



Illinois Department of Revenue

Informational Bulletin

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Director of Revenue

For information or forms...

- Call us at:
1 800 732-8866 or
217 782-3336
- Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304
- Write us at:
Illinois Department of Revenue
P.O. Box 19044
Springfield, IL 62794-9044
- Visit our web site at:
tax.illinois.gov
- Call our 24-hour
Forms Order Line at:
1 800 356-6302

This bulletin is written to
inform you of recent
changes; it does not replace
statutes, rules and regula-
tions, or court decisions.

Correction to 2004 Schedule J, Foreign Dividends

To: All income tax preparers and Form IL-1120
and IL-1120-ST filers

The purpose of this bulletin is to provide information about an error on the 2004 Illinois Schedule J, Foreign Dividends, and to provide guidance on how to correctly complete the schedule.

What is the error?

In 2004, The American Jobs Creation Act of 2004, Internal Revenue Code Section 965, allows a new deduction for dividends received by a corporation from a foreign corporation. The deduction is 85 percent of the dividends, and is reported on U.S. 1120, Schedule C, Line 12.

Because the Illinois Schedule J is directly related to the U.S. 1120, Schedule C, two lines were added to the Illinois Schedule J.

Line 5 of the Schedule J states to "Write the following amounts from Federal Schedule C: the portion of Line 12 that is from 80% or greater owned foreign corporations."

Line 6 states to "Write the following amounts from Federal Schedule C: the portion of Line 12 that is from less than 80% owned foreign corporations."

On the Schedule J, Column B, federal special deduction, Lines 5 and 6 are

shaded, indicating that you do not need to subtract these amounts from federal Schedule C, Line 12, Column C, when figuring the net amount to base the Illinois deduction allowance.

This is incorrect. Schedule J, Column B should not have been shaded for Lines 5 and 6.

Has the problem been corrected?

The error has been corrected on the 2005 Schedule J. Any deduction of this type that you may take can be calculated correctly on the 2005 Schedule J. The form can be obtained from our web site at www.tax.illinois.gov.

What do I need to do for my 2004 Illinois tax return?

If you have not yet filed your 2004 return, file the return using the 12/05 revision of the Schedule J. If you have already filed your 2004 return using the incorrect version of Schedule J, and you completed Schedule J, Lines 5 and 6 incorrectly, complete and submit a corrected Schedule J, using the 12/05 revision. Corrected Schedule J may be submitted to Illinois Department of Revenue, Business Processing Division, P.O. Box 19004, Springfield, IL 62794-9004.

