



2005 Schedule M Other Additions and Subtractions (for IL-1120 filers)

or Fiscal year beginning ____/____/____, 2005, and ending ____/____/____, 20____

Attach to your Form IL-1120

Read this information first

Complete this schedule if you are required to add certain income on Form IL-1120, Line 8, or entitled to take subtractions on Line 23.

Step 1: Provide the following information

Write your name as shown on Form IL-1120. _____

Write your FEIN. _____

Step 2: Figure your additions for Form IL-1120, Line 8

Write the amount of

- 1 Capital gain taxed under IRC Section 852(b)(3). 1 _____|_____
- 2 Notes, bonds, debentures, or obligations issued by the Governments of Guam, Puerto Rico, or the Virgin Islands not included on Form IL-1120, Line 1. 2 _____|_____
- 3 Lloyd's plan of operation loss if reported on your behalf on Form IL-1023-C and included in your Federal Taxable Income. 3 _____|_____
- 4 Other income - Identify each item _____ 4 _____|_____
- 5 Add Lines 1 through 4. Write the amount here and on Form IL-1120, Line 8. 5 _____|_____ →

Step 3: Figure your subtractions for Form IL-1120, Line 23

Write the amount of

- 6 Exempt interest dividends paid by regulated investment companies (IRC Section 852(b)(5)) 6 _____|_____
- 7 Notes, bonds, debentures, or obligations issued by the Governments of Guam, Puerto Rico, or the Virgin Islands to the extent the amounts were required to be added back on Line 2. 7 _____|_____
- 8 Lloyd's plan of operations income if reported on your behalf on Form IL-1023-C. 8 _____|_____
- 9 Income for which you claimed a credit under IRC Section 1341 9 _____|_____
- 10 Expense deductions disallowed federally under IRC Sections 171(a)(2), 265, 280C, 291(a)(3), or 832(b)(5)(B)(i). Specify any amount relating to the following:
 - a Interest expenses relating to municipal income (IRC Section 291) a _____
 - b Interest and other expenses related to federally tax-exempt interest (IRC Section 265) b _____
 - c Bond premium amortization on federally tax-exempt bonds (IRC Section 171) c _____
 - d Expenses related to certain federal job credits (IRC Section 280C) d _____
 - e Reduction in insurance company reserves (IRC Section 832) e _____
- 11 Add Lines 10a through 10e. 11 _____|_____
- 12 Interest on the following obligations of Illinois state and local government, only if included in Line 9 of Form IL-1120. **Attach** a copy of the statement that identifies the payer and the amount of interest for each obligation.
 - a Illinois Housing Development Authority bonds and notes (except housing-related commercial facilities bonds and notes) a _____
 - b Illinois Development Finance Authority bonds, notes, and other obligations (venture fund and infrastructure bonds only) b _____
 - c Illinois Sports Facilities Authority bonds c _____
 - d Illinois Development Finance Authority bonds (only those issued under the Illinois Development Finance Authority Act, Sections 7.80 through 7.87) d _____
 - e Illinois Development Finance Authority bonds or Illinois Finance Authority bonds issued under the Asbestos Abatement Finance Act e _____
 - f Bonds issued by the Illinois Finance Authority under the Illinois Finance Authority Act. f _____
- 13 Add Lines 12a through 12f. 13 _____|_____
- 14 Other eligible subtractions from Publication 101, included on Form IL-1120, Line 9, that are not subtracted anywhere else. Identify each item. 14 _____|_____
- 15 Add Lines 6 through 14 and write the amount here and on Form IL-1120, Line 23. 15 _____|_____ →

Schedule M (for IL-1120 filers) Instructions

What is the purpose of Schedule M?

Schedule M, Other Additions and Subtractions, allows you to figure the total amount of additions you must include on Form IL-1120, Corporation Income and Replacement Tax Return, Line 8 and subtractions you may claim on Form IL-1120, Line 23.

What must I attach to Form IL-1120?

If you enter an amount on Form IL-1120, Line 8 or Line 23 you **must** attach Schedule M to your Form IL-1120.

Step-by-Step Instructions

Step 1: Provide the following information

Write your name and FEIN as shown on your Form IL-1120.

Step 2: Figure your additions for Form IL-1120, Line 8

Note Any line that does not have specific instructions is self-explanatory.

Line 1 — Capital gain taxed under IRC 852(b)(3) — Write the amount of any capital gain that you were allowed to deduct federally under IRC 852(b)(5).

Line 2 — Notes, bonds, debentures, or obligations issued by the Governments of Guam, Puerto Rico — Write the amount of any of these governmental obligations that you own directly that is not included on Form IL-1120, Line 1.

Line 3 — Lloyds plan of operations loss — Add back any loss that you included in your adjusted gross income from a Lloyds plan of operation if that loss was reported on your behalf on Form IL-1023-C, Composite Income and Replacement Tax Return.

Line 4 — Other income — Include any other amounts that you are required to add to your federal taxable income to arrive at your Illinois base income. Please include a detailed description of each addition on the line provided or on an attached statement.

Note Do not include any distributive share of income shown on Schedule K-1-P or Schedule K-1-T, or any amount calculated on Schedule 4562, Special Depreciation. These amounts are reported directly on Form IL-1120.

Line 5 — Add Lines 1 through 4. Write the amount here and on Form IL-1120, Line 8.

Step 3: Figure your subtraction for Form IL-1120, Line 23

Line 7 — Notes, bonds, debentures, or obligations issued by the Governments of Guam, Puerto Rico, or the Virgin Islands — You may subtract these items only to the extent that you were required to add them to federal taxable income on this Schedule M, Line 2.

Line 8 — Lloyds plan of operations income if reported on your behalf on Form IL-1023-C — Write the income included in your adjusted gross income from a Lloyds plan of operations if that amount was reported on your behalf on Form IL-1023-C, Composite Income and Replacement Tax Return.

Line 9 — Restoration of amounts held under claim of right — Write the amount equal to the deduction used to compute the federal tax credit for restoration of amounts held under claim of right under the Internal Revenue Code, Section 1341.

Line 10a through e — Expenses of federally tax-exempt income and federal credits — Write the amount of any expenses that were disallowed as federal deductions because the income was exempt from federal tax or because a credit was allowed under the IRC Sections 171(a)(2), 265, 280C, 291(a)(3), or 832(b)(5)(B)(i).

Line 12a through f — Securities exempt from Illinois Income Tax — Write the amount of interest on obligations of Illinois state and local governments included on Form IL-1120, Line 8. This amount is the amount net of any related bond premium amortization.

Interest from state and local government obligations is not exempt from Illinois Income Tax unless legislation has been specifically adopted to provide for an exemption. Income from these obligations may be subtracted only if you own the securities directly and not through mutual funds.

Use the correct line to identify your amounts for the following securities.

- Illinois Housing Development Authority bonds and notes (except housing-related commercial facilities bonds and notes)
- Illinois Development Finance Authority bonds, notes, and other evidence of obligation (only venture fund and infrastructure bonds)
- Illinois Sports Facilities Authority bonds
- Illinois Development Finance Authority bonds issued under the Illinois Development Finance Authority Act, Sections 7.80 - 7.87
- Illinois Development Finance Authority bonds or Illinois Finance Authority bonds issued under the Asbestos Abatement Finance Act
- Bonds issued by the Illinois Finance Authority under the Illinois Finance Authority Act.

Line 14 — Other income

Write any other amounts, included in Form IL-1120, Line 9 and not subtracted elsewhere, that you are entitled to subtract from your income to arrive at your Illinois base income. You may not subtract anything that is not listed in these instructions or Publication 101, Income Exempt from Tax. Please include a detailed description of each subtraction on the line provided.

Note Do not include any distributive share of income shown on Schedule K-1-P or Schedule K-1-T, or any amount calculated on Schedule 4562, Special Depreciation or Schedule J, Foreign Dividends. These amounts are reported directly on Form IL-1120.

The following is a list of securities that are exempt. However, income from these obligations is not exempt if you own them indirectly through owning shares in a mutual fund.

- Export Development Act bonds
- Quad Cities Regional Economic Development Authority bonds and notes (only those bonds declared exempt from taxation by the Authority)
- College Savings bonds
- Higher Education Student Assistance Act bonds
- Rural Bond Bank Act bonds and notes
- Quad Cities Interstate Metropolitan Authority bonds
- Southwestern Illinois Development Authority bonds

For more information refer to Publication 101, Income Exempt from Tax, which explains and identifies income that is exempt from Illinois Income Tax.

