



# Schedule NB Nonbusiness Income

Attach to your Form IL-1120, IL-1120-ST, or IL-1065.

Year ending

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Month Year

Write your name as shown on your Form IL-1120, IL-1120-ST, or IL-1065.

Write your federal employer identification no. (FEIN)

## Read the instructions before completing this form.

	Column A Total everywhere	Column B Allocable to Illinois
1 Interest*	1 _____	_____
2 Dividends*	2 _____	_____
3 Rental income	3 _____	_____
4 Patent royalties	4 _____	_____
5 Copyright royalties	5 _____	_____
6 Other royalty income	6 _____	_____
7 Capital gain (loss) from real property	7 _____	_____
8 Capital gain (loss) from tangible personal property	8 _____	_____
9 Capital gain (loss) from intangible personal property	9 _____	_____
10 Other (specify) _____	10 _____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
11 Recaptured business expense (See instructions.) <b>Note</b> → You must complete the apportionment factor worksheet below to get the correct figure for Column B.	11 _____	_____
12 Totals. Add Lines 1 through 11 for each column.	12 _____	_____

### Apportionment factor worksheet (see instructions)

- a Write your apportionment factor from two years ago (if applicable). a \_\_\_\_\_
- b Write your apportionment factor from last year's tax return. b \_\_\_\_\_
- c Write your apportionment factor from this year's tax return. 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 Multiply Column A, Line 11 by Line f, and write the result here and in Column B, Line 11. g \_\_\_\_\_

\* Interest and dividends are allocable to Illinois if your commercial domicile was in Illinois at the time the interest or dividend was paid or accrued.



# Schedule NB Instructions

**Note** → Do not complete Schedule NB if you made the election to treat all income as business income on your annual tax return.

**Special Note** → for partnerships and S corporations: Do not include the portion of nonbusiness income or loss distributable to partners or shareholders subject to replacement tax reported on Form IL-1065, Lines 21 or 27, or Form IL-1120-ST, Lines 20 or 24.

## Column A

**Lines 1 through 10** — Write in Column A on the appropriate line all nonbusiness income, net of related expenses, wherever earned.

### Line 11 — Recaptured business expense

If any of the income included in Lines 1 through 10 was earned from an asset or activity which, in any prior tax year, produced business income, write all of the expenses of that asset or activity that you deducted in the current year and the two most recent tax years in Column A of Line 11. Include this amount on Line 12 and on Illinois Schedule M, Other Additions and Subtractions (for businesses), Step 2, Line 4.

### Line 12 — Totals

Add Lines 1 through 11 and write the amount from Column A, Line 12 on

- Form IL-1120, Line 24,
- Form IL-1120-ST, Line 36, or
- Form IL-1065, Line 36.

**Column B** — Of the amounts written in Column A, write in Column B any amount allocable to Illinois as follows:

**Note** → **S corporations only:** If you are a member of a unitary business group include only your own items in Column B, Lines 1 through 10. Do not include nonbusiness items of other members of the unitary group.

### Lines 1 and 2 — Net interest and dividends

If your commercial domicile was in Illinois when the interest and dividends were paid or accrued, the interest and dividend income is allocable to Illinois.

### Line 3 — Rents and royalties

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

- to the extent that the property is used in Illinois, or
- in their entirety, if at the time the rents or royalties were paid or accrued, your commercial domicile was in Illinois and you were not organized under the laws of, or taxable with respect to the rents or royalties in, the state in which the property was used.

The extent of use of tangible personal property in a state is determined by multiplying the rents or royalties derived from the property by a fraction, where the

- numerator is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year, and
- the denominator is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year.

If the physical location of the property during the rental or royalty period is unknown or unascertainable, tangible personal property is used in the state in which the property was located at the time the rental or royalty payer obtained possession.

### Lines 4, 5, and 6 — Patent, copyright, and other royalties

Patent and copyright royalties are allocable to Illinois

- to the extent that the patent or copyright is used by the payer in Illinois, or

- to the extent that the patent or copyright is used by the payer in a state in which you are not taxable with respect to the royalties and, at the time the royalties were paid or accrued, your commercial domicile was in Illinois.

A patent is used in a state to the extent that

- it is employed in production, fabrication, manufacturing, or other processing in the state, or
- a patented product is produced in the state.

If the basis of, or receipts from, patent royalties do not permit allocation to states or if the accounting procedures do not reflect states of use, the patent is used in Illinois if your commercial domicile was in Illinois.

A copyright is used in a state to the extent that printing or other publication originates in the state. If the basis of, or receipts from, copyright royalties do not permit allocation to states or if the accounting procedures do not reflect states of use, the copyright is used in Illinois if your commercial domicile was in Illinois.

### Lines 7, 8, and 9 — Capital gains and losses

Capital gains and losses resulting from the sale or exchange of property are allocable to Illinois

- for real property if the real property is located in Illinois,
- for tangible personal property if at the time of the sale or exchange the property had its situs in Illinois, or your commercial domicile was in Illinois and you were not taxable in the state in which the tangible personal property had its situs, or
- for intangible personal property if your commercial domicile was in Illinois at the time of the sale or the exchange.

### Line 11 — Recaptured business expense

**Note** → You must complete the apportionment factor worksheet to figure the correct amount for Line 11.

Multiply the amount in Column A by the amount on the apportionment factor worksheet, Line f.

### Apportionment factor worksheet

Follow the instructions on the form.

The apportionment factor should be the **greater of:**

- the apportionment factor from this year's tax return, Form — IL-1120, Line 30, — IL-1120-ST, Line 42, or — IL-1065, Line 42.
- the total of the apportionment factor on your Form — IL-1120, Line 30, — IL-1120-ST, Line 42, or — IL-1065, Line 42. for this year, **plus** the apportionment factors from the tax return you filed for the two most recent tax years, prior to this year, divided by "3".

If you filed a tax return for only one tax year prior to this year, add the apportionment factor from that return to the apportionment factor from the current year return and divide the total by "2".

**Line 12** — Add Lines 1 through 11, and write the amount from Column B, Line 12 on Form

- IL-1120, Line 32,
- IL-1120-ST, Line 44, or
- IL-1065, Line 44.

