



## Read this information first

You should file Schedule CR if

- you were either a resident or a part-year resident of Illinois during the tax year; **and**
- you paid income tax to another state on income you earned while you were an Illinois resident; **and**
- the income subject to the other state's tax is included in your Illinois base income; **and**
- you did not deduct the income tax paid to the other state when you figured your federal adjusted gross income as shown on your Illinois tax return.

You should **not** file this schedule if

- you were a **nonresident** of Illinois during the entire tax year; **or**
- you did **not** pay income tax to Illinois and another state.

For purposes of this schedule, "state" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or political subdivision of any of these (*e.g.*, county, city, local). The term "state" does not refer to any foreign country.

**Note** If you earned income in Iowa, Kentucky, Michigan, or Wisconsin, you may be covered by a reciprocal agreement. This agreement applies only to income from wages, salaries, tips, and other employee compensation. See the Schedule CR Instructions.

## Step 1: Provide the following information

Your name as shown on your Form IL-1040

Your Social Security number

## Step 2: Figure the Illinois and non-Illinois portions of your federal adjusted gross income

Write the amounts in Column A exactly as reported on

- your federal return if you were an Illinois resident, or
- the equivalent line of your Schedule NR, Column B if you were a part-year resident.

**Read the instructions before completing this step.**

	Column A		Column B
	Total	(Whole dollars only)	Non-Illinois Portion
		(Whole dollars only)	(Whole dollars only)
<b>1</b> Wages, salaries, tips, etc. (federal Form 1040 or 1040A, Line 7; 1040EZ, Line 1)	<b>1</b> _____	.00	_____ .00
<b>2</b> Taxable interest (federal Form 1040 or 1040A, Line 8a; 1040EZ, Line 2)	<b>2</b> _____	.00	_____ .00
<b>3</b> Ordinary dividends (federal Form 1040 or 1040A, Line 9a)	<b>3</b> _____	.00	_____ .00
<b>4</b> Taxable refunds, credits, or offsets of state and local income taxes (federal Form 1040, Line 10)	<b>4</b> _____	.00	_____
<b>5</b> Alimony received (federal Form 1040, Line 11)	<b>5</b> _____	.00	_____
<b>6</b> Business income or loss (federal Form 1040, Line 12)	<b>6</b> _____	.00	_____ .00
<b>7</b> Capital gain or loss (federal Form 1040, Line 13 or 1040A, Line 10)	<b>7</b> _____	.00	_____ .00
<b>8</b> Other gains or losses (federal Form 1040, Line 14)	<b>8</b> _____	.00	_____ .00
<b>9</b> Taxable IRA distributions (federal Form 1040, Line 15b; or 1040A, Line 11b)	<b>9</b> _____	.00	_____
<b>10</b> Taxable pensions and annuities (federal Form 1040, Line 16b; or 1040A, Line 12b)	<b>10</b> _____	.00	_____
<b>11</b> Rents, royalties, partnerships, S corporations, trusts, and estates (federal Form 1040, Line 17)	<b>11</b> _____	.00	_____ .00
<b>12</b> Farm income or loss (federal Form 1040, Line 18)	<b>12</b> _____	.00	_____ .00
<b>13</b> Unemployment compensation and Alaska Permanent Fund dividends (federal Form 1040, Line 19; 1040A, Line 13; 1040EZ, Line 3)	<b>13</b> _____	.00	_____
<b>14</b> Taxable Social Security benefits (federal Form 1040, Line 20b; or 1040A, Line 14b)	<b>14</b> _____	.00	_____
<b>15</b> Other income (federal Form 1040, Line 21)	<b>15</b> _____	.00	_____ .00
<b>16</b> Add Columns A and B, Lines 1 through 15.	<b>16</b> _____	.00	_____ .00

Income

Continue with Step 2 on Page 2 →



	<b>Column A</b> <b>Total</b> <small>(Whole dollars only)</small>	<b>Column B</b> <b>Non-Illinois Portion</b> <small>(Whole dollars only)</small>
<b>17</b> Write the amounts from Page 1, Line 16.	<b>17</b> _____ .00	_____ .00
<b>18</b> Educator expenses (federal Form 1040, Line 23; or 1040A, Line 16)	<b>18</b> _____ .00	_____ .00
<b>19</b> Certain business expenses of reservists, performing artists, and fee-based government officials (federal Form 1040, Line 24)	<b>19</b> _____ .00	_____ .00
<b>20</b> Health savings account deduction (federal Form 1040, Line 25)	<b>20</b> _____ .00	_____ .00
<b>21</b> Moving expenses (federal Form 1040, Line 26)	<b>21</b> _____ .00	_____ .00
<b>22</b> Deductible part of self-employment tax (federal Form 1040, Line 27)	<b>22</b> _____ .00	_____ .00
<b>23</b> Self-employed SEP, SIMPLE, and qualified plans (federal Form 1040, Line 28)	<b>23</b> _____ .00	_____ .00
<b>24</b> Self-employed health insurance deduction (federal Form 1040, Line 29)	<b>24</b> _____ .00	_____ .00
<b>25</b> Penalty on early withdrawal of savings (federal Form 1040, Line 30)	<b>25</b> _____ .00	_____ .00
<b>26</b> Alimony paid (federal Form 1040, Line 31a)	<b>26</b> _____ .00	_____ .00
<b>27</b> IRA deduction (federal Form 1040, Line 32; or 1040A, Line 17)	<b>27</b> _____ .00	_____ .00
<b>28</b> Student loan interest deduction (federal Form 1040, Line 33; or 1040A, Line 18)	<b>28</b> _____ .00	_____ .00
<b>29</b> Tuition and fees (federal Form 1040, Line 34; or 1040A, Line 19)	<b>29</b> _____ .00	_____ .00
<b>30</b> Domestic production activities deduction (federal Form 1040, Line 35)	<b>30</b> _____ .00	_____ .00
<b>31</b> Other adjustments (see instructions)	<b>31</b> _____ .00	_____ .00
<b>32</b> Add Columns A and B, Lines 18 through 31.	<b>32</b> _____ .00	_____ .00
<b>33</b> Subtract Columns A and B, Line 32 from Line 17.	<b>33</b> _____ .00	_____ .00

Adjustments to Income

**Step 3: Figure your Illinois additions and subtractions**

In Column A, write the total amounts from your Form IL-1040. You must read the instructions for Column B to properly complete this step.

<b>Column A</b> <b>Form IL-1040 Total</b> <small>(Whole dollars only)</small>	<b>Column B</b> <b>Non-Illinois Portion</b> <small>(Whole dollars only)</small>
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<b>34</b> Federally tax-exempt interest income (Form IL-1040, Line 2)	<b>34</b> _____ .00	_____ .00
<b>35</b> Other additions (Form IL-1040, Line 3)	<b>35</b> _____ .00	_____ .00
<b>36</b> Add Columns A and B, Lines 33, 34, and 35.	<b>36</b> _____ .00	_____ .00
<b>37</b> Federally taxed Social Security and retirement income (Form IL-1040, Line 5)	<b>37</b> _____ .00	_____ .00
<b>38</b> Illinois Income Tax overpayment included on your U.S. 1040, Line 10. (Form IL-1040, Line 6)	<b>38</b> _____ .00	_____ .00
<b>39</b> Other subtractions (Form IL-1040, Line 7)	<b>39</b> _____ .00	_____ .00
<b>40</b> Add Columns A and B, Lines 37 through 39.	<b>40</b> _____ .00	_____ .00
<b>41</b> Subtract Columns A and B, Line 40 from Line 36. If Line 40 is larger than Line 36, write zero.	<b>41</b> _____ .00	_____ .00

Illinois Adjustments

Continue to Page 3 →



### Step 4: Figure your Schedule CR decimal

		Column A	Column B
Decimal	42 Write the amount from Line 41, Column A and Column B.	42 _____	.00 _____
	43 Divide Column B, Line 42 by Column A, Line 42 (carry to three decimal places). Write the appropriate decimal. If Column B, Line 42 is greater than Column A, Line 42, write 1.000. Write this amount on Step 6, Line 53.	43 _____	.00 _____

### Step 5: Part-year residents only (Full year residents, go to Step 6.)

Part-Year Only	44 Write the base income from your IL-1040, Line 9.	44 _____	.00 _____
	45 Divide Column A, Line 42 by Line 44 (carry to 3 decimal places).	45 _____	. _____
	46 Write the exemption amount from Form IL-1040, Line 10.	46 _____	.00 _____
	47 Multiply Line 45 by Line 46.	47 _____	.00 _____
	48 Subtract Line 47 from Column A, Line 42.	48 _____	.00 _____
49 Multiply Line 48 by 5% (.05). Write this amount on Step 6, Line 52, and continue on to Step 6, Line 50.	49 _____	.00 _____	

### Step 6: Figure your credit

Credit for Tax Paid to Other States	50 If you are claiming a credit for tax paid to any of the states listed below, check the box for the appropriate state. <input type="checkbox"/> Iowa <input type="checkbox"/> Kentucky <input type="checkbox"/> Michigan <input type="checkbox"/> Wisconsin	
	51 Write the total amount of income tax paid to other states on Illinois base income (see instructions).	51 _____ .00 _____
	52 <b>Illinois Residents:</b> Write your Illinois tax due from Form IL-1040, Line 13. <b>Part-year Residents:</b> Write the amount from Step 5, Line 49.	52 _____ .00 _____
	53 Write the decimal amount from Step 4, Line 43 here.	53 _____ . _____
	54 Multiply Line 52 by Line 53.	54 _____ .00 _____
	55 Compare the amounts on Lines 51 and 54. Write the lesser amount here and on Form IL-1040, Line 16. This is your tax credit.	55 _____ .00 _____



**Keep your out-of-state tax returns and any Schedules K-1-P and K-1-T with your records. You must send us this information if we request it.**



# Schedule CR Instructions

## General Information

### ? What is the purpose of Schedule CR?

Schedule CR, Credit for Tax Paid to Other States, allows you to take a credit for income taxes you paid to other states on income you received while a resident of Illinois. You are allowed this credit **only** if you filed a required tax return with the other state. You must use information from the tax return you filed with the other state to complete Schedule CR.

A **part-year resident** may only take a credit on income earned while a resident of Illinois.

A **nonresident** may **not** take a credit on Illinois Schedule CR.

### ? What taxes qualify for the credit?

Taxes that qualify for the credit are income taxes you paid to another state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States, or to a political subdivision (e.g., county, city, local) of one of these jurisdictions. No credit is allowed for taxes paid to the federal government or to foreign countries or to their political subdivisions.

To qualify for this credit, a tax must be deductible as state and local income taxes paid on your federal Schedule A, Itemized Deductions, whether or not you actually claimed the deduction. An alternative minimum tax measured by income may qualify. See Publication 111, Illinois Schedule CR for Individuals, for details.

**Note** No credit is allowed for interest or penalties imposed on you, even in connection with an income tax. You may claim the credit for income taxes paid on your behalf (e.g., by withholding or with a composite return), but only if you are the person legally liable for the tax (i.e., if you would be required to pay the tax if it had not been paid on your behalf).

### ? What if I earn income in Iowa, Kentucky, Michigan, or Wisconsin?

If you earned wages, salaries, tips, or other employee compensation from an employer in Iowa, Kentucky, Michigan, or Wisconsin while you were a resident of Illinois, you are covered by a reciprocal agreement between that state and Illinois and are not taxed by that state on your compensation. However, you may be taxed on other income.

If your employer withheld tax or you paid tax to these states on your compensation, you must claim a refund from that state. You **may not** claim a credit on Schedule CR for that tax. You must file the appropriate forms with that state to receive a refund of tax withheld in error.

The reciprocal agreements do not prohibit subdivisions of these states from imposing a tax on your compensation. For example, if you were subject to tax by a city in Kentucky while you were an Illinois resident, you may claim a credit for that local tax.

In addition, because of differences in state laws, you may be considered a resident by one of these states and required to pay their income taxes, even though you are an Illinois resident under Illinois law. In that case, you may claim a credit for the tax paid.

### ? Where can I find specific formulas to figure tax paid to other states?

When you figure credit for tax paid to other states, you must consider that tax from the other states' returns may not be calculated in the same manner as on your Illinois return. For a list of formulas that identify the tax forms, line numbers, additions, and subtractions that you must use to compute the other states' tax for Schedule CR, see Publication 111.

## Specific Instructions

### Step 1: Provide the following information

Write your name and Social Security number as shown on your Form IL-1040, Individual Income Tax Return.

### Step 2: Figure the Illinois and non-Illinois portions of your federal adjusted gross income, and Step 3: Figure your Illinois additions and subtractions

#### Column A - Total

**Illinois Residents** - In Column A of each line, write the amounts exactly as reported on the corresponding line of your federal income tax return or your Form IL-1040. Do not separate your Illinois and non-Illinois portion or exclude any items when completing Column A.

**Part-year Residents** - In Column A of each line, include the amounts reported on the corresponding line of your federal income tax return or your Form IL-1040 only to the extent you earned or paid that amount while a resident of Illinois.

**Note** Generally, this is the amount in Column B of the equivalent line of your Schedule NR. However, if Column B of your Schedule NR included any amount from the period while you were not a resident, do not include that amount in Column A.

#### Column B – Non-Illinois Portion

**Illinois Residents** - To determine the amount to write in Column B of each line, read and follow the specific instructions below.

**Part-year Residents** - To determine the amount to write in Column B of each line, apply the specific instructions for each line below to the amount in Column A. Do not include any amount from the period while you were a nonresident or any items that are not specifically listed for each line. See Publication 111 for specific examples.

**Note** If a line is shaded, do not put an amount on that line.

#### **Note** Partnerships, S corporations, trusts, or estates

If you received an Illinois Schedule K-1-P or K-1-T, complete the Partnership and S Corporation Worksheet on Page 8 for each applicable line.

### Income

#### Line 1: Wages, salaries, tips, etc.

Write the amount of wages not shown as Illinois wages on the state copy of the W-2 form(s) you received. **Do not include** wages taxed by another state if they are also shown as Illinois wages. Also **do not include** any wages you received for working in Iowa, Michigan, or Wisconsin while you were an Illinois resident or any wages you received for working in Kentucky, unless you paid a Kentucky city or county tax on these wages.

**Note** If you are claiming a credit for tax paid to a local government, **attach** copies of your local tax return or W-2 form(s) showing local wages.

**Note** If you are a dual resident of Illinois and Iowa, Kentucky, Michigan, or Wisconsin and you are claiming this credit, **attach** copies of the out-of-state returns.

**Note** If the non-Illinois wages as shown on your W-2 form(s) are incorrect, **attach** a letter from your employer, on company letterhead, stating the correct amount of non-Illinois wages. We will not accept a letter from you or your tax preparer.

**Note** If any of your wages are for military pay, be sure to complete Step 3, Line 39 and Schedule M.

#### Line 2: Taxable interest

Interest income you received, other than business interest income, is Illinois income. Do not include any nonbusiness interest.



Business interest income you received as part of a business conducted in Illinois is sourced to Illinois. If this income was received from an Illinois business conducted

- entirely in Illinois, write zero on this line.
- entirely outside Illinois, write the amount from Column A.
- from both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of that income, and include the amount from Line 5 of the worksheet.

### Line 3: Ordinary dividends

Dividend income you received, other than business dividend income, is Illinois income. Do not include any nonbusiness dividends.

Business dividend income you received as part of a business conducted in Illinois is sourced to Illinois. If this income was received from an Illinois business conducted

- entirely in Illinois, write zero on this line.
- entirely outside Illinois, write the amount from Column A.
- from both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of that income, and include the amount from Line 5 of the worksheet.

### Line 4: Taxable refunds, credits, or offsets of state and local income taxes

Do not write an amount on this line.

### Line 5: Alimony received

Do not write an amount on this line.

### Line 6: Business income or loss

Business income or loss you received as part of a business conducted in Illinois is sourced to Illinois. If your business income or loss was received from an Illinois business conducted

- entirely in Illinois, write zero on this line.
- entirely outside Illinois, write the amount from Column A.
- from both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of that income, and include the amount from Line 5 of the worksheet.

### Line 7: Capital gain or loss

Write any capital gains or losses, other than business capital gains or losses, you received from the sale of real property or tangible personal property located outside Illinois at the time of the sale or exchange. Nonbusiness capital gains or losses that resulted from your sale of intangibles are sourced to Illinois and cannot be included. Capital gains or losses you received as part of a business conducted in Illinois are taxed by Illinois. If you received your business income or loss from an Illinois business conducted

- entirely in Illinois, write zero on this line.
- entirely outside Illinois, write the amount from Column A.
- from both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of your capital gain or loss, and include the amount from Line 5 of the worksheet.

### Line 8: Other gains or losses

Other gains or losses you received as part of a business conducted in Illinois are taxed by Illinois. All gains or losses you included on federal Form 4797, Sales of Business Property, are classified as business income.

If this income or loss was received from an Illinois business conducted

- entirely in Illinois, write zero.
- entirely outside Illinois, write the amount from Column A.
- from both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of that income, and include the amount from Line 5 of the worksheet.

### Line 9: Taxable IRA distributions

Do not write an amount on this line.

### Line 10: Taxable pensions and annuities

Do not write an amount on this line.

### Line 11: Rents, royalties, partnerships, S corporations, trusts, and estates

Figure the total amount to write on this line by adding

- the net amount of income or loss, other than business income, you received from
  - real estate located outside Illinois.
  - tangible personal property, to the extent it was used outside Illinois.

**Note** You can determine the extent of non-Illinois use of tangible personal property by dividing the number of days the property was outside Illinois during the rental or royalty period in the taxable year, by the total number of days in the rental or royalty period in the taxable year. Multiply the resulting fraction by the net amount of rents or royalties received.

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

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

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

- income or loss you received from a non-Illinois business. If your business was conducted
  - entirely in Illinois, write zero.
  - entirely outside Illinois, write the amount from Column A.
  - both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of that income, and include the amount from Line 5 of the worksheet.
- income or loss you received from partnerships, S corporations, trusts, and estates as directed by Illinois Schedules K-1-P and K-1-T. Complete the Partnership and S Corporation Worksheet on Page 8 to figure the amount to include.

### Line 12: Farm income or loss

All farm income or loss that you included on federal Schedule F, 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 zero.
- entirely outside Illinois, write the amount from Column A.
- from both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of your farm income, and include the amount from Line 5 of the worksheet.

### Line 13: Unemployment compensation

Do not write an amount on this line.

### Line 14: Taxable Social Security benefits

Do not write an amount on this line.

### Line 15: Other income

Write the total amount of income you received from

- a business net operating loss (NOL) from an earlier year that is being carried forward to this year. If your loss was derived
  - from a partnership or an S corporation, complete the Partnership and S Corporation Worksheet on Page 8 to figure the amount to include.
  - from a business you conducted entirely in Illinois, do not include this amount.
  - from a business you conducted inside and outside Illinois, figure the non-Illinois portion on the IAF Worksheet, Page 8, and include the amount from Line 5 of the worksheet.

**Note** Do not include any NOL carryforward to this year that is available to carry forward to next year. See IL-1040, Line 1 instructions.

- a recovery or reimbursement for a deduction claimed in a prior year to the extent that the deduction was allocated to other states.

**Lines 16 and 17:** Follow the instructions on the form.

### **Adjustments to Income**

#### **Line 18: Educator expenses**

Write the amount of educator expenses you deducted this year for which the related compensation is allocable to other states. If only a portion of the compensation related to your total business expenses shown in Column A is allocated outside Illinois, allocate the same portion of these expenses in Column B.

#### **Line 19: Certain business expenses of reservists, performing artists, and fee-based government officials**

Write the amount of business expenses you deducted this year for which the related compensation is allocable to other states. If only a portion of the compensation related to your total business expenses shown in Column A is allocated outside Illinois, allocate the same portion of these expenses in Column B.

#### **Line 20: Health savings account deduction**

Write the amount from Column A.

#### **Line 21: Moving expenses**

Write the amount paid to move to a new job if the compensation from that job is not allocable to Illinois.

#### **Line 22: Deductible part of self-employment tax**

Complete the following calculation to determine your non-Illinois self-employment (NSE) decimal for use on Lines 22, 23, and 24. The NSE decimal may not exceed 1.0 or be less than zero.

$$\frac{\text{Self-employment income included in Column B}}{\text{Total self-employment income (total of Lines 1 and 2 from federal Schedule SE)}} = \frac{\text{non-Illinois self-employment (NSE) decimal}}{\text{Total self-employment income (total of Lines 1 and 2 from federal Schedule SE)}}$$

Figure the amount of your non-Illinois deduction for self-employment tax by completing the following calculation, and write the amount on Line 22, Column B.

$$\frac{\text{NSE decimal}}{\text{NSE decimal}} \times \frac{\text{Column A, Line 22}}{\text{Column A, Line 22}} = \$ \frac{\text{Column B, Line 22}}{\text{Column B, Line 22}}$$

#### **Line 23: Self-employed SEP, SIMPLE, and qualified plans**

Figure the amount of your non-Illinois deduction by completing the following calculation using the NSE decimal, and write the amount on Line 23, Column B.

$$\frac{\text{NSE decimal}}{\text{NSE decimal}} \times \frac{\text{Column A, Line 23}}{\text{Column A, Line 23}} = \$ \frac{\text{Column B, Line 23}}{\text{Column B, Line 23}}$$

#### **Line 24: Self-employed health insurance deduction**

Figure the amount of your non-Illinois deduction by completing the following calculation using the NSE decimal, and write the amount on Line 24, Column B.

$$\frac{\text{NSE decimal}}{\text{NSE decimal}} \times \frac{\text{Column A, Line 24}}{\text{Column A, Line 24}} = \$ \frac{\text{Column B, Line 24}}{\text{Column B, Line 24}}$$

#### **Line 25: Penalty on early withdrawal of savings**

Write the penalty amount you paid when you withdrew money from a business savings account earning interest that is allocated outside Illinois. If only a portion of the interest on the account is allocated outside Illinois, allocate the same portion of this penalty here.

#### **Line 26: Alimony paid**

Write the amount from Column A.

#### **Line 27: IRA deduction**

Figure the amount of your non-Illinois IRA deduction by completing the calculation below, and write the result on Line 27, Column B.

$$\frac{\text{Wages, salaries, tips, earned income received from a non-Illinois source}}{\text{Wages, salaries, tips, alimony, earned income received from all sources}} = \frac{\text{Wages, salaries, tips, earned income received from a non-Illinois source}}{\text{Wages, salaries, tips, alimony, earned income received from all sources}}$$

$$\frac{\text{Decimal}}{\text{Decimal}} \times \frac{\text{Column A, Line 27}}{\text{Column A, Line 27}} = \$ \frac{\text{Column B, Line 27}}{\text{Column B, Line 27}}$$

#### **Line 28: Student loan interest**

Write the amount from Column A.

#### **Line 29: Tuition and fees**

Write the amount from Column A.

#### **Line 30: Domestic production activities deduction**

Write the amount of deduction for domestic production activities you are allowed on your federal income tax return. If the income on which the deduction is computed was received

- entirely from Illinois sources, write zero.
- entirely outside Illinois, write the amount from Column A.
- from both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of the deduction, and include the amount from Line 5 of the worksheet.

If the deduction was passed through to you by a partnership or S corporation, complete the Partnership and S Corporation Worksheet on Page 8 to figure the amount to include.

If your domestic production activities deduction is derived from more than one source, divide the deduction among the sources in proportion to your domestic production activities income from each source and apportion the amount from each source separately.

#### **Line 31: Other adjustments**

Use this line **only** if the Internal Revenue Service instructs you to include an amount on your federal Form 1040, Line 36 that is not listed as a separate line item on the federal Form 1040, Lines 23 through 35. Include only the amount of unlisted items, not the Line 36 total.

If the federal adjustment is

- an item of income, you may include the subtraction in Column B only if the amount is included as income in Column B on another line of this schedule.
- an expenditure related to income, you may include in Column B the same percentage of Column A as the percentage of the total related income included in Column B on any line of this schedule.
- an expenditure unrelated to income, you may include in Column B the amount from Column A.

**Lines 32 and 33:** Follow the instructions on the form.

### **Step 3: Figure your Illinois additions and subtractions**

#### **Line 34: Federally tax-exempt interest income**

Interest and dividends, except from a business, are not Illinois income. Federally tax-exempt interest income you received as part of a business conducted in Illinois is taxed by Illinois. If this income was received from an Illinois business conducted

- entirely in Illinois, write zero.
- entirely outside Illinois, write the amount from Column A.
- both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of that income, and include the amount from Line 5 of the worksheet.

#### **Line 35: Other additions**

Include the following:

- any distributive share of additions received from partnerships, S corporations, trusts, and estates as reported on Schedules K-1-P and K-1-T. Complete the Partnership and S Corporation Worksheet on Page 8 to figure the amount to include.
- any Lloyds plan of operations loss if reported on your behalf on Form IL-1023-C, Composite Income and Replacement Tax Return, and included in your adjusted gross income.
- any nonbusiness amount you reported on Form IL-4562, Special Depreciation, that resulted from non-Illinois property.
- any business amounts you reported on Form IL-4562 and the addition for Student-Assistance Contribution Credit claimed on Schedule 1299-C, Income Tax Subtractions and Credits. If the amount was incurred in an Illinois business conducted
  - entirely in Illinois, write zero.

- entirely outside Illinois, write the amount from Column A.
- both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of these amounts, and include the amount from Line 5 of the worksheet.
- recapture of deductions for contributions to Illinois college savings plans transferred to an out-of-state plan.
- business expense recapture **only** if you reported income from an asset or activity as business income in prior years and reported any income earned while you were a nonresident from that asset or activity as nonbusiness income on your Schedule NR for this year.

**Line 36:** Follow the instructions on the form.

## **Subtractions**

### **Line 37: Federally taxed Social Security and retirement**

Do not write an amount on this line.

### **Line 38: Illinois Income Tax refund**

Do not write an amount on this line.

### **Line 39: Other subtractions**

Include the total amount of the following:

- **“Bright Start” or “Bright Directions” College Savings Pool contributions and “College Illinois” Prepaid Tuition Program contributions** from your Schedule M, Other Additions and Subtractions for Individuals, Lines 12a, 12b, and 12c.
- Restoration of amounts held under **claim of right** from your Schedule M, Line 14.
- **Contributions to a job training project** from your Schedule M, Line 15.

Use the instructions for each of the following items to figure the amount to include:

- Write the amount of the following items from Column A, Line 39 that is included as income in Column B of any line.
  - **August 1, 1969, valuation limitation**
  - **Enterprise zone or river edge redevelopment zone and high impact business dividend subtraction**
  - **Ridesharing money and other benefits**
  - **Payment of life insurance, endowment, or annuity benefits received**
  - **Lloyds plan of operations income if reported on your behalf on Form IL-1023-C**
  - **Illinois Pre-Need Cemetery Sales Act trust income**
  - **Education loan repayments to primary care physicians**
  - **Reparations or other amounts received as a victim of persecution by Nazi Germany**
  - **Interest from obligations of Illinois state and local government**
  - **Your child’s interest income reported on U.S. Form 8814**
- **Military pay** - Write the amount of military pay you received for duty in the U.S. Armed Forces. This income must be included in your federal adjusted gross income and in Column B, Line 1.
- **U.S. government obligations** - Write the amount of any interest income from U.S. Treasury bonds, bills, notes, savings bonds, and U. S. agency interest you included in Column B, Line 2.
- **Distributive share of subtractions from a partnership, S corporation, trust, or estate** - Write the amount reported to you on the Schedule K-1-P or Schedule K-1-T from the partnership, S corporation, trust, or estate. Complete the Partnership and S Corporation Worksheet on Page 8 to figure the amount to include.
- **Expenses of federally tax-exempt income and federal credits** - For expenses related to
  - federal credits, include the amount from Column A.

- income that is exempt from federal taxation, multiply the amount in Column A by the percentage of that income included in Column B for the line on which this income was added back to your base income.
- **Home Ownership Made Easy Program income** - Write zero on this line.
- **Special Depreciation subtraction** - Write any amount you reported on Form IL-4562, Special Depreciation. If this depreciation was incurred in a business conducted
  - entirely in Illinois, write zero.
  - entirely outside Illinois, write the amount from Column A.
  - both inside and outside Illinois, complete the IAF Worksheet on Page 8 to figure the non-Illinois portion of that income, and include the amount from Line 5 of the worksheet.
- **Recovery of items previously deducted on U.S. 1040, Schedule A** - Write any amount from Column A that is included as income in Column B, Line 15.
- **Non-U.S. bond interest** - Write the amount of any interest income from bonds issued by the governments of Guam, Puerto Rico, or the Virgin Islands, or the mutual mortgage insurance fund that you included in Column B, Line 2 or Line 34.
- **Railroad unemployment** - Write any amount from Column A that is included as income in Column B, Line 1.
- **Unjust imprisonment compensation awarded by Illinois Court of Claims** - Write zero on this line.
- **Distributions from “Bright Start,” “College Illinois,” and “Bright Directions” College savings plans** - Write zero on this line.

**Lines 40 and 41** – Follow the instructions on the form.

### **Step 4: Figure your Schedule CR decimal**

**Lines 42 and 43** – Follow the instructions on the form.

### **Step 5: Part-year residents only**

**Lines 44 through 49** – Follow the instructions on the form.

Note Do not complete Step 5 if you lived in Illinois the entire tax year.

### **Step 6: Figure your credit**

**Line 50** – If you are claiming a credit for tax paid to Iowa, Kentucky, Michigan, or Wisconsin, check the box for the appropriate state. See “What if I earned income in Iowa, Kentucky, Michigan, or Wisconsin?” under “General Information” for more details.

**Line 51** – Write the total tax you paid to all other states minus all credits allowed, except credits for payments you actually made to the other states or payments made on your behalf.

For example, you must reduce the amount of tax paid to another state by any credit allowed by that state for taxes you paid to Illinois. However, you would not subtract a credit on your return for an overpayment from a prior year that you applied to this year’s estimated payments in the other state, for income tax withheld by your employer, or from payments you received from a partnership. If you purchased a transferable credit, the amount you paid for the credit is treated as a payment of tax.

Note For a list of formulas that identify the tax forms, line numbers, additions, and subtractions that you must use to compute the other states’ tax, see Publication 111.

**Lines 52 through 55** – Follow the instructions on the form.

## Business or Farm Income Apportionment Formula (IAF) Worksheet

You must complete this worksheet if you received business or farm income from both inside and outside of Illinois. If you have more than one source of business or farm income, make copies of this worksheet and prepare a separate worksheet for each line of the Schedule CR on which you reported business or farm income.

Worksheet for Schedule CR, Line \_\_\_\_\_

	<b>Column A</b> Total sales everywhere	<b>Column B</b> Total sales inside Illinois	<b>Column C</b> Apportionment Factor Column B ÷ Column A
<b>1</b> Line 1 is 1.000.			<b>1</b> <u>1</u> . <b>000</b>
<b>2</b> Figure your apportionment factor. _____ .00	.00	.00	<b>2</b> _____
<b>3</b> Subtract Line 2 from Line 1. If negative, write zero.			<b>3</b> _____
<b>4</b> Write the amount of your business or farm income from Schedule CR, Column A.			<b>4</b> _____ .00
<b>5</b> Apportioned Income – Multiply Line 4 by the Line 3 decimal. Write the result here and on the corresponding line on Schedule CR, Column B.			<b>5</b> _____ .00

**Keep a copy of this worksheet with your income tax records.**

### IAF Worksheet Instructions

**Line 1:** Line 1 must be 1.000.

**Line 2: Apportionment factor**

**Column A**

Write the total amount of sales you received from both inside and outside Illinois.

**Column B**

Write the total amount of sales you received in Illinois.

**Column C**

Divide Column B by Column A. Carry the decimal to six places. This is your apportionment factor.

**Lines 3 through 5:** Follow the instructions on the worksheet.

Note If you need more detailed instructions, see the instructions for Form IL-1120, Corporation Income and Replacement Tax Return, Step 4. If your business income was derived from a transportation company, an insurance company, or a financial organization, see Form IL-1120 specific instructions for “Special Apportionment Formulas.”

## Partnership, S corporation, Trust (PST) Business Income Worksheet

You must complete this worksheet if you received an Illinois Schedule K-1-P or K-1-T from a partnership, S corporation, or trust. Make copies of this worksheet and prepare a separate worksheet for each line of the Schedule CR on which you reported amounts from these schedules.

Worksheet for Schedule CR, Line \_\_\_\_\_

<b>1</b> Line 1 is 1.000.		<b>1</b> <u>1</u> . <b>000</b>
<b>2</b> Write the amount from Step 1, Line 4 of Schedule K-1-P or K-1-T.		<b>2</b> _____
<b>3</b> Subtract Line 2 from Line 1. If negative, write zero.		<b>3</b> _____
<b>4</b> Income from Schedule CR, Column A.		<b>4</b> _____ .00
<b>5</b> Multiply Line 3 by Line 4, and write the result in Schedule CR, Column B.		<b>5</b> _____ .00

**Keep a copy of this worksheet with your income tax records.**

### PST Worksheet Instructions

**Line 1:** Line 1 must be 1.000.

**Lines 3 through 5:** Follow the instructions on the worksheet.

**Line 2:** Write the decimal from Schedule K-1-P or K-1-T, Step 1, Line 4.