



What's New?

Household Employee Withholding

If you withheld Illinois Income Tax from a household employee, you may use Form IL-1040, Individual Income Tax Return, to report and pay the tax withheld. See the instructions for Line 22 and Publication 121, Illinois Income Tax Withholding for Household Employees, for details.

Note Household employers who filed annually in past years on Form UI-WIT, Combined Return for Household Employees, should use Form IL-1040 to report Illinois Income Tax withheld.

IL-1040 Due Date

The due date for filing your 2011 Form IL-1040 and paying any tax you owe is extended to April 17, 2012. We are following the Internal Revenue Service (IRS) in extending the due date because of the Emancipation Day holiday being observed on April 16th in the District of Columbia.

Same-Sex Civil Unions

Beginning with the 2011 tax year, if you are in a same-sex civil union you must file your Illinois return as if you had filed your federal return as married (jointly or separately), and you must file your Illinois return on paper, rather than electronically. See the filing status instructions for details.

Form IL-2210

We redesigned Form IL-2210, Computation of Penalties for Individuals, to change the way your payments are applied. We encourage you to let us figure your penalties and send you a bill instead of completing this form yourself. If you must complete this form because you are annualizing your income, please follow the instructions closely.

Form 1099-G

Next year (in January 2013), we will no longer mail 1099-G forms to report your prior year individual income tax overpayment unless you specifically request a paper form. Instead, your refund information will be available on our website beginning in January 2013. If you want us to mail you a paper Form 1099-G, you must check the appropriate box in Step 13 of your IL-1040.

Third Party Designee

You may choose to authorize another person to discuss your Form IL-1040 with us. See the Step 13 instructions for details.

Illinois Use Tax

If you owe \$600 (\$1,200 for a joint return) or less in Illinois Use Tax for 2011, use Form IL-1040 to report and pay your use tax rather than filing Form ST-44, Illinois Use Tax Return. See the Line 23 instructions for details.

Note If you owe more than \$600 in use tax, you must file Form ST-44.

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Tips

- If you are married, you must include your spouse's Social Security number and name on your Form IL-1040, even if you are filing separately.
- If you are claiming a property tax credit, you must enter your property number on Schedule ICR, Illinois Credits.
- Don't forget to include any required attachments with your Form IL-1040. See Page 14 for details.
- Use our free WebFile program to get your refund faster. Visit tax.illinois.gov or see your tax professional.

Who must file an Illinois tax return?

If you were

- **an Illinois resident**, you must file Form IL-1040 if
 - you were required to file a federal income tax return, or
 - you were not required to file a federal income tax return, but your Illinois base income from Line 9 is greater than your Illinois exemption allowance.
- **an Illinois resident who worked in Iowa, Kentucky, Michigan, or Wisconsin**, you must file Form IL-1040 and include as Illinois income any compensation you received from an employer in these states. Compensation paid to Illinois residents working in these states is taxed by Illinois. Based on reciprocal agreements between Illinois and these states, these states do not tax the compensation of Illinois residents.

If your employer in any of these states withheld that state's tax from your compensation, you may file the correct form with that state to claim a refund. You may not use tax withheld by an employer for these states as a credit on your Illinois return.

- **a retired Illinois resident** who filed a federal return, you must file Form IL-1040. However, certain types of retirement income (e.g., pension, Social Security, railroad retirement, governmental deferred compensation) may be subtracted from your Illinois income. For more information, see the instructions for Line 5 and Publication 120, Retirement Income.
- **a part-year resident**, you must file Form IL-1040 and Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax, if
 - you earned income from any source while you were a resident,
 - you earned income from Illinois sources while you were not a resident, or
 - you want a refund of any Illinois Income Tax withheld.
- **a nonresident**, you must file Form IL-1040 and Schedule NR if
 - you earned enough taxable income from Illinois sources to have a tax liability (i.e., your Illinois base income from Schedule NR, Step 5, Line 46, is greater than your Illinois exemption allowance on Schedule NR, Step 5, Line 50), or
 - you want a refund of any Illinois Income Tax withheld in error. You must attach a letter of explanation from your employer.

Note If you are a nonresident and your only income in Illinois is from one or more partnerships, S corporations, or trusts that either filed a Form IL-1023-C, Composite Income and Replacement Tax Return, on your behalf or withheld enough Illinois Income Tax to pay your liability, you are not required to file a Form IL-1040.

- **an Iowa, Kentucky, Michigan, or Wisconsin resident who worked in Illinois**, you must file Form IL-1040 and Schedule NR if
 - you received income in Illinois from sources other than wages, salaries, tips, and commissions, or
 - you want a refund of any Illinois Income Tax withheld.

If you received wages, salaries, tips, and commissions from Illinois employers, you are not required to pay Illinois Income Tax on this income. This is based on reciprocal agreements between Illinois and these states.

The reciprocal agreements do not apply to any other income you might have received, such as Illinois lottery winnings.

- **an Illinois resident who was claimed as a dependent on your parents' or another person's return**, you must file Form IL-1040 if
 - your Illinois base income from Line 9 is greater than \$2,000, or
 - you want a refund of Illinois Income Tax withheld from your pay.

Note If your parent reported your interest and dividend income through U.S. Form 8814, Parent's Election to Report Child's Interest and Dividends, do not count that income in determining if you must file your own Form IL-1040.

- **the surviving spouse or representative of a deceased taxpayer** who was required to file in Illinois, you must file any return required of that taxpayer.
- **a student**, you are not exempt from tax nor are there special residency provisions for you. However, income, such as certain scholarships or fellowships, that is not taxable under federal income tax law, is also not taxed by Illinois.
- **a nonresident alien**, you must file Form IL-1040 if your income is taxed under federal income tax law. You must attach a copy of your U.S. 1040NR, U.S. Nonresident Alien Income Tax Return, or U.S. 1040NR-EZ, U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents.

General Information

Even if you are not required to file Form IL-1040, you must file to get a refund of

- Illinois Income Tax withheld from your pay,
 - estimated tax payments you made, or
 - withholding on income passed through to you by a partnership, S Corporation, or trust.
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Who is an Illinois resident?

You are an Illinois resident if you were domiciled in Illinois for the entire tax year. Your domicile is the place where you reside and the place where you intend to return after temporary absences. Temporary absences may include duty in the U.S. Armed Forces, residence in a foreign country, out-of-state residence as a student, or out-of-state residence during the winter or summer. If you are absent from Illinois for one year or more, we will presume you are a nonresident of Illinois.

Note If you filed a joint federal return and one spouse is an Illinois resident while the other spouse is a nonresident or a part-year resident, you may file separate Illinois returns. If you file a joint Illinois return, you will both be taxed as residents.

What is Illinois income?

Your Illinois income includes the adjusted gross income (AGI) amount figured on your federal return, plus any additional income that must be added to your AGI. Some of your income may be subtracted when figuring your Illinois base income. For more information, see the Step-by-Step Instructions.

You should follow the federal law concerning passive activity income and losses. You are not required to refigure your federal passive activity losses.

Also, federal law will govern the taxation of income from community property sources in the case of spouses who are residents of different states and who file separate returns.

How may I file?

File your individual income tax return electronically by using

- WebFile, available on our website for free,
- a tax professional, or
- tax preparation software.

Almost all taxpayers can file electronically. Visit our website at tax.illinois.gov or see your tax professional. If you do not wish to file electronically, you may use the paper Form IL-1040.

When must I file?

Your Illinois filing period is the same as your federal filing period. We will assume that you are filing your Form IL-1040 for calendar year 2011 unless you indicate a different filing period in the space provided at the top of the return. The due date for calendar year filers is April 17, 2012.

We grant an **automatic six-month extension** of time to file your return. If you receive a federal extension of more than six months, you are automatically allowed that extension for Illinois. These extensions **do not** grant you an extension of time to pay any tax you owe. If you determine that you will owe tax, you must use Form IL-505-I, Automatic Extension Payment for Individuals, to pay any tax you owe to avoid penalty and interest on tax not paid by April 17, 2012.

Should I round?

You must round cents to whole dollars on Form IL-1040 and most schedules, as directed. To round you must

- drop amounts under 50 cents and
- increase amounts of 50 to 99 cents to the next dollar.

For example, \$1.49 becomes \$1 and \$2.50 becomes \$3.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round only the total.

Will I owe penalties and interest?

You will owe

- a **late-filing penalty** if you do not file a return that we can process by the extended due date.
- a **late-payment penalty** for tax not paid by the original due date of the return.
- a **late-payment penalty** for underpayment of estimated tax if you were required to make estimated tax payments and failed to pay the required amount by the payment due dates.
- 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 any IDOR-2-BILL, Final Notice of Tax Due for Form IL-1040, Individual Income Tax Return, you receive.

- **a frivolous return penalty** if you file a return that does not contain information necessary to figure the correct tax or shows a substantially incorrect tax, because you are taking a frivolous position or are trying to delay or interfere with collection of the tax.
- **interest** on unpaid 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.

What if I cannot pay?

If you cannot pay the tax you owe but you can complete your return on time, file your return by the due date without the payment. This will prevent a late-filing penalty from being assessed. You will, however, owe a late-payment penalty **and interest** on any tax you owe after the original due date, even if you have an extension of time to file.

You have the option to pay the amount you owe electronically by using our website or by credit card. See the instructions for Line 39.

When must I file an amended return?

Do not file another Form IL-1040 to make changes to a previously filed Form IL-1040. You must file Form IL-1040-X, Amended Individual Income Tax Return, if

- you discover that you made an error on your Illinois return after it was filed, or
- your federal return has been adjusted either by the Internal Revenue Service (IRS) or on a 1040X, Amended U.S. Individual Income Tax Return, you filed; the change affects your Illinois income, additions, subtractions, exemptions, or credits; and the change is final.

Note If the federal change results in a refund, **do not** file Form IL-1040-X until you receive notification that your change has been accepted by the IRS.

For more information, see Form IL-1040-X and instructions.

What if I have household employees?

You may use Form IL-1040 to pay your household employees' Illinois withholding. For more details on how to pay withholding for your employees, see the instructions for Line 22.

What if I change my address?

If you change your address after you file, visit our website or call us to tell us your new address and the date you moved.

What if I am in a civil union?

If you are in a same-sex civil union, Illinois considers you and your partner spouses for Illinois Income Tax purposes, starting with the 2011 tax year. Follow the instructions for same-sex civil unions in Step 1, Line C.

If you and your partner are treated as spouses for federal income tax purposes (such as an opposite-sex civil union), you should follow the instructions for married couples.

What if I am an injured spouse?

If you are married and you filed a joint federal return with your spouse and you are an injured spouse (e.g., your spouse owes a liability, for which you are not responsible, to a government agency), you may elect to file separate Illinois returns using the "married filing separately" filing status. You may make this election up until the extended due date of your return, and once the election is made, it is irrevocable.

Note If you file a joint Illinois return, we may take the entire refund to pay your spouse's liability.

What if I participated in a potentially abusive tax avoidance transaction?

If you participated in a reportable transaction, including a "listed transaction," during this tax year and were required to disclose that 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. You must

- attach one copy to your tax return, **and**
- mail a second copy to the Illinois Department of Revenue, P.O. Box 19029, Springfield, Illinois 62794-9029.

Note Employee benefit plans and other subtractions allowed on Form IL-1040, Lines 5 through 7, are not reportable transactions. For more information, contact the IRS or your tax professional.

Step 1 Personal Information

Note If you are filing a joint Illinois return with a same-sex civil union partner, all references to “spouse” apply to your partner.

Line A Social Security number

Write your Social Security number (SSN) and your spouse’s SSN, even if you are married filing separate returns.

Note If you do not qualify for a SSN and were issued an Individual Taxpayer Identification Number (ITIN) by the IRS, write your ITIN.

Line B Name and address

Print your full name and address. If you are married and filing a joint return, print both names as they appear on your federal return. If you are married and filing separate returns, print your full name and your spouse’s full name.

Tip Filing a decedent’s return

When you are filing a joint return as a surviving spouse,

- print your name and your spouse’s name on the appropriate lines.
- write “deceased” and the date of death above your spouse’s name.
- sign your name in the area provided for your signature, and write “filing as surviving spouse” in place of the decedent’s signature.

If you, as the surviving spouse, are due a refund, the refund will be issued directly to you.

When you are filing a return on behalf of a single deceased taxpayer,

- print the name of the taxpayer on the appropriate line.
- write “deceased” and the date of death above the decedent’s name.
- write “in care of,” and the executor’s name and address.

A personal representative, such as an executor or administrator must sign and date the return. The representative’s title and telephone number must be provided.

Attach If a refund is due, attach Form IL-1310, Statement of Person Claiming Refund Due a Deceased Taxpayer.

Tip Foreign addresses

Write your

- street address on the “Mailing address” line.
- apartment number, if applicable.
- city, province or state, and postal code on the “City, State, ZIP” lines in that order. Follow the country’s practice for entering the postal code.
- country name on the “Foreign Nation” line. Do not abbreviate the country name.

Line C Filing status

In general, you should use the same filing status as on your federal return. However,

- if you file a joint federal return and you are an injured spouse (e.g., your spouse owes a liability, for which you are not responsible, to a government agency), you should file separate Illinois returns using the “married filing separately” filing status. In this case, you must divide the income shown on your joint federal return between your separate Illinois returns following the federal Form 8379, Injured Spouse Allocation, Part III.

You may choose to file separately as an injured spouse only until the extended due date of the return, and once you choose a filing status the decision is irrevocable for the tax year.

Note If you choose to file a joint Illinois return, we may take the entire refund to pay your spouse’s liability.

- if you file a joint federal return and one spouse is a full-year Illinois resident while the other is a part-year resident or a nonresident (e.g., military personnel), you may choose to file “married filing separately.” In this case, each spouse must determine income and exemptions as if he or she had filed separate federal returns.

If you choose to file a joint Illinois return, you must treat both your spouse and yourself as residents. This election is irrevocable for the tax year. You may be allowed a credit for income tax paid to another state on Schedule CR. For more information, see the Schedule CR instructions.

- if you are in a same-sex civil union as of December 31, 2011, you must file a paper Form IL-1040 with your civil union partner using either the “married filing jointly” or “married filing separately” filing status.

Since a same-sex civil union couple may not file a federal return using a married filing status,

- if you and your partner choose to file a joint Illinois return, you must complete a federal “as-if-married-filing-jointly” return, for Illinois purposes only.
- if you and your partner choose to file separate Illinois returns, you must complete federal “as-if-married-filing-separately” returns, for Illinois purposes only.

Complete your federal “as-if-married” return, including all schedules and attachments, applying all the federal rules for the married filing status you choose. Enter the federal “as-if-married” return information where Illinois requires federal information. **Do not** file your federal “as-if-married” return with the IRS.

Note If you choose to file a joint Illinois return, you and your partner will both be liable for the joint tax liability, and each partner’s share of any joint refund may be applied against unpaid liabilities of the other partner.

Note If you are an Illinois resident, and your partner is not, and you choose to file a joint Illinois return, you must treat both yourself and your partner as residents.

Line D Same-sex civil union

Check the box if you are in a same-sex civil union.

Attach Your federal “as-if-married” return, including all schedules and attachments.

Step 2 Income

Line 1 Adjusted gross income

Write the adjusted gross income from your federal return. If you are not required to file a federal income tax return, use a federal 1040 as a worksheet to determine your adjusted gross income.

Tip Net operating loss (NOL)

If you have a federal NOL this year, you may write a negative amount on Line 1. However, you must reduce that amount by any NOL that you carry back to prior years.

If you deducted an NOL carryforward on your federal return for this year and some of that NOL remains available to carry forward to next year, the amount on Line 1 should be your federal adjusted gross income computed without deducting the NOL carryforward, minus the amount of "Modified Taxable Income" on Line 9 of the federal Worksheet for NOL Carryover found in Table 1 of IRS Publication 536, Net Operating Losses (NOLs) for Individuals, Estates, and Trusts.

Line 2 Federally tax-exempt income

Write the amount of federally tax-exempt interest and dividend income reported on U.S. 1040, U.S. Individual Income Tax Return, or U.S. 1040A, U.S. Individual Income Tax Return, Line 8b or to the left of U.S. 1040EZ, Income Tax Return for Single and Joint Filers With No Dependents, Line 2.

Note Your distributive share of federally tax-exempt interest and dividend income received from a partnership, S corporation, trust, or estate is added back on Schedule M, Line 2.

Line 3 Other additions

Complete Schedule M if you have any of the following items:

- your child's federally tax-exempt interest and dividend income as reported on U.S. Form 8814
- a distributive share of additions you received from a partnership, S corporation, trust, or estate
- Lloyds plan of operations loss, if reported on your behalf on Form IL-1023-C, and included in your adjusted gross income
- earnings distributed from IRC Section 529 college savings and tuition programs if these earnings are not included in your adjusted gross income, Line 1
- an addition amount calculated on Form IL-4562, Special Depreciation
- business expense recapture (nonresidents only)
- recapture of deductions for contributions to Illinois college savings plans transferred to an out-of-state plan
- credit received on Schedule 1299-C for student-assistance contributions made as an employer on behalf of your employees
- deductions claimed in prior years for college savings plan contributions if you made a nonqualified withdrawal this tax year
- any other amounts that you are required to add to your federal adjusted gross income

For more information, see the Schedule M instructions.

Attach Schedule M and any required supporting documents.

Step 3 Base Income

Line 5 Social Security benefits and certain retirement plans

You may subtract most retirement income if it is included in Form IL-1040, Line 1. This includes income from

- **qualified employee benefit plans** (including railroad retirement and 401(K) plans) reported on U.S. 1040, Line 16b, or U.S. 1040A, Line 12b.
- **Individual Retirement Accounts or self-employed retirement plans** reported on U.S. 1040, Line 15b, or U.S. 1040A, Line 11b.
- **Social Security and railroad retirement benefits** reported on U.S. 1040, Line 20b, or U.S. 1040A, Line 14b.
- **government retirement and government disability plans and group term life insurance premiums paid by a qualified retirement plan** reported as wages on your U.S. 1040 or 1040A, Line 7.
- **state or local government deferred compensation plans** reported on U.S. 1040, Line 7 or 16b, or U.S. 1040A, Line 7 or 12b.

- **capital gains on employer securities** reported on U.S. 1040, Line 13.
- **retirement payments made directly to retired partners** reported on U.S. 1040, Line 17.

For more information, see Publication 120.

Attach U.S. Form 1040 or 1040A, Page 1 (if same-sex civil union, Page 1 from federal "as-if-married" return) and any W-2 and 1099 forms. If your retirement income is not reported on your U.S. 1040, Line 15b, 16b, and 20b or U.S. 1040A, Lines 11b, 12b, and 14b or shown on your W-2 and 1099 forms, see Publication 120 for a list of any additional required attachments.

Line 6 Illinois Income Tax overpayment

Write the total amount of any **Illinois** Income Tax overpayment (including any amount that was credited to another tax liability) reported as income on your 2011 U.S. 1040, Line 10. Do not include other states' refunds on this line.

Note If you filed a U.S. 1040A or U.S. 1040EZ, you may not take this subtraction.

Lines 7-14

Line 7

Other subtractions

You may be entitled to subtract other items from your income. See the instructions for Schedule M to see if you are eligible for other subtractions.

Attach Schedule M and any required supporting documents.

Line 9

Base income

This line may not be less than zero. If the result is a negative number, write "zero."

Step 4

Exemptions

Line 10

Illinois exemption allowance

Line 10a

If you filed

- U.S. Form 1040 or 1040A, your number of exemptions is found in box 6d of your federal return.
- U.S. Form 1040EZ, your number of exemptions is
 - **0** - if you are single and you checked the "You" box on Line 5 of your federal return, or if you are married filing jointly and you checked both the "You" and "Spouse" boxes on Line 5 of your federal return.
 - **1** - if you are single and did not check the "You" box on Line 5 of your federal return, or if you are married filing jointly and you checked only one box (either "You" or "Spouse") on Line 5 of your federal return.
 - **2** - if you are married filing jointly and did not check either box on Line 5 of your federal return.

Note If you did not file a federal return, use the U.S. 1040 as a worksheet, and write the number of exemptions you would have claimed if you had filed one.

Line 10b

If someone else can claim you as a dependent and your Illinois base income (Form IL-1040, Line 9, or Schedule NR, Line 46) is

- \$2,000 or less, your number of exemptions is **1**.
- greater than \$2,000, your number of exemptions is **0**.

Note If your Illinois base income is \$4,000 or less, you are married filing jointly, and both of you can be claimed as dependents on someone else's return, your number of exemptions is **2**.

Line 10c

If you (or your spouse if married filing jointly) were 65 or older, check the appropriate box(es). Your number of exemptions is equal to the number of boxes checked.

Line 10d

If you (or your spouse if married filing jointly) were legally blind, check the appropriate box(es). Your number of exemptions is equal to the number of boxes checked.

Step 5

Net Income

Line 11

Illinois residents only – Net income

This line may not be less than zero. If the result is a negative number, write "zero."

Line 12

Nonresidents and part-year residents only – Residency and Illinois income

First, check the box to identify whether you were a nonresident or a part-year resident of Illinois during 2011.

Next, complete Schedule NR. Write the amount from Schedule NR, Line 46, on Line 12. **This line may not be less than zero.**

Attach Schedule NR.

Step 6

Tax

Line 13

Tax amount

Illinois residents: Follow the instructions on the form.

Nonresidents and part-year residents only: Write your tax from Schedule NR, Line 52. **This line may not be less than zero.**

Attach Schedule NR.

Line 14

Recapture of investment tax credits

If you claimed an investment credit in a previous year, and the property considered in the computation of that investment credit was disqualified within 48 months after being placed in service, you must complete Schedule 4255, Recapture of Investment Tax Credits, and write the recapture amount on this line.

Attach Schedule 4255.

Step 7

Tax After Nonrefundable Credits

Line 16

Income tax paid to another state – Illinois residents and part-year residents only

If you were taxed by another state on income you received while you were an Illinois resident, you may be entitled to this credit. See the Schedule CR instructions and Publication 111, Illinois Schedule CR for Individuals, to see if you are eligible to take this credit.

Attach Schedule CR, Pages 1 through 3.

Line 17

Property tax and K-12 education expense credit

You may be entitled to credit for property tax and K-12 education expenses you paid. See the instructions for Schedule ICR to see if you are eligible for these credits.

Attach Schedule ICR and any required supporting documents.

Line 18

Credit from Schedule 1299-C

You may be entitled to credits from Schedule 1299-C. See the instructions for Schedule 1299-C to determine if you are eligible for these credits.

Attach Schedule 1299-C and any required supporting documents.

Line 19

Total nonrefundable payments and credits

Add Lines 16, 17, and 18, and write the total on Line 19.



IL-1040, Line 16 + Line 17 + Line 18 cannot be greater than Line 15.

Step 8

Other Taxes

Line 22

Household employment tax

Write the amount of Illinois Income Tax you withheld from a household employee. You may no longer use Form UI-WIT to report Illinois Income Tax withheld from your household employee. See Publication 121 for details on how to figure the amount to withhold and report.

Note Do not report household employee withholding here if you have already reported or paid this amount using Form IL-941, Illinois Withholding Income Tax Return, or Form IL-501, Payment Coupon.

Line 23

Use tax

If you owe \$600 or less in use tax for 2011, use Form IL-1040 to report and pay your use tax. Use the Use Tax (UT) Worksheet or Use Tax (UT) Table and write the result on Line 23. You **must** make an entry on Line 23 (write zero if you are not paying use tax on Form IL-1040).

Note If you owe more than \$600 in use tax,

- you must file Form ST-44, Illinois Use Tax Return, and
- if you do not file Form ST-44, we will determine that you did not file a use tax return.

Note If you are filing a joint return with your spouse, each spouse may report and pay up to \$600 use tax on Form IL-1040 (\$1,200 per joint return).

What is Illinois Use Tax?

Illinois Use Tax is a sales tax that you, as the purchaser, owe on items that you buy for use in Illinois. If the seller does not collect this tax, you must pay the tax to the Illinois Department of Revenue (IDOR). The most common purchases on which the seller does not collect Illinois Use Tax are those made through the internet, from a mail order catalog, or when traveling outside Illinois.

When must I pay Illinois Use Tax to IDOR?

You must pay Illinois Use Tax to IDOR if

- the items you bought are taxable in Illinois,
- you used or consumed these items in Illinois, **and**
- when you purchased the items you **either**
 - did not pay any sales tax to the seller, **or**
 - paid sales tax at less than Illinois' Use Tax rates of 6.25 percent for general merchandise and 1 percent for food and drugs.

For example, if you purchased

- a computer over the internet for use in Illinois and paid no sales tax, you owe 6.25 percent Illinois Use Tax.
- jewelry while vacationing in Georgia upon which you paid 4 percent sales tax and which you brought back to Illinois, you will owe Illinois Use Tax on the 2.25 percent difference in tax rates.

Line 23

- cheese by mail order from a company in Wisconsin and paid no sales tax, you owe 1 percent Illinois Use Tax.

How do I determine the Illinois Use Tax I owe?

To determine the Illinois Use Tax you owe, check your records to see if you were charged tax on internet, mail order, or other out-of-state purchases and use the Use Tax (UT) Worksheet to calculate your tax. If your records are incomplete and you had

- major purchases, add the actual cost of your major purchases to the estimated cost of any other purchases you made during the year. Enter the total on Lines 1a or 2a of the UT Worksheet to calculate the use tax you owe.

- no major purchases, use the UT Table to help you estimate the use tax you owe.

Enter the Illinois Use Tax from the UT Worksheet or UT Table on Form IL-1040, Line 23.

Note If we find that you owe additional tax, we may assess the additional tax plus applicable penalties and interest. We conduct routine audits based on information received from third parties, including the U.S. Customs Service and other states.

Use Tax (UT) Table

If you had no major purchases and you do not have receipts to figure your purchases, use this table to estimate your annual Illinois Use Tax liability.

AGI (from IL-1040, Line 1)	Use Tax
\$0 - \$10,000	\$3
\$10,001 - \$20,000	\$9
\$20,001 - \$30,000	\$15
\$30,001 - \$40,000	\$21
\$40,001 - \$50,000	\$27
\$50,001 - \$75,000	\$38
\$75,001 - \$100,000	\$52
Above \$100,000	Multiply AGI by 0.06% (0.0006)

Use Tax (UT) Worksheet

Complete this worksheet to report and pay your use tax on Form IL-1040. If your annual use tax liability is over \$600 (\$1,200 if married filing jointly), you must file and pay your use tax with Form ST-44.

Note Do not include any

- items for which you paid sales tax in another state (but not in another country) of
 - 6.25% or more on Line 1a and
 - 1% or more on Line 2a.
- sales tax you paid in another state, on Line 4, for items not included in Lines 1a or 2a.

1a Write the total cost of general merchandise you purchased to use in Illinois on which you did not pay the required amount of Illinois Use Tax.	1a _____ .00	
1b Multiply Line 1a by 6.25% (.0625). Round the result to whole dollars.		1b _____ .00
2a Write the total cost of qualifying food, non-prescription drugs, and medical appliances you purchased to use in Illinois on which you did not pay the required amount of Illinois Use Tax.	2a _____ .00	
2b Multiply Line 2a by 1% (.01). Round the result to whole dollars.		2b _____ .00
3 Add Lines 1b and 2b. This is your use tax on purchases.		3 _____ .00
4 Write the amount of sales tax you paid in another state (not in another country) on the items included on Lines 1a and 2a.		4 _____ .00
5 Subtract Line 4 from Line 3. Write the result here and on Form IL-1040, Line 23 (if the result is less than zero, write zero).	→	5 _____ .00

Note Be sure to keep this worksheet with your income tax records. You must send us this information if we request it.

Step 9 Payments and Refundable Credit

Line 25

Illinois Income Tax withheld

Write the total Illinois Income Tax withheld in 2011 as shown on your W-2, Wage and Tax Statement, forms. This amount is generally found on your W-2 forms in Box 17, state income tax. Also include any Illinois Income Tax withheld as shown on your Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., Form 1099-G, Certain Government Payments, and Form W-2G, Certain Gambling Winnings.

Attach a copy of each W-2, 1099-R, 1099-G, and W-2G form.

Line 26

Estimated income tax payments

Write the total of any payments you made with

- Form IL-1040-ES, Estimated Income Tax Payments for Individuals;
- Form IL-505-I; and
- any overpayment applied to your 2011 estimated tax from Line 37 of your 2010 return.

Note If you expect your yearly tax liability to be greater than \$500 after subtracting your withholding, pass-through entity tax payments, and credits, you may be required to make estimated income tax payments. For more information, see Line 32 and the instructions for Form IL-2210, Computation of Penalties for Individuals.

Line 27

Pass-through entity tax payments

Write the total of any pass-through entity tax payments (income tax paid) made on your behalf by a partnership, S corporation, or trust and shown on Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credit, and Recapture, or K-1-T, Beneficiary's Share of Income and Deductions, for this tax year.

Note If you have income from a partnership or S corporation and you were included on a Form IL-1023-C, you may enter your share of taxes paid on your behalf on Line 27.

Attach Schedule K-1-P or K-1-T.

Line 28

Earned Income Credit

If you qualified for a federal Earned Income Credit (EIC), you also qualify for the Illinois Earned Income Credit.

Complete Schedule ICR to determine the amount of your credit.

Attach Schedule ICR.

Line 29

Total payments and refundable credit

Add Lines 25, 26, 27, and 28, and write the total on Line 29.

Step 11 Underpayment of Estimated Tax Penalty and Donations

Line 32

Late-payment penalty for underpayment of estimated tax

If you

- have a tax liability greater than \$500 after subtracting your withholding, pass-through entity tax payments, and credits, or
- were required to make estimated tax payments and failed to pay the required amount by the payment due dates, you may owe a late-payment penalty for underpayment of estimated tax. See Form IL-2210 for details.

Note If you are 65 years of age or older and you permanently live in a nursing home or if at least two-thirds of your federal gross income is from farming, you are not required to make estimated tax payments and are not subject to a late-payment penalty for underpayment of estimated tax.

Note If you owe this penalty, you should consider increasing your withholding or the amount of your estimated tax payments. For more information, see the Form IL-1040-ES instructions and Form IL-W-4, Employee's Illinois Withholding Allowance Certificate.

Tip Let us figure your penalty and bill you

Figuring your own penalty can be difficult. We encourage you to file your Form IL-1040 and pay the tax you owe without including any penalty. If you owe this penalty, we will figure the amount and bill you.

Note If you annualized your income, you must complete Form IL-2210. See the instructions for Line 32c.

Line 32a

Farmers

Check the box if at least two-thirds of your total federal gross income came from farming. Total federal gross income includes your spouse's income if your filing status is "married filing jointly."

Tip Federal gross income from farming

"Federal gross income from farming" is the amount of income you received from your participation in the production of crops, fruits, fish, livestock (used for draft, breeding, or dairy purposes), or other agricultural products. This includes income from the operation of a stock, dairy, poultry, fruit, or truck farm, plantation, ranch, nursery, range, or orchard – regardless of whether the operation is organized as a sole proprietorship, a partnership, an S corporation, or a trust. "Federal gross income from farming" also includes a share of crops produced in exchange for the use of the land.

Lines 32a-38

"Federal gross income from farming" does not include payments from the sale of farm land and farm equipment, nor does it include income received by a custom grain harvester who performs grain harvesting and hauling services on farms he or she does not own, rent, or lease. It also does not include the wages of a farm employee or cash rent.

Line 32b

Nursing home residents

Check the box if you or your spouse are 65 years of age or older and permanently living in a nursing home.

Line 32c

Annualized income

Check the box if you annualized your income on Form IL-2210, Step 6.

Attach Form IL-2210.

Line 33



Donations

You may contribute to one or more charitable contribution funds. Contributions to the funds may be in any amount of \$1 or more and will decrease your refund or increase your balance due. You cannot change your contributions to these funds on an amended return.

Attach Schedule G, Voluntary Charitable Donations.

Step 12 Refund or Amount You Owe

Line 36

Refund

We will not refund any amount less than \$1. We will also reduce any overpayment by the amount of any outstanding tax, penalties, and interest you owe and by amounts you owe to other agencies or governments, if those debts have been certified to us.

Line 37

Direct deposit your refund

If you use direct deposit, you will get your refund faster.



Direct deposit into checking or savings

If you choose to deposit your refund directly into your checking or savings account, you must

- enter your routing number.
 - For a checking account, your routing number must be nine digits and the first two digits must be 01 through 12 or 21 through 32.
The sample check on the next page has an example of a routing number.
 - For a savings account, you must contact your financial institution for your routing number.
- check the appropriate box to indicate that you want your refund deposited into your checking or savings account.
- enter your account number.
 - For a checking account, your account number may be up to 17 digits.
The sample check on the next page has an example of an account number.
 - For a savings account, you must contact your financial institution for your account number.

Do not take your account and routing numbers from your checking or savings account deposit slip or include your check number. Include hyphens, but omit spaces and special symbols. You may have unused boxes.

Note Some financial institutions may not allow a refund to be deposited into an account if the names on the account are not the same names that appear on the refund. If your financial institution does not honor your request for direct deposit, we will send you a check instead.

Note We do not support international ACH transactions. We will only deposit refunds into accounts located within the United States. If your financial institution is located outside the United States, we will send you a check instead of depositing your refund into your account.



Direct deposit into "Bright Start" or "Bright Directions"

If you choose to deposit your refund into your "Bright Start" or "Bright Directions" College Savings Pool account, follow the instructions below.

For "Bright Start" you must,

- enter "101000695" as the routing number.
- check the "Savings" box.
- enter "1111514" plus your ten digit "Bright Start" account number.

For "Bright Directions" you must,

- enter "104910795" as the routing number.
- check the "Savings" box.
- enter "529" plus your nine digit "Bright Directions" account number.

Line 38

Overpayment applied to next year

We will reduce any credit to your 2012 estimated tax by the amount of any outstanding tax, penalties, and interest you owe. If your credit is reduced, you may owe a late-payment penalty for underpayment of estimated tax for the following year. For more information, see Form IL-1040-ES.

Note You may elect to apply some or all of your overpayment toward your 2012 estimated tax only on a 2011 return filed by the extended due date (October 15, 2012, for calendar year filers).

Line 39

Amount you owe

If you owe less than \$1, you do not have to pay, but you still must file your tax return.

Your tax payment is due on or before April 17, 2012.



Payment options

You may pay by

- **WebPay.** To have your payment electronically taken from your checking or savings account,
 - visit our website at tax.illinois.gov, or
 - ask your tax professional.

You need the same information that is required for direct deposit (see the instructions for Line 37) plus your IL-PIN (Illinois Personal Identification Number).

Warning: Many credit unions will not allow an electronic debit from a savings account. Please check with your financial institution.

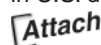


We do not support international ACH transactions. We will only debit your account if your financial institution is located within the United States. If your financial institution is located outside the United States, you must choose another payment option.

- **credit card.** Use your MasterCard, Discover, American Express, or Visa. The credit card service provider will assess a convenience fee. Have your credit card ready and visit our website or call one of the following:
 - **Official Payments Corporation** at 1 800 2PAYTAX (1 800 272-9829). You will need a Jurisdiction Code, which is 2300.
 - **Value Payments Systems** at 1 888 9-PAY-ILS (1 888 972-9457).
 - **FIS** at 1 877 57-TAXES (1 877 578-2937).

- **check or money order.** Make the check or money order payable to “**Illinois Department of Revenue**” (not IRS). Write the taxpayer’s Social Security number, the spouse’s Social Security number if filing jointly, and the tax year in the lower left corner of the payment.

Payments must be U.S. negotiable currency, expressed in U.S. dollars, and drawn on a U.S. bank.



Staple your check or money order to the front of your paper Form IL-1040.



Late filing or late payment

If you do not file or pay your tax on time, you may owe penalties and interest. We will send you a bill. If you prefer to figure the penalties yourself, complete Form IL-2210.

Sample check for Line 37, direct deposit and Line 39, WebPay

The image shows a sample check form with the following details:

- Payee:** Dylan Taxpayer, Jenna Taxpayer, 1040 Square, Lincoln Land, IL 12345
- Date:** _____
- Amount:** \$ _____ DOLLARS
- Pay to the order of:** _____
- Bank:** The Land Bank, Land IL 12345
- Routing number:** 123456789
- Account number:** 9101112131415
- Check number:** 9876
- Annotation:** Do not include your check number

Step 13 Sign and Date, Third Party Designee, and 1099-G Information

Sign and date

You, and your spouse if filing jointly, must sign and date your return. If you are filing for a minor as a parent or guardian, you must sign and date the return.

If you do not sign your return,

- it will not be considered filed and you may be subject to a nonfiler penalty.
- and three years have passed since the extended due date of that return, any overpayment will be forfeited.

Attach

Staple all required copies of forms and schedules, powers of attorney, and letters of estate or office to the tax return.

Third party designee (optional)

If you want to allow another person to discuss this return with us, check the box and print the designee's name and telephone number. The authorization will allow your designee to answer any questions that arise during the processing of your return, call us with questions about your return, and receive or respond to notices we send. The authorization will automatically end no later than the due date for filing your 2012 tax return. This is April 15, 2013, for most people. You may revoke the authorization at any time by calling or writing us.

Form 1099-G information

Beginning next year (in January 2013), we will no longer mail 1099-G forms to report your prior year individual income tax overpayment unless you specifically request a paper form. Instead, your refund information will be available on our website beginning in January 2013. If you want us to mail you a paper Form 1099-G, you must check the box.

Tip

Mailing your income tax return

If **no payment** is enclosed, mail your return to:

ILLINOIS DEPARTMENT OF REVENUE
PO BOX 1040
GALESBURG IL 61402-1040

If a **payment** is enclosed, mail your return to:

ILLINOIS DEPARTMENT OF REVENUE
SPRINGFIELD IL 62726-0001



- **Attach supporting documents** to your return.
- If you have an entry on any of the lines identified below and do not attach the required supporting documents to your return, your entry will be disallowed, and any refund you are entitled to will be delayed.

If you completed:

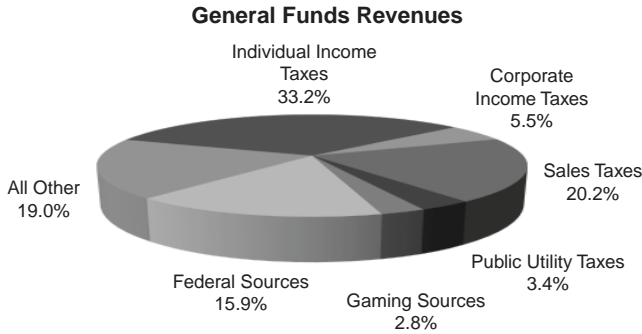


<p>→ Line D → Same-sex civil union return</p> <p>→ Line 3 → Other additions</p> <p>→ Line 5 → Social Security benefits and certain retirement plan income</p> <p>→ Line 7 → Other subtractions</p> <p>→ Line 12 → Nonresident or part-year resident</p> <p>→ Line 14 → Recapture of investment credits</p> <p>→ Line 16 → Income tax paid to another state</p> <p>→ Line 17 → Property tax and education expense credit</p> <p>→ Line 18 → Credit from Schedule 1299-C</p> <p>→ Line 25 → Illinois Income Tax withheld</p> <p>→ Line 27 → Pass-through entity tax payments</p> <p>→ Line 28 → Earned Income Credit</p> <p>→ Line 32 → Self-assessed penalty</p> <p>→ Line 33 → Donations</p>	<p>✓ Federal "as-if-married" return including all schedules and attachments</p> <p>✓ Schedule M and any required support listed on Schedule M</p> <p>✓ U.S. 1040 or U.S. 1040A, Page 1 (if same-sex civil union, Page 1 from federal "as-if-married" return)</p> <p>✓ Form W-2, if applicable</p> <p>✓ 1099-R, RRB-1099, or SSA-1099, if applicable</p> <p>✓ U.S. 1040, Schedule D, Pages 1 and 2, if applicable</p> <p>✓ Form IL-4644, if applicable</p> <p>✓ Schedule M and any required support listed on Schedule M</p> <p>✓ Schedule NR</p> <p>✓ Schedule 4255</p> <p>✓ Schedule CR, Pages 1 through 3</p> <p>✓ Schedule ICR, including the K-12 Education Expense Credit Worksheet</p> <p>✓ Receipt for education expenses you received from your student's school, if applicable</p> <p>✓ Receipts for education expenses, if home schooled</p> <p>✓ Schedule 1299-C</p> <p>✓ All W-2, 1099-R, 1099-G, and W-2G forms showing Illinois Income Tax withheld. Be sure to attach to the front of your Form IL-1040.</p> <p>✓ Schedule K-1-P or K-1-T</p> <p>✓ Schedule ICR</p> <p>✓ Form IL-2210, if you annualized your income and checked the box on Line 32c</p> <p>✓ Schedule G</p>
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STATE OF ILLINOIS COMPTROLLER JUDY BAAR TOPINKA

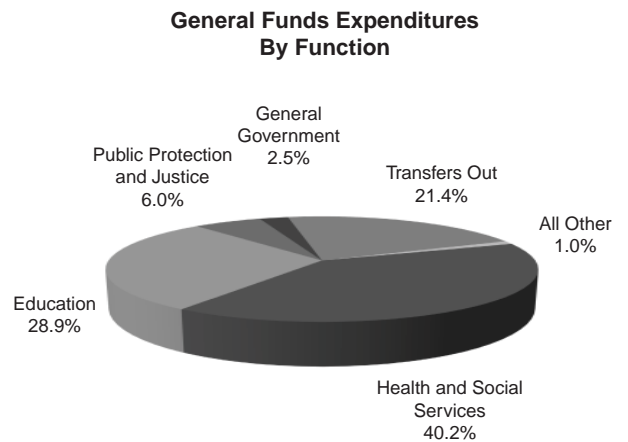
Where the Fiscal Year 2011 Dollar Came From



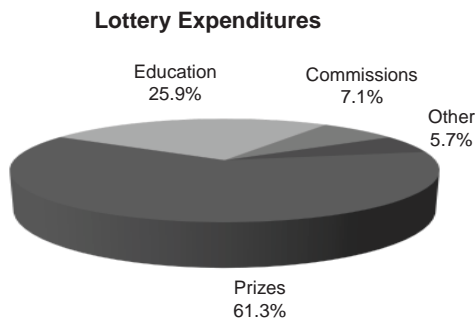
General Funds revenues totaled \$33.797 billion in fiscal year 2011. The largest source of revenue to the General Funds was the personal income tax with receipts of \$11.225 billion accounting for 33.2% of the total. Sales taxes were the second largest source of revenue with \$6.833 billion or 20.2% of the total. Other major sources included federal revenues of \$5.386 billion (15.9%), corporate income taxes of \$1.851 billion (5.5%), gaming sources of \$956 million (2.8%), and public utility taxes of \$1.147 billion (3.4%). All other sources of revenue, including cigarette, liquor, insurance, inheritance, short-term borrowing, and other miscellaneous sources totaled \$6.399 billion for fiscal year 2011 and accounted for 19.0%.

How the Fiscal Year 2011 Dollar Was Spent

Preliminary expenditures from the General Funds totaled \$32.375 billion in fiscal year 2011, \$1.422 billion less than revenues. Health and Social Services expenditures, which include spending for medical assistance, children and family services, the operation of mental health and developmentally disabled facilities and other related services, totaled \$13 billion in fiscal year 2011 accounting for 40.2% of total General Funds expenditures. Education encompassed the second largest portion (28.9%) of the General Funds budget with fiscal year 2011 spending of \$9.368 billion including \$7.222 billion for elementary and secondary education and \$2.146 billion for higher education. Transfers out of \$6.937 billion from the General Funds primarily supported local governments, debt service payments on bonds issued, and repayment for short-term borrowing. Spending for Public Protection and Justice of \$1.936 billion included funding for the operation of prisons, courts, and law enforcement. Other areas of spending included General Government (\$813 million) as well as \$343 million for such things as employment and economic development, environmental assistance, refunds, and transportation related items.



How the Fiscal Year 2011 Lottery Dollar Was Spent



Total Illinois lottery expenditures of \$2.265 billion in fiscal year 2011 included \$1.389 billion (61.3%) for prizes, \$586 million (25.9%) in transfers to the Common School Fund for education, \$54 million in transfers to the Capital Projects Fund (2.4%), \$161 million (7.1%) paid out in agent and vendor commissions, \$72 million (3.2%) for the operation of the Illinois Lottery, and \$4 million (.2%) in transfers for special tickets. The instant games and Pick 3 game paid out the largest dollar amount of prizes with \$891 million and \$142 million respectively. Other game payoffs included Mega Millions/Megaplier (\$85 million), Pick 4 (\$92 million), Little Lotto (\$58 million), Lotto (\$64 million), Powerball/Power Play (\$47 million), and Millionaire Raffle (\$9 million). The two largest line items of operational expenses for the Illinois Lottery included advertising (\$19.4 million) and game development (\$7.2 million).

These numbers are unaudited and are on the accrual basis of accounting. These amounts may differ on the cash basis of accounting for the fiscal year.

For Tax Assistance



→ Visit our website for faster, easier service - 24 hours a day, 7 days a week.

- Learn about our electronic filing and payment options and get your IL-PIN
- Get your 1099-G amount
- Check your estimated payments
- Check your refund status
- Get information about a notice or a bill
- Get answers to frequently asked questions
- Find a tax professional in your area
- Change your address
- Get information about Illinois Use Tax and Illinois Cigarette Use Tax you may owe

Phone — Call 1 800 732-8866 or 217 782-3336

- to speak with our staff . . . Business hours: 8:00 a.m. to 5:00 p.m. Monday through Friday
Extended telephone hours for 2011 filing season:
April 9 - April 12, 2012 8:00 a.m. - 6:00 p.m.
April 13, April 16, and April 17, 2012 7:30 a.m. - 6:00 p.m.
- for automated tax assistance . . . 24 hours a day, 7 days a week

The number for our TDD (telecommunications device for the deaf) is 1 800 544-5304.

Walk-in —

Business hours for the Springfield office are 8:00 a.m. to 5:00 p.m. Monday through Friday.

Springfield, IL — Willard Ice Building — 1 800 732-8866 or 217 782-3336
101 West Jefferson Street — 62702

Business hours for the following are 8:30 a.m. to 5:00 p.m. Monday through Friday.

Chicago — James R. Thompson Center — 1 800 732-8866
100 West Randolph Street — Concourse Level — 60601

Des Plaines — Maine North Regional Building — 847 294-4200
9511 West Harrison Street — 60016

Fairview Heights — 618 624-6773
15 Executive Drive — Suite 2 — 62208

Marion — 618 993-7650
2309 West Main Street — Suite 114 — 62959

Rockford — 815 987-5210
200 South Wyman Street — 61101

For Forms, Instructions, and Publications

- Visit our website at tax.illinois.gov.
- Call our 24-hour Forms Order Line at 1 800 356-6302. Our telephones are available seven days a week.
- Write to Illinois Department of Revenue, P.O. Box 19010, Springfield, Illinois 62794-9010.
- During the filing season, Illinois forms are available at most post offices and libraries and at any taxpayer assistance office.

Other Assistance

- For federal tax information — Call the IRS at 1 800 829-1040 or visit their website at www.irs.gov.
- For other free tax help for low-income and senior taxpayers — Visit a free tax preparation assistance location. To locate a site near you, visit our website, call us, or, if you live in Chicago, call 311.