



# Schedule NB Instructions

## General Information

All references to “income” include losses.

**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 corporation or 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.

**Nonbusiness income** means all income other than business income or compensation.

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

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

## Should I round?

You must round the dollar amounts on Schedule NB 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 need additional assistance or forms?

- Visit our website at [tax.illinois.gov](http://tax.illinois.gov) for assistance, forms or schedules.
- Write us at:  
**ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19001**  
**SPRINGFIELD, IL 62794-9001**
- Call **1 800 732-8866** or **217 782-3336** (TDD, telecommunications device for the deaf, at **1 800 544-5304**).
- Visit a taxpayer assistance office - 8:00 a.m. to 5:00 p.m. (Springfield office) and 8:30 a.m. to 5:00 p.m. (all other offices), Monday through Friday.

## Specific Instructions

### Column A

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

**Note:** Items listed on Line 10 must be specifically identified. Items not thoroughly identified may be disallowed and we may contact you for additional information. “Other” is not an acceptable identification.

### Line 11 — Recaptured business expense

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

### Line 12 — Totals

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

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

**Column B** — Of the amounts entered in Column A, enter in Column B any amount allocable to Illinois.

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

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

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

### Line 3 — Rents and royalties

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

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

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

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

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

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

Patent and copyright royalties are allocable to Illinois

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

A patent is used in a state to the extent that

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

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

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

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

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

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

### **Line 10 — Other**

Items listed on Line 10 must be specifically identified. Items not thoroughly identified may be disallowed and we may contact you for additional information. "Other" is not an acceptable identification. Items that must be included on Line 10 as allocable to Illinois, include, but are not limited to:

- Prizes awarded under the Illinois Lottery Law.
- Payments of winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 and from gambling games conducted on a riverboat or in a casino or organization gaming facility licensed under the Illinois Gambling Act.
- Payments of winnings from sports wagering conducted in accordance with the Sports Wagering Act effective for tax years ending on or after December 31, 2021.
- Unemployment benefits paid by the Illinois Department of Employment Security.

### **Line 11 — Recaptured business expense**

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

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

See the apportionment factor worksheet instructions on Page 3.

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

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

## Apportionment factor worksheet instructions

Follow the instructions on the form.

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

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

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