois to the extent the item is used in Illinois during the year the gross receipts are included in gross income. An item is used in Illinois if

- a patent is employed in production, fabrication, manufacturing, or other processing in Illinois or if the patented product is produced in Illinois.
- copyrighted material is printed or other publications originated in Illinois.
- the commercial domicile of the licensee or purchaser of a trademark or other item of intangible personal property is in Illinois.

Note → If you cannot determine from your books and records (or the books and records of a related person) in which state an item is used, do not include the gross receipts from that item in the numerator or the denominator of the sales factor.

To determine if sales, other than sales of tangible personal property, or gross receipts from the licensing, sale, or other disposition of patents, copyrights, trademarks and similar items of intangible personal property, are in Illinois, see the instructions for Form IL-1120, Corporation Income and Replacement Tax Return, Step 4, Line 29.

For sales of telecommunications services, the following sales are in Illinois:

- sales of telecommunications service sold on a call-by-call basis, where the call both originates and terminates in Illinois, or the call either originates or terminates in Illinois and the customer’s service address is in Illinois;
- retail sales of postpaid telecommunications service if the point of origination of the signal is in Illinois;
- retail sales of prepaid telecommunications service where the purchaser receives the prepaid card or other means of conveyance at a location in Illinois;
- charges imposed at a channel termination point in Illinois;
- charges for channel mileage between two channel termination points in Illinois;
- charges for channel mileage between one or more channel termination points in Illinois and one or more channel termination points outside Illinois, times the number of channel termination points in Illinois divided by total termination channels;
- charges for services ancillary to sales of services in Illinois. If you provide ancillary services, but cannot determine where the sales of the related services are located, your sales are in Illinois if your customer is in Illinois;
- access fees charged to a reseller of telecommunication for a call that both originates and terminates in Illinois;
- 50 percent of access fees charged to a reseller of telecommunications services for an interstate call that originates or terminates in Illinois;
- end user access line charges, if the customer’s service address is in Illinois.



Sales, other than sales of tangible personal property or telecommunications service, and gross receipts from broadcasting, or the licensing, sale, or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property, are in Illinois as follows:

- sales or leases of real property in Illinois;
- leases or rentals of tangible personal property, to the extent it is located in Illinois during the rental period;
- interest, net gains, and other items of income from intangible personal property from a customer who is a resident of Illinois (for individuals) or who is commercially domiciled in Illinois (for all other customers). A taxpayer without actual knowledge of the residence or commercial domicile of a customer may use the customer's billing address.
- interest, net gains, and other items of income from intangible personal property received by a taxpayer who is not a dealer in that property, if the income-producing activity is performed in Illinois or if the income-producing activity is performed inside and outside Illinois, and a greater proportion of the income-producing activity is performed inside Illinois rather than outside Illinois, based on performance costs;
- in all other cases, if the services are received in Illinois.

For more information, see 86 Ill. Adm. Code, Section 100.3370.

Line 3 — Divide Line 2 by Line 1 and write the result, carried to six decimal places. This is your apportionment factor.

What if I am a financial organization?

If you are a financial organization and your income is derived from inside and outside Illinois, line out the word "sales" on Lines 1 and 2 and write "Financial organization."

On Line 1, write the amount gross receipts from all sources.

On Line 2 write the amount of gross receipts from:

- sales or leases of real property located in Illinois;
- leases or rentals of tangible personal property, to the extent it is located in Illinois during the rental period;
- interest income, commissions, fees, gains on disposition, and other receipts from:
 - loans secured by real or tangible personal property located in Illinois;
 - unsecured consumer loans to a resident of Illinois;
 - unsecured commercial or installment loans where the proceeds of the loan are applied in Illinois. If the place of application cannot be determined, the gross receipts are in Illinois if the office of the borrower from which the loan was negotiated is in Illinois. **If neither the place of application nor the office of the borrower can be determined, do not include the gross receipts in Lines 1 or 2;** and
 - credit card receivables billed to a customer in Illinois.
- sales of travelers checks and money orders at a location in Illinois;
- interest, dividends, net gains, and other income from investment and trading assets and activities, where the majority of your contacts with the asset or activity is in Illinois.

The state to which an asset or activity is assigned in your books and records for federal or state regulatory requirements is presumed to be proper unless a majority of the evidence shows otherwise or you do not have a fixed place of business in that state. If the place with the majority of contacts cannot be determined under these rules, the gross receipts are in Illinois if your commercial domicile is in Illinois.

- any other transaction, if the gross receipts would be included on Line 2 under the general instructions for Line 2.

For more information see 86 Ill. Adm. Code Section 100.3405.

Divide Line 2 by Line 1 and write the result, carried to six decimal places, on Line 3.

What if I am a transportation service?

If you are a company that furnishes transportation service both inside and outside Illinois, line out the word "sales" on Lines 1 and 2 and write "Transportation." You must apportion business income as follows:

A Transportation by airline — On Line 1, write the amount of revenue miles everywhere. On Line 2, write the amount of revenue miles in Illinois. Divide Line 2 by Line 1 and write the result, carried to six decimal places, on Line 3.

B Other modes of transportation — On Line 1, write the amount of your gross receipts from providing transportation services. On Line 2 write the amount of gross receipts from Illinois, as follows:

- all gross receipts from transportation that both originates and terminates in Illinois; and
- gross receipts from interstate transportation, multiplied by a fraction equal to the miles traveled in Illinois on all interstate trips divided by miles traveled everywhere on all interstate trips.

Divide Line 2 by Line 1 and write the result, carried to six decimal places, on Line 3.

C Transportation of both freight and passengers or transportation by airline and other modes — Compute separate fractions for freight transportation and passenger transportation by airline and for freight transportation and passenger transportation by all other modes of transportation under A and B, and write on Line 3 the average of those fractions, weighted by the gross receipts from freight or passenger transportation by airline or other modes, carried to six decimal places.

For more information see 86 Ill. Adm. Code Section 100.3450.

