

What's new for 2011?

- The **Research and Development Credit** scheduled to expire December 31, 2010, has been extended through tax years ending on or before December 31, 2015. If you are a fiscal year filer and did not claim any Research and Development Credit on your return for a tax year ending in 2011, you may amend your return for that tax year to claim the credit, as if the credit never expired.
- **Short-year filers:** For tax years beginning on or after **January 1, 2012**, a **Live Theater Production Tax Credit** and a **River Edge Historic Preservation Credit** are available. These credits are administered by DCEO, cannot reduce your tax liability below zero, and provide a five-year carryforward for any excess credit unused in the earned year.
- Any tax credit scheduled to expire in 2011, 2012, and 2013, as required in the Illinois Income Tax Act, has been extended by adding five years to the named expiration date.
- For tax years beginning on or after **January 1, 2011**, and ending on or before **December 31, 2016**, an **Angel Investment Credit** may be claimed in an amount equal to 25 percent of an investment made directly in a qualified new business. See Schedule 1299-A Instructions for more information.
- The **New Markets Credit** is allowed for qualified investments made between **2008 and 2017** in a community development entity. Credits are allowed on the second anniversary of the investment (tax years ending on or after December 31, 2010), and the next four anniversaries. See Schedule 1299-A Instructions for more information.
- For tax years beginning on or after **January 1, 2010**, the Veterans Jobs Credit has been increased to the lesser of 10 percent of wages or \$1,200 per qualifying employee.

General Information

Who must file Form IL-1065?

You must file Form IL-1065 if you are a partnership (see "Definitions to help you complete your Form IL-1065") and you have base income or loss as defined under the Illinois Income Tax Act (IITA) allocable to Illinois.

If you are a partnership organized for the sole purpose of playing the Illinois State Lottery, you are not required to file a Form IL-1065.

What forms must I use?

In general, you must obtain and use forms prescribed by the Illinois Department of Revenue. Separate statements not on forms provided or approved by the department will not be accepted and you will be asked for appropriate documentation. **Failure to comply with this requirement may result in failure to file penalties, delay the processing of your return, or generating any refund.** Additionally, failure to submit appropriate documentation when requested may result in a referral to our Audit Bureau for compliance action.

Partnerships must complete Form IL-1065. Do not send a computer printout with line numbers and dollar amounts attached to a blank copy of the return. 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.

How do I register my business?

If you are required to file Form IL-1065, you should register by calling our Central Registration Division at **217 785-3707**. You may be able to register electronically. Visit our web site at tax.illinois.gov for more information.

Registering with the Illinois Department of Revenue (IDOR) **prior to filing your return** ensures that your tax returns are accurately processed.

Your identification numbers as an Illinois business taxpayer are your federal employer identification number (FEIN) and your Illinois account number.

When should I file?

Your Illinois filing period is the same as your federal filing period. In general, Form IL-1065 is due on or before the 15th day of the **4th** month following the close of the tax year.

Automatic six-month extension — We grant you an automatic six-month extension of time to file your partnership tax return. You are not required to file Form IL-505-B, Automatic Extension Payment, in order to obtain this automatic extension. However, if you expect tax to be due, you must use Form IL-505-B to pay any tentative tax due in order to avoid interest and penalty on tax not paid by the original due date of the return. An extension of time to file your Form IL-1065 is not an extension of time for payment of Illinois tax.

Additional extensions beyond the automatic extension period — We will grant an extension of more than six months **only** if an extension of more than six months is granted by the Internal Revenue Service (IRS). Your additional Illinois extension will be equal to the federal extension, plus one month. You must attach a copy of the approved federal extension to your Form IL-1065.

When should I pay?

Payment of tax — You must pay your Illinois replacement tax in full on or before the original due date of the return. This payment date applies even though an automatic extension for filing your return has been granted.

Estimated tax payments — Partnerships are not required to make estimated tax payments.

Who should sign the return?

Your Form IL-1065 must be signed by a partner or any other officer duly authorized to sign the return. In the case of a bankruptcy, a receiver, trustee, or assignee must sign any return required to be filed on behalf of the partnership. The signature verifies by written declaration (and under penalties of perjury) that the signing individual has personally examined the return and the return is true, correct, and complete. The fact that an individual's name is signed to a return

is prima facie evidence that the individual is authorized to sign the return on behalf of the partnership.

Any person paid to prepare the return (other than 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.

Note If your return is not signed, any overpayment of tax is considered forfeited if, after notice and demand for signature, you fail to provide a signature within three years from the date your return was filed.

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 — Interest is calculated on tax from the day after the original due date of your return through the date you pay the tax.

We will bill you for penalties and interest. 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 if I am discontinuing my business?

Liquidation or withdrawal from Illinois — If you are a partnership that is liquidated, withdraws either voluntarily or involuntarily from Illinois during any tax year, you are still required to file tax returns. Also, we will pursue the assessment and collection of any taxes owed by you or your partners.

Sales or transfers — If you are a partnership that, outside the usual course of business, sells or transfers the major part of any one or more of

- the stock of goods which you are in the business of selling,
- the furniture or fixtures of your business,
- the machinery and equipment of your business, or
- the real property of your business,

you or the purchaser must complete and send us Form CBS-1, Notice of Sale or Purchase of Business Assets, no later than 10 days after the date the sale took place. Mail this form, along with copies of the sales contract and financing agreement, to

**ILLINOIS DEPARTMENT OF REVENUE
BULK SALES UNIT
100 WEST RANDOLPH
CHICAGO IL 60601**

What if I need to correct or change my return?

If you need to correct or change your return after it has been filed, you must file Form IL-1065-X, Amended Partnership Replacement Tax Return. Returns filed before the extended due date of the return are treated as your original return for all purposes. For more information see Form IL-1065-X instructions.

You should file Form IL-1065-X only after you have filed a processable Illinois Income Tax return. You must file a separate Form IL-1065-X for each tax year you wish to change. Do not file another Form IL-1065 with "amended" figures to change your originally filed Form IL-1065.

State changes only — File Form IL-1065-X, promptly, if you discover an error on your Illinois return that does not relate to an error on your federal return but was caused by

- a mistake in transferring information from your federal return to your Illinois return;
- failing to report or misreporting to Illinois an item that has no effect on your federal return; or
- a mistake in another state's tax return that affects the computation of your Illinois tax liability.

If you are claiming an overpayment, Form IL-1065-X must be filed within three years after the extended due date or the date the return was filed, or within one year after the tax giving rise to the overpayment was paid, whichever is latest.

Federal changes only — File Form IL-1065-X if you have filed an amended federal return or if you have been notified by the IRS that they have made changes to your return. This includes any change in your federal income tax liability, any tax credit, or the computation of your federal taxable income as reported for federal income tax purposes if the change affects any item entering into the computation of net income, net loss, or any credit for any year under the IITA. You must file Form IL-1065-X no later than 120 days after the federal changes have been agreed to or finally determined to avoid a late-payment penalty.

If you are filing Form IL-1065-X to claim an overpayment resulting from a federal change, it must be filed within two years after the date such notification was due (regardless of whether such notice was given).

Attach a copy of federal finalization or proof of acceptance from the IRS to your Form IL-1065-X. Examples of federal finalization include a copy of one or more of the following items:

- your federal refund check
- your audit report from the IRS
- your federal record of account verifying your ordinary business income

What records must I keep?

You must maintain books and records to substantiate any information reported on your Form IL-1065. Your books and records must be available for inspection by our authorized agents and employees.

Do the IDOR and the IRS exchange income tax information?

The IDOR and the IRS exchange income tax information for the purpose of verifying the accuracy of information reported on federal and Illinois tax returns. All amounts you report on Form IL-1065 are subject to verification and audit.

Should I round?

You must round the dollar amounts on Form IL-1065 and accompanying schedules to whole-dollar amounts. To do this, you should drop any amount less than 50 cents and increase any amount of 50 cents or more to the next higher dollar.

What if I have 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 your base income allocable to Illinois.

To determine your "Illinois net loss" start with federal ordinary income plus separately stated items, and apply all addition and subtraction modifications and all allocation and apportionment provisions.

Illinois net losses incurred in tax years ending on or after December 31, 2003, may only be carried forward 12 years. If you are carrying forward an Illinois NLD, you must complete Illinois Schedule NLD, Illinois Net Loss Deduction, and claim the deduction on Step 7, Line 48. See specific instructions for Step 7, Line 48.

If you have an Illinois net loss for this tax year, you must file Form IL-1065 reporting the loss in order to carry the loss forward to another year.

If you need more information, see the Illinois Income Tax Regulations, Sections 100.2050 and 100.2300 through 100.2330. These sections may be obtained by visiting our web site at tax.illinois.gov.

What is the standard exemption?

The standard exemption is \$1,000 multiplied by a fraction in which the numerator is your base income allocable to Illinois and the denominator is your total base income. If you have a change in your tax year end and the result is a period of less than 12 months, the standard exemption is prorated based on the number of days in the tax year. If this is your first or final return, you are allowed the full-year standard exemption. If you need further information, see IITA, Section 401(b).

What attachments do I need?

When filing your return there are certain types of income items and subtraction modifications that require the attachment of Illinois or federal forms and schedules. Instructions for these attachments appear throughout the specific instructions for completing your return.

Note All Illinois forms and schedules include an “**IL Attachment No.**” in the upper right corner of the form. Required attachments should be ordered numerically behind the tax return, as indicated by the IL Attachment No. Failure to attach forms and schedules in the proper order may result in processing delays. Required copies of documentation from your federal return should be attached **behind the completed Illinois return**.

Note When filing your Form IL-1065, include only forms and schedules required to support your return. Send correspondence separately to

**ILLINOIS DEPARTMENT OF REVENUE
TAXPAYER CORRESPONDENCE
PO BOX 19044
SPRINGFIELD IL 62794-9044**

Definitions to help you complete your Form IL-1065.

All references to “income” include losses.

Illinois base income means federal ordinary income plus separately stated items, modified by additions and subtractions as shown in Steps 2 through 5 of Form IL-1065. See specific instructions for Steps 2 through 5.

Business income means all income (other than compensation) that may be apportioned by formula among the states in which you are doing business without violating the Constitution of the United States. All income of a partnership 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.

Commercial domicile means the principal place from which your trade or business is directed or managed.

Nonbusiness income means all income other than business income or compensation. For more information about the different types of nonbusiness income, see the instructions for Illinois Schedule NB, Nonbusiness Income.

A **partnership** is an entity that is treated as a partnership for federal income tax purposes. A partnership that has elected under IRC Section 761, to be excluded from the partnership provisions of the IRC is also excluded for purposes of the IITA.

Partner includes a person treated as a partner for federal income tax purposes.

A **resident partner** means

- an individual who is present in Illinois for other than a temporary or transitory purpose;
- an individual who is absent from Illinois for a temporary or transitory purpose but who is domiciled in Illinois;
- the estate of a decedent who at his or her death was domiciled in Illinois;
- a trust created by a will of a decedent who at his or her death was domiciled in Illinois; or
- an irrevocable trust if the grantor was 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 IRC Sections 671 through 678. For a more detailed explanation of “domicile” and “resident,” see the General Instructions for Form IL-1040, Individual Income Tax Return.

Nonresident partner means a partner who is not a resident of Illinois, as defined previously.

What if I am an investment partnership?

Effective for tax years ending on or after December 31, 2004, any partnership that qualifies as an “investment partnership” as defined in the IITA, Section 1501(a)(11.5), shall not be subject to replacement tax, and is not required to file Form IL-1065. However, you may elect to file Form IL-1065 even if you are an investment partnership. If you elect to file Form IL-1065, you must check the box on Line F, and complete the return with the appropriate figures. On Lines 36 through 46, write “0.”

What does taxable in other states mean?

Taxable in other states means you are subject to and actually pay “tax” in another state. “Tax” means net income tax, franchise tax measured by net income, or franchise tax for the privilege of doing business. You are considered taxable in another state if that state has jurisdiction to subject you to a net income tax even though that state does not impose such a tax. This definition is for purposes of allocating nonbusiness income and apportioning business income inside or outside Illinois.

When must I use Illinois Schedules K-1-P and B?

You must use **Illinois Schedule K-1-P**, Partner’s or Shareholder’s Share of Income, Deductions, Credits, and Recapture, to supply each partner with that individual’s or entity’s share of the amounts reported on your federal and Illinois tax returns. For Illinois Income Tax purposes, you must give a completed Illinois Schedule K-1-P and a copy of the **Illinois Schedule K-1-P(2)**, Partner’s and Shareholder’s Instructions, to each partner. **Do not file copies of Illinois Schedule K-1-P that you issue to your partners with your Form IL-1065.** However, you must keep a copy of each Illinois Schedule K-1-P with your tax records. See Illinois Schedule K-1-P(1) Instructions for more information.

You must use **Illinois Schedule B**, Partners’ or Shareholders’ Identification, to supply us with a listing of your partners. You **must** file Illinois Schedule B with your Form IL-1065.

Note If you need Illinois Schedule K-1-P, see “What if I need additional assistance or forms?” for our phone numbers and addresses.

May I file a composite return for nonresident partners?

You may file a composite return for any nonresident individuals, trusts, and estates that have income from your partnership. If you would like more information concerning eligibility to file a composite return, see Form IL-1023-C, Composite Income and Replacement Tax Return.

Note If you choose to make estimated payments on behalf of your partners and shareholders, you must use Form IL-1023-CES, Composite Estimated Tax Payments for Partners and Shareholders. If you make payments to us for any other type of tax or you have overpayments of tax from any other type of tax return, you cannot transfer any of these payments from or to Forms IL-1023-CES or IL-1023-C to satisfy composite tax payment requirements.

If I made pass-through entity payments, should I file a composite return?

If you made pass-through entity payments on Form IL-1000, Pass-through Entity Payment Income Tax Return, on behalf of your nonresident partners, you are not required to include these members on a composite return. However, if you do make the election to include these members on a composite return, you may claim the pass-through entity payments you made on their behalf on Form IL-1023-C.

Where should I file?

If a payment is enclosed with your return, mail your Form IL-1065 to
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19053
SPRINGFIELD IL 62794-9053

What if I participated in a reportable transaction?

If you participated in a reportable transaction, including a “listed transaction,” during this tax year and were required to disclose that transaction to the IRS, you are also required to disclose that information to Illinois.

You must send us two copies of the form you used to disclose the transaction to the IRS.

- Attach one copy to your tax return, and
- Mail the 2nd copy to

ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19029
SPRINGFIELD IL 62794-9029

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 a payment is **not** enclosed, mail your Form IL-1065 to

- 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

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

Step 1 — Provide the following business information

A — All taxpayers: Type or print your legal business name. If you have a name change from last year, check the corresponding box.

B — Complete Line B and check the corresponding box **only** if you have an address change from last year or this is your first return. **Do not complete Line B** if the information is the same as last year.

C — If this is your first or final return, check the appropriate box.

Note If you checked the box in Line B because you have never filed an Illinois return, you must also check the “first return” box in Line C.

D — If you checked final return on Line C, answer the questions on Line D.

E — Special Apportionment Formulas - If you use a special apportionment formula because you are categorized as a financial organization or transportation company, check the appropriate box. For more information, see specific instructions for “Special Apportionment Formulas.”

F — Check the box if you are an investment partnership.

G — Check the box if you are making the election to not be treated as a partnership under IRC Section 761.

H — Write your federal employer identification number.

I — If you are a member of a unitary business group, check the box and write the FEIN of the member who is filing Illinois Schedule UB.

J — Write your North American Industry Classification System Code (NAICS). If you are unsure of your code, you can research the information at <http://www.census.gov/eos/www/naics/> or www.irs.gov.

K — If you keep your accounting records in a location different from the address indicated on Line B, write the city, the two-letter state abbreviation, and the zip code for the location the records are kept.

L — If you are making the election to treat all of your income other than compensation as business income, you must check the box on this line and write zero on Step 6, Lines 36 and 44. **This election must be made by the extended due date of this return. Once made, the election is irrevocable.**

M — If you are required to disclose reportable transactions and you have attached Federal Form 8886 or Federal Schedule M-3, check the appropriate box. See “What if I participated in a reportable transaction?” for more information.

N — If you are claiming a bonus depreciation addition or subtraction modifications on Form IL-1065, mark the box and attach Schedule 4562, Special Depreciation, to your tax return.

O — If you are claiming other addition or subtraction modifications on Form IL-1065, mark the box and attach Schedule M, Other Additions and Subtractions (for businesses) to your tax return.

P — If you are claiming related-party expenses modifications on your Form IL-1065, mark the box and attach Schedule 80/20, Related-Party Expenses, to your tax return.

Q — Check the box if you are claiming certain deductions or credits listed on Illinois Schedule 1299-A, Tax Subtractions and Credits. You must check the box on Line Q and attach Illinois Schedule 1299-A to your tax return to support any deductions or credits you are claiming or passing to your shareholders.

Note — You must complete department-issued or previously approved Form IL-1065 and corresponding schedules. Do not send a computer printout or spreadsheets with line numbers and dollar amounts attached to a blank copy of the return.

Step 2 — Figure your ordinary income or loss

Line 1 — Write the amount of ordinary income or loss reported on U.S. Form 1065, Schedule K, Line 1.

Lines 2 through 6 — Write the amount for each line item from the corresponding line on your U.S. Form 1065, Schedule K.

Step 3 — Figure your unmodified base income or loss

Lines 8 through 10 — Write the amount for each line item from the corresponding line on your U.S. Form 1065, Schedule K.

Line 11 — Include any items of income or deduction that

- you are required to state separately to your partners, rather than include in ordinary income, and
- that would be taken into account by an individual in computing his or her taxable income, and
- that are not included on any other line of Step 3.

Do not include any of the following items on this line:

- net operating loss carryovers;
- any domestic production activity deduction allowed under IRC Section 199;

- any depletion amounts allowed federally on all of your oil and gas properties.

Note — While the domestic production activity and depletion deductions are not allowed to partnerships or subchapter S corporations, you may calculate and “pass through” any allowable deduction to your partners and shareholders. See Information Bulletin FY 2006-07, Domestic Activity Production Deduction.

Step 4 — Figure your income or loss

Line 15 — Write the total of all amounts excluded from unmodified base income that were received or accrued as interest and all distributions of exempt interest received from regulated investment companies during the tax year.

Line 16 — You must add back any amount of Illinois Replacement taxes that you deducted on your U.S. Form 1065 to arrive at your federal ordinary income. You are not required to add back taxes from other states that you included as a federal deduction.

Line 17 — Write the addition amount calculated on Form IL-4562, Line 4. For more information, see Form IL-4562 and instructions.

Attach Form IL-4562 to your Form IL-1065.

Line 18 — Write the interest or intangible expenses, or insurance premiums paid to an affiliated company, to the extent these expenses exceed any taxable dividends you received from the affiliated company from Illinois Schedule 80/20, Line 13. **Attach Illinois Schedule 80/20 to your Form IL-1065.**

Affiliated Company means any person who would be a member of a unitary business group with you, but cannot be included in the group because 80 percent or more of its business activities are conducted outside the United States or because of the rule against combining insurance companies, financial organizations, or transportation companies with companies engaged in other businesses.

Intangible expenses mean royalties and fees paid for intangible assets, losses incurred on sales or other disposition of intangible assets to an affiliated company, losses on factoring or discounting transactions with an affiliated company, and deductible expenses incurred in connection with the acquisition, use, management, or sale or other disposition of an intangible asset. Intangible assets include patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

Some interest and intangible expenses may be exempt from this add-back provision. See Illinois Schedule 80/20 for more information.

Line 19 — If you are a partner in a partnership, a shareholder in a subchapter S corporation, or a beneficiary of a trust or an estate, include your distributive share of additions received from the partnership, S corporation, trust or estate. If you receive multiple schedules because you are a recipient from multiple entities, you should write the combined total of all Illinois Schedules K-1-P and K-1-T you receive. **Attach a copy of all Illinois Schedules K-1-P and K-1-T you received to your form IL-1065.**

Note — The S corporation or the partnership is required to send you an Illinois Schedule K-1-P and the trust or the estate is required to send you an Illinois Schedule K-1-T, specifically identifying your share of income.

Special Note — Include only additions reported to you on a Schedule K-1-P or K-1-T. Do not report amounts you reported to your partners on the Schedules K-1-P you issued to them.

Line 20 — Write the guaranteed payments to partners from U.S. Form 1065, Schedule K, Line 4, or U.S. Form 1065-B, Line 7, excluding the amounts you capitalized.

Line 21 — Complete Illinois Schedule B if you have partners who are subject to replacement tax. Illinois Schedule B, Column D, Line 7 represents the share of distributable income or loss that is to be added to or subtracted from base income. If the total amount on Line 7 is a

negative amount (loss), it should be written on Line 21 as a **positive** amount. See Illinois Schedule B, Line 7, and Illinois Schedule B Instructions for more information. **Attach Illinois Schedule B, Partners' or Shareholders' Identification, to your Form IL-1065.**

Line 22 — Complete the 2011 Illinois Schedule M, Other Additions and Subtractions (for businesses), to figure the correct amount to include on Line 22. **Attach a copy of Illinois Schedule M to your Form IL-1065.** The following are items that must be added to taxable income and are included on Illinois Schedule M.

- Notes, bonds, debentures, or obligations issued by the Governments of Guam, American Samoa, Puerto Rico, the Northern Mariana Islands, or the Virgin Islands.
- Lloyd's plan of operations loss if reported on your behalf on Form IL-1023-C and included in your taxable income.
- 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 this return, include on this line all deductions you claimed for expenses connected with that income in this year and in your two most recent tax years. See Illinois Schedule NB, Nonbusiness Income, Line 11, and Illinois Schedule NB Instructions for more information.

Step 5 — Figure your Illinois base income or net loss

Note A double deduction is prohibited by IITA, Section 203(g). You cannot deduct the same item more than once.

Line 24 — Write the total interest received or accrued from U.S. Treasury bonds, notes, bills, federal agency obligations, and savings bonds included in federal ordinary income. You may **not** subtract anything that is not identified in Illinois Publication 101, Income Exempt from Tax. This amount is net of any bond premium amortization deducted federally.

Line 25 — Write the amount from Illinois Schedule F (Form IL-1065), Gains from Sales or Exchanges of Property Acquired Before August 1, 1969, Line 14. Capital gain, or Section 1245 or 1250 gain, on property acquired before August 1, 1969, may be limited by the value of the property on August 1, 1969. See Illinois Schedule F (Form IL-1065) for instructions. **Attach Illinois Schedule F and a copy of U.S. Schedule D, U.S. Form 4797, and U.S. Form 6252, if filed.**

Line 26 — Write the greater of

- your personal service income as defined in the now-repealed IRC Section 1348(b)(1); or
- a reasonable allowance for compensation paid or accrued for services rendered by partners to you.

Line 27 — Complete Illinois Schedule B to figure the amount of distribution and to determine where it should be reported. Illinois Schedule B, Column D, Line 7 represents the share of distributable income or loss that is to be added to or subtracted from base income. If the total amount on Line 7 is a positive amount, write that amount on Line 27. See Illinois Schedule B, Line 7, and Illinois Schedule B Instructions for more information.

Note Report any distributable loss shown on Illinois Schedule B, Column D, Line 7 on Line 21. **Attach Illinois Schedule B to your Form IL-1065.**

Line 28 — Write the Enterprise Zone or River Edge Redevelopment Zone Dividend subtraction from Illinois Schedule 1299-A, Step 1, Line 7.

Line 29 — Write the High Impact Business Dividend subtraction from Illinois Schedule 1299-A, Step 1, Line 10.

Note You must attach Illinois Schedule 1299-A to your Form IL-1065 if you have an amount on Line 28 or Line 29.

Line 30 — Write the subtraction allowance from Form IL-4562, Step 3, Line 10. **Attach Form IL-4562 to your Form IL-1065.**

Line 31 — Write the amount from Illinois Schedule 80/20, Step 3, Line 30. **Attach Illinois Schedule 80/20 to your Form IL-1065.**

You should use Illinois Schedule 80/20 if

- you added back interest paid to an affiliated company on Step 2, Line 6. You may subtract any interest received from that company during this tax year, up to the amount of your addition for interest expense paid to that company. Also, if you added back intangible expenses from a transaction with an affiliated company on Line 6, you may subtract any income you received during the tax year from similar transactions with the affiliated company, up to the amount of your addition for intangible expense for that company. To compute the amount of this subtraction, complete Illinois Schedule 80/20.
- you are an affiliated company, and you received interest or intangible income from someone who had to add back the interest and intangible expense, or insurance premiums on their Illinois Schedule 80/20. You may subtract your interest or intangible income from that company.

Line 32 — Write your distributive share of subtractions passed through to you by a partnership, trust, or estate in which you were either a partner or a beneficiary. Do not include any amounts passed through that are reflected on Illinois Schedule 1299-A. **Attach a copy of all Illinois Schedules K-1-P and K-1-T you received to your Form IL-1065.**

Note The partnership or S corporation is required to send you an Illinois Schedule K-1-P and the trust or the estate is required to send you an Illinois Schedule K-1-T, specifically identifying your share of subtractions.

Special Note Include only subtractions reported to you on a Schedule K-1-P or K-1-T. Do not report amounts you reported to your partners on the Schedules K-1-P you issued to them.

Line 33 — Complete the 2011 Illinois Schedule M, to figure the amount to include on Line 33. **Attach a copy of Illinois Schedule M to your Form IL-1065.**

You may **not** subtract anything that is not identified below or in Illinois Publication 101. Subtractions allowed on Illinois Schedule M include:

- notes, bonds, debentures, or obligations issued by the Governments of Guam, American Samoa, Puerto Rico, the Northern Mariana Islands, or the Virgin Islands, to the extent that you were required to add these amounts to your federal ordinary income.
- the refund of Illinois replacement tax for a prior year, to the extent included in your federal ordinary income.
- any other income included on Step 4, Line 23, exempt from taxation by Illinois by reason of its Constitution or statutes or by the Constitution, treaties, or statutes of the United States. This amount is net of any bond premium amortization deducted federally. For more information, see Illinois Publication 101.
- 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.
- contributions you made under the Tax Increment Allocation Redevelopment Act to a job training project. For more information, see FY Bulletin 1990-40.

Step 6 — Figure your income allocable to Illinois

You **must** complete Step 6 if any portion of Line 35, base income or net loss, is derived outside Illinois. If you do not complete **all** of Step 6, we may issue a notice and demand proposing 100 percent of income be allocated to Illinois.

In order to properly allocate your base income or loss you need to determine what portion of the total base income is business income or loss that is to be apportioned among all the states in which you do business, and what portion is nonbusiness income or loss that is to be allocated to a particular state.

Note Investment partnerships that elect to complete Form IL-1065 should write zero on Lines 36 through 46 and check the box in Step 1, Line F.

Line 36 — Write the amount of all nonbusiness income or loss included in base income, net of any related deductions, plus any recaptured business expenses from Illinois Schedule NB, Column A. Include any nonbusiness income from Illinois Schedules K-1-P or K-1-T. **Attach Illinois Schedule NB to your Form IL-1065.**

Note → If you are making the election to treat all income other than compensation as business income, you must check the box in Step 1, Line L, and write "0" here and on Line 44. **This election must be made by the extended due date of this return. Once made, the election is irrevocable.**

Line 37 — Write the amount of all non-unitary business income or loss included in base income received from any partnership, trust, or estate, of which you are a partner, or a beneficiary, net of any amount distributable to partners subject to replacement tax. **Attach a copy of all Illinois Schedules K-1-P and K-1-T you received to your Form IL-1065.**

Note → The partnership is required to send you an Illinois Schedule K-1-P and the trust or the estate is required to send you an Illinois Schedule K-1-T, specifically identifying your share of income.

Special Note → If you are a partner engaged in a unitary business with your partnership, you must include your distributable share of the partnership's business income in your business income. Do not subtract this business income on Line 37.

Lines 40 through 42 —

You must complete Lines 40 through 42 if

- your business income or loss is derived inside and outside Illinois; or
- all of your business income or loss is derived outside Illinois.

Follow specific instructions below for Lines 40 through 42.

Note → If you are a financial organization or a transportation company, check the appropriate box in Step 1, Line E (financial organization or transportation company) and see "Special Apportionment Formulas" in these instructions.

Special Note → If you are a partner engaged in a 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 40 — Write your total sales everywhere.

Line 41 — Write your total sales inside Illinois.

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 or denominator of your sales factor, see Illinois Income Tax Regulations, Sections 100.3370 and 100.3380.

Sales of tangible personal property are in 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
- your salesperson operates out of an office in Illinois, and the property sold by the sales person 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 person who owns the contents of a program and who provides the contents to a broadcaster for a fee or other charge, 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 allocated in 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 (or your related party's) books and records 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.

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 received by a taxpayer who is a dealer 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.

If you use a special apportionment formula, see "Special Apportionment Formulas" in these instructions.

Line 42 — Divide Line 41 by Line 40 and write the result, carried to six decimal places.

Line 43 — Follow the instructions on the form. If Lines 40 through 42 are blank, write the amount from Line 39.

Line 44 — Write the amount of nonbusiness income or loss allocable to Illinois from Illinois Schedule NB, Column B. Include any nonbusiness income from Illinois Schedules K-1-P or K-1-T. This amount is net of the portion of your Illinois nonbusiness income distributable to partners subject to replacement tax.

Note — If you checked the box in Step 1, Line L, making the election to treat all of your income other than compensation as business income, then write "0" on Line 44.

Line 45 — Write the amount of the income or loss reported on Step 5, Line 35 that is apportionable to Illinois as reported by the partnership, trust, or estate, on Illinois Schedules K-1-P or K-1-T, net of the portion distributable to partners subject to replacement tax.

Step 7 — Figure your net income

Line 47 — Follow the instructions on the form. If this amount is a loss, you may carry it forward to later years as an Illinois net loss deduction (NLD).

Line 48 — Write your Illinois NLD carryforward from any Illinois loss year ending on or after December 31, 1986, from Illinois Schedule NLD, Line 5. **Attach Illinois Schedule NLD to your Form IL-1065.**

Line 52 — The standard exemption is \$1,000 multiplied by a fraction in which the numerator is your base income allocable to Illinois and the denominator is your total base income. If you have a change in your tax year end and the result is a period of less than 12 months, the standard exemption is prorated based on the number of days in the tax year. If this is your first or final return, you are allowed the full-year standard exemption.

Step 8 — Figure your net replacement tax

Line 55 — Write your recapture of investment credits from Illinois Schedule 4255, Recapture of Investment Tax Credits, Step 4, Column C, Line 16.

If you claimed an Illinois investment tax credit in a prior year on Form IL-477, Replacement Tax Investment Credits, and any of the property was disqualified within 48 months of being placed in service, you must use Illinois Schedule 4255 to compute the amount of recapture. Credit must be recaptured in the year the property became disqualified.

Line 57 — Write the amount from Form IL-477, Step 1, Line 11. **Attach Form IL-477 to your Form IL-1065.**

You may claim a replacement tax investment credit of .5 percent (.005) of the basis of qualified property placed in service in Illinois during the tax year.

An additional credit of up to .5 percent (.005) of the basis of qualified property is available if your Illinois base employment increased over the preceding year or if your business is new to Illinois. Excess credit may be carried forward for five years following the excess credit year. For further information, see Form IL-477 instructions.

Step 9 — Figure your refund or balance due

Line 59a — Write the amount of any overpayment from your previous year's tax return that you requested to be applied to this year's tax return.

Line 59b — Write the amount of Illinois replacement tax paid with Form IL-505-B.

Line 59c — Write the amount of Illinois pass-through entity payments made on your behalf by partnerships, or trusts, as reported to you on Schedule K-1-P or K-1-T. If you have more than one Schedule K-1-P or K-1-T, add the amounts of all the schedules and write the total on Line 59c. **Attach copies of the Schedules K-1-P and K-1-T you received from the pass-through entities to your Form IL-1065.**

Line 59d — Write the amount of any gambling withholding shown on Form W2-G. **Attach Forms W-2G.**

Lines 60 through 63 — Follow the instructions on the form. Your refund will not be issued if you do not file a processable return.

Note — Your refund or credit carryforward may be reduced by us to satisfy any unpaid tax, penalty, and interest due for this year or any preceding year. If we reduce your credit carryforward, it may result in a late-payment penalty in the succeeding year.

Line 64 — 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**" and **attach to the front of the return.**

We will compute any penalty and interest due and notify you. See General Information, "What are the penalties and interest?"

You should also **write the amount you are paying in the box located on the top of Page 1** of the Form IL-1065.

Special Apportionment Formulas

Certain businesses that derive their income from inside and outside Illinois require a special apportionment formula. The following definitions will help in completing Step 6.

A Business income — See General Information, “Business income” under “Definitions to help you complete your Form IL-1065.”

B Financial organization — any bank, bank holding company, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, building and loan association, credit union, currency exchange, cooperative bank, small loan company, sales finance company, investment company, or any person owned by a bank or bank holding company.

C Revenue miles — A revenue mile is the transportation of one passenger, or one net ton of freight, the distance of one mile.

What if I am a financial organization?

If you checked the box in Step 1, Line E, indicating that you are a financial organization and your income is derived from inside and outside Illinois, line out the word “sales” on Lines 40 and 41 and write “Financial organization.”

On Line 40, write the amount gross receipts from all sources.

On Line 41 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 Line 40 or 41;** 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 41 under the general instructions for Line 41.

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

Divide Line 41 by Line 40 and write the result, carried to six decimal places, on Line 42. Complete Lines 43 through 46 as indicated in Specific Instructions for Step 6, Figure your income allocable to Illinois.

What if I am a transportation service?

What if I am a transportation service?

If you checked the box in Step 1, Line E, indicating that you are a company that furnishes transportation service both inside and outside Illinois, line out the word “sales” on Lines 40 and 41 and write “Transportation.” You must apportion business income as follows:

A Transportation by airline — On Line 40, write the amount of revenue miles everywhere. On Line 41, write the amount of revenue miles in Illinois. Divide Line 41 by Line 40 and write the result, carried to six decimal places, on Line 42.

B Other modes of transportation — On Line 40, write the amount of your gross receipts from providing transportation services. On Line 41 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 41 by Line 40 and write the result, carried to six decimal places, on Line 42.

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 42 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.

Complete Lines 43 through 46 as indicated in Specific Instructions for Step 6, Figure your income allocable to Illinois.

What if I want to use an alternative apportionment formula?

If the apportionment methods prescribed by IITA, Sections 304(a) through (d), and (h) do not fairly and accurately reflect your business activity in Illinois, or lead to a grossly distorted result, you may want to use a more accurate alternative method. If you want to use an alternative apportionment method, you **must** receive permission from the IDOR **prior** to filing your return. Send your request to

**ILLINOIS DEPARTMENT OF REVENUE
LEGAL SERVICES OFFICE
SENIOR COUNSEL - INCOME TAX, 5-500
101 WEST JEFFERSON STREET
SPRINGFIELD IL 62702**

Note → Your request for an alternative apportionment formula must follow the requirement of Illinois Income Tax Regulations, Section 100.3390. See the regulations or contact the department for more information.

If you receive permission to use an alternative formula, you must attach to your Form IL-1065 a copy of the letter granting permission.

Illinois Schedule B Instructions

General Information

What is the purpose of Illinois Schedule B?

The purpose of Illinois Schedule B, Partners' or Shareholders' Identification, is for you to identify any person who was a partner or shareholder at any time during your tax year.

The Illinois Schedule B also allows you to identify your partners or shareholders that are subject to the Illinois Personal Property Tax Replacement Income Tax and to figure the share of distributable income or loss that is to be added to or subtracted from your base income.

You are required to have a copy of this form on file. You **must** attach a copy to your Form IL-1065, Illinois Partnership Replacement Tax Return, or your Form IL-1120-ST, Illinois Small Business Corporation Replacement Tax Return, to support the addition modification claimed on Form IL-1065, Step 4, Line 21 or Form IL-1120-ST, Step 4, Line 20, or the subtraction modification claimed on Form IL-1065, Step 5, Line 27, or Form IL-1120-ST, Step 5, Line 24.

Note You must use forms prescribed by the Illinois Department of Revenue. Separate statements not on forms provided or approved by the department will not be accepted and you will be asked for appropriate documentation. Failure to comply with this requirement may result in the delay of processing your return or generating any refund. Additionally, failure to submit appropriate documentation when requested may result in a referral to our Audit Bureau for compliance action.

Specific Instructions

Step 1: Provide the following information

Line 1 — Write the amount of base income or net loss from your Form IL-1065 or Form IL-1120-ST, Line 47.

Line 2 — If you completed Step 6 of Form IL-1065 or Form IL-1120-ST, write the apportionment factor from Line 42. Otherwise, write "1."

Step 2: Identify your partners or shareholders

Lines 1 through 6 —

Column A — Write the name and address of each partner or shareholder. Addresses should be formatted in the same way you address the Schedule K-1-P for the partner or shareholder. See the examples below.

If the partner or shareholder is an individual, use the following formats:

John Doe	John and Mary Doe	John Doe
111 W. Main Street	111 W Main Street	% Mary Doe
Anytown, IL 62666	Anytown, IL 62666	111 W Main St. #5A Anytown, IL 62666

If the partner or shareholder is a trust or an estate, use the following formats:

John Doe Bankruptcy Trust	Estate of John Doe
% Mary Doe, Trustee	111 W Main St., Ste 4A
111 W Main Street, Suite 4A	Anytown, IL 62666
Anytown, IL 62666	

If the partner or shareholder is a corporation (including S corps), or a partnership, use the following formats:

Illinois Big Business Group	Illinois Small Business Group
% John Doe, VP Finance	% Mary Doe
111 West Main Street, Suite 4	111 West Main Street
Anytown, IL 62666	Anytown, IL 62666

Column B — Write the Social Security number or federal employer identification number (FEIN) of each partner or shareholder.

Column C — Indicate the type of each partner's or shareholder's organization. Write

- "I" for individual
- "P" for partnership
- "M" for estate
- "E" for exempt organization
- "C" for corporation
- "T" for trust
- "S" for small business corporation

Column D — Write the total amount of base income or loss distributable to each partner or shareholder, using the Column D Worksheet. Write the amount from Column D Worksheet, Line 5, here.

The total of all the amounts in Column D must equal your total base income, computed without regard to the addition claimed on your Form IL-1065, Step 4, Line 21, or Form IL-1120-ST, Step 4, Line 20 or the subtraction claimed on your Form IL-1065, Step 5, Line 27 or Form IL-1120-ST, Step 5, Line 24.

Column E — Check the box if the partner or shareholder is subject to the Illinois Personal Property Tax Replacement Income Tax or is an exempt organization (including an Employee Stock Ownership Plan (ESOP)). Individuals and estates are **not** subject to this tax.

Column F — Write the amount of pass-through entity payment that you made on behalf of each partner or shareholder and reported to them on Schedule K-1-P.

Column G — If the partner or shareholder was excluded from pass-through entity payments indicate the reason by writing

- "R" if the partner or shareholder is an Illinois resident,
- "C" if the partner or shareholder is included on a composite return, or
- "E" if the partner or shareholder provided you a Form IL-1000-E, Certificate of Exemption for Pass-through Entity Payments, indicating that they would pay their own tax liability.

Line 7 — Add the amounts shown in Column D for all the partners or shareholders for which you have checked the box in Column E.

Note Do not include partners or shareholders that are identified as Individuals or Estates in Column C.

Write the total amount on this line. If this is a

- positive amount, write this amount on your Form IL-1065, Line 27 or Form IL-1120-ST, Line 24.
- negative amount (loss), write this amount as a positive amount on your Form IL-1065, Line 21 or Form IL-1120-ST, Line 20.

Note If you have more than seven partners or shareholders to report, and additional space is needed, complete and attach additional Illinois Schedules B. Report the total on Column D, Line 7 of the last page.



Column D Worksheet

Complete this worksheet for each partner or shareholder.

- 1** Write the share of income from Form IL-1065 or Form IL-1120-ST, Line 14 for this partner or shareholder. **1** _____
- 2** Write the share of additions distributable to this partner or shareholder from Form IL-1065, Lines 15 through 20, and Line 22 or Form IL-1120-ST, Lines 15 through 19, and Line 21. **2** _____
- 3** Add Lines 1 and 2. **3** _____
- 4** Write the share of subtractions distributable to this partner or shareholder from Form IL-1065, Lines 24 through 26, and 28 through 33 or Form IL-1120-ST, Lines 23, and 25 through 33. **4** _____
- 5** Subtract Line 4 from Line 3. If Line 3 is greater than Line 4 (income), write the result as a positive amount on Column D for this partner or shareholder. If Line 4 is greater than Line 3 (loss), write the result as a negative amount on Column D for this partner or shareholder. **5** _____

