

4. Petitioner is a nonexempt cooperative, which is treated as a corporation under the Illinois Income Tax Act (hereinafter "IITA") (35 ILCS 5) and the Illinois Administrative Tax Code regulations (86 IAC 100.9750(b)).

5. The Illinois Department of Revenue (hereinafter "the Department") is an agency of the Executive Department of the State Government and is tasked with the enforcement and administration of Illinois tax laws. 20 ILCS 5/5-15.

NOTICE

6. On December 10, 2014, the Department issued a Notices of Partial Refund, denying Petitioner's claim for refund for the tax year beginning on 6/1/2007 and ending on 5/31/2008. A true and accurate copy of the Notice of Partial Refund dated December 10, 2014 is attached hereto as Exhibit A.

7. The Notice of Partial Refund denying Petitioner's full claim refund did not include the amount of the partial refund allowed by the Department and stated, "Amended processed – taxable income decreased, but does not match TP requested amount – Notice of Partial Refund letter sent".

8. Petitioner timely filed its protest and request for an administrative hearing regarding the December 10, 2014 Notice of Partial Refund, but received a Protest Dismissal Due to Lack of Jurisdiction letter dated May 14, 2015 advising the amount at issue for the protest exceeds the statutory amount (\$15,000) for which the Department has jurisdiction. A true and accurate copy of the Protest Dismissal Due to Lack of Jurisdiction is attached hereto as Exhibit B.

JURISDICTION

9. Petitioner brings this action pursuant to the Illinois Independent Tax Tribunal Act ("Tribunal Act"), 35 ILCS 1010/1-1 to 35 ILCS 1010/1-100, and the Taxpayers' Bill of Rights Act, 20 ILCS 2520/1 to 20 ILCS 2520/7.

10. The Tribunal has jurisdiction over this matter pursuant to Sections 1-45 of the Tribunal Act because the amount of tax overpayment at issue is more than \$15,000 and, pursuant to Subsection (a)(3) of Section 5000.310 of the Tax Tribunal's rules, this Petition is timely filed within 60 days of the notice of such dismissal on May 14, 2015.

BACKGROUND

11. When Petitioner originally filed its Federal and Illinois income tax returns for the subject tax year, Petitioner had not reported certain domestic manufacturing deductions because it had not realized deductions related to its grain payments in "costs of goods sold" (CGS) are treated as "per-unit retains paid in money" (PURPIMs).

12. Upon review of many Private Letter Rulings (PLRs) issued by the IRS to agricultural cooperatives which permitted their grain payments in CGS to be treated as PURPIMs, Petitioner amended its Form 1120-C claiming refunds due to increased IRC 199 domestic production activities deductions (DPADs) for the taxable year.

13. The higher DPADs resulted from Petitioner's retroactive reclassification of purchases from patrons in CGS to PURPIMs, and adding back the reclassified PURPIMs for the IRC 199 computation of DPADs.

14. The Department issued a Notice of Denial in response to Petitioner's Illinois Amended Corporation Income and Replacement Tax Return for the May 2008 tax year, FORM IL-1120-X signed and dated April 21, 2011, advising the Petitioner that the

20. The IITA imposes “a tax measured by net income ... on every individual, corporation, trust and estate for each taxable year ending after July 31, 1969 on the privilege of earning or receiving income in or as a resident of [Illinois].” 35 ILCS 5/201(a).

21. Section 202 defines “net income,” generally, as “that portion of his base income for such year which is allocable to this State under the provisions of Article 3, less the standard exemption allowed by Section 204 and the deduction allowed by Section 207.” 35 ILCS 5/202.

22. Section 203 defines both the terms “base income” and “taxable income.” 35 ILCS 5/203. For a corporation, “base income” means the person’s taxable income (35 ILCS 5/203(b)(1)), as modified by adding certain amounts (called addition modifications) to the person’s taxable income, and as further modified by subtracting other amounts (called subtraction modifications) from that sum. 35 ILCS 5/203(b)(2).

23. Under IITA Section 203(e)(2), there are special rules that more specifically define the meaning of “taxable income properly reportable for federal income tax purposes” for certain types of entities. 35 ILCS 5/203(e)(2).

24. Under IITA 203(e)(2)(F), a cooperative’s “taxable income properly reportable for federal income tax purposes shall mean:”

(F) Cooperatives. In the case of a cooperative corporation or association, the taxable income of such organization determined in accordance with the provisions of Section 1381 through 1388 of the Internal Revenue Code, but without regard to the

prohibition against offsetting losses from patronage activities against income from nonpatronage activities; except that a cooperative corporation or association may make an election to follow its federal income tax treatment of patronage losses and nonpatronage losses. In the event such election is made, such losses shall be computed and carried over in a manner consistent with subsection (a) of Section 207 of this Act and apportioned by the apportionment factor reported by the cooperative on its Illinois income tax return filed for the taxable year in which the losses are incurred. The election shall be effective for all taxable years with original returns due on or after the date of the election. In addition, the cooperative may file an amended return or returns, as allowed under this Act, to provide that the election shall be effective for losses incurred or carried forward for taxable years occurring prior to the date of the election. Once made, the election may only be revoked upon approval of the Director. The Department shall adopt rules setting forth requirements for documenting the elections and any resulting Illinois net loss and the standards to be used by the Director in evaluating requests to revoke elections. Public Act 96-932 is declaratory of existing law.

35 ILCS 5/203(e)(2)(F).

25. Unlike federal law, Illinois law makes clear there is no “prohibition against offsetting losses from patronage activities against income from nonpatronage activities.” 35 ILCS 5/203(e)(2)(F).

26. The Department’s Annual Report of Collections and Distributions in 2010, attached hereto as Exhibit E, reflects that the IITA was amended by P.A. 96-0932, explaining:

SB 1826 Income Tax – Cooperative-Offset Loss

Amends the Illinois Income Tax Act. Provides that taxable income for cooperatives shall be computed without regard to the prohibition in the Internal Revenue Code against offsetting losses from patronage activities against income from nonpatronage activities. Provides that a cooperative may elect to follow its federal income tax treatment of patronage losses and nonpatronage losses. Provides that, if such election is made, those patronage or nonpatronage losses shall be carried over. Provides that the election shall be effective for all taxable years with original returns due on or after the date of the election. Provides that the cooperative may file an amended return to give effect to the election in prior taxable years. Provides that the Department's rules must include the standards to be used by the Director in evaluating requests to revoke elections. Effective January 1, 2011. P.A. 96-0932

27. Petitioner first filed its Schedule INL with its Illinois Income Tax Return for the year ending May 2011, wherein it elected the option of "allowing patronage losses to offset nonpatronage income." See Petitioner's Schedule INL and instructions, attached hereto as Exhibit F.

28. Pursuant to 35 ILCS 5/1401(a) the "Department is authorized to ... prescribe such forms, relating to the administration and enforcement of the provisions of [the IITA], as it may deem appropriate." 35 ILCS 5/1401(a). In addition, 35 ILCS 5/1501(a)(19) states the "term 'regulations' includes ...forms prescribed by the Department." 35 ILCS 5/1501(a)(19).

29. The Instructions for the Schedule INL in 2011 state as follows:

— Make your election to allow patronage losses to offset nonpatronage income or to compute separate Illinois patronage and nonpatronage income and loss carryovers similar to the federal computation.

This election must be made with your Illinois income tax return for the first taxable year ending on or after December 31, 2010, and once made, is irrevocable and must be followed for all taxable years, including any earlier taxable years that are still open (e.g., within statute of limitations for refunds, nonfiled periods, etc.).

If your Illinois income tax liability for any earlier tax year would be different if you used this schedule, you should file amended returns using this schedule. All deficiencies should be paid with the amended return. Refunds will be paid if the tax year is within statute.

Box 1a election — For each taxable year that you have “unused patronage loss” on Form 1120-C, U.S. Income Tax Return for Cooperative Associations, Schedule G, Line 12. Write that loss as a positive amount on your Illinois Schedule M, Line 33 that you are filing for the taxable year, and identify as “Schedule INL.”

If you are amending a year prior to 2006, the amount for “unused patronage loss” is found on federal Form 8817, Allocation of Patronage and Nonpatronage Income and Deductions, Line 31.

If you also have “unused nonpatronage loss” on federal Form 1120-C, Schedule G, Line 13, for this taxable year or for any succeeding tax year, write that loss as a positive amount on your Illinois Schedule M, Line 33 for the taxable year, and identify as “Schedule INL.”

See Instructions for Schedule INL, attached hereto as Exhibit F.

ERROR I

The Department Improperly Denied Petitioner’s Amended Returns and Claims for Refund

30. Petitioner realleges and incorporates by reference the allegations made in paragraphs 1 through 29, inclusive, hereinabove.

31. The Department improperly denied Petitioner’s amended return when it relied on Petitioner’s settlement agreement with the IRS as the basis for its denial and issuance of the Notice of Partial Refund; improperly prohibited Petitioner from allowing patronage losses to offset nonpatronage income, and ignored clear Illinois law supporting Petitioner’s position.

32. Illinois law clearly allows "offsetting losses from patronage activities against income from nonpatronage activities." 35 ILCS 5/203(e)(2)(F).

33. The Department improperly imposed limitations existing in federal law, under which nonexempt cooperatives cannot use patronage deductions to offset non-patronage income, instead of Illinois law.

34. As such, the Department improperly concluded that no patronage loss was available to offset against non-patronage income.

35. The Department's recalculation of Petitioner's Federal Taxable Income on the foregoing basis improperly ignored the total DPAD deduction.

36. Petitioner's amended return reflects Petitioner's Taxable Income is a correct application of Illinois law under the Illinois Income Tax Act.

37. For tax year 6/1/2007 to 5/31/2008, the total refund allowable under the Illinois Income Tax Act is \$49,140, including allowance of Petitioner's patronage losses to offset its nonpatronage income as elected on Petitioner's Schedule INL. See IRS Settlement Computation for tax year 2008 and Petitioner's Form 1120-X resulting in the claimed refund of \$49,140, attached hereto as Exhibit G.

38. For the foregoing reasons, the Department improperly applied the law to the facts of this case and ignored clear Illinois law allowing Petitioner's amended return and claimed refund.

ERROR II
The Department's Application of the IRS Settlement Agreement to
Petitioner's Amended Return is a
Violation of the Taxpayers' Bill of Rights Act

39. Petitioner realleges and incorporates by reference the allegations made in paragraphs 1 through 38, inclusive, hereinabove.

40. The Department's denial of Petitioner's Amended return is a violation of the Taxpayers' Bill of Rights Act because the denial is not based on a proper application of Illinois law to the facts of this case and, therefore, does not promote clarity in the application of Illinois tax laws. 20 ILCS 2520/2.

41. The Department denied Petitioner's amended return and claim for refund without reasonable cause (20 ILCS 2520/7) by:

- a. Improperly relying on Petitioner's settlement agreement with the IRS as the basis for the Department's denial and issuance of the Notice of Partial Refund;
- b. Improperly relying on Petitioner's settlement as to federal law issues;
- c. Improperly applying federal law limitations contrary to Illinois law,
- d. Ignoring clear Illinois law supporting Petitioner's request for refund.

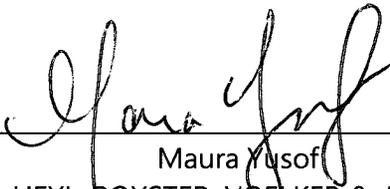
CONCLUSION AND RELIEF REQUESTED

WHEREFORE, Petitioner prays that the Tribunal enter an order that

- a) Finds and declares that the Department's denial of Petitioner's Amended Return is unsupported by the applicable law and facts;
- b) Finds and declares that Petitioner's amended return and claim for refund be fully accepted; and

c) Grants such further relief as the Tribunal deems appropriate under the circumstances.

ASSUMPTION COOPERATIVE GRAIN CO.

By: 
Maura Yusof
HEYL, ROYSTER, VOELKER & ALLEN

Maura Yusof, ARDC # 6278767
HEYL, ROYSTER, VOELKER & ALLEN
33 N. Dearborn Street, 7th Floor
Chicago, IL 60602
Telephone: 312.853.8700
myusof@heyloyster.com

Notice of Claim Status

for IL-1120-X, Amended Corporation Income and Replacement Tax Return



#BWNKMGV
#CNXXX79 XX69 9843#
ASSUMPTION COOP GRAIN CO
104 W NORTH ST
ASSUMPTION IL 62510-1006

December 10, 2014



Letter ID: CNXXX79XX699843

Account ID: 21158-38208

FEIN: 37-0159830

Reporting Period: May 2008



Notice of Partial Refund

We have reviewed your Form IL-1120-X, Amended Corporation Income and Replacement Tax Return, which you signed and dated August 7, 2014, for the reporting period shown above. **This review is not the result of an audit.**

Amended processed - taxable income decreased, but does not match TP requested amount - Notice of Partial Refund letter sent

If you agree with our determination and your account is in balance, do nothing. You will receive a refund if your account is overpaid and no other liabilities exist. If your account has a balance due, you will receive a bill. If you are under the protection of the Federal Bankruptcy Court, please contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy "automatic stay" does not relieve your obligation to file tax returns.

If you do not agree with our determination, you may file a written protest against our denial, and, if you desire, you may request a hearing. You must do so within 60 days of date of this notice. Your request must be in writing, clearly indicating that you want to protest, and explaining in detail why you do not agree.

If you file an acceptable protest on time, we must reconsider our denial as provided in IITA, Sections 910 and 914. If requested, we will grant you or your authorized representative a hearing. If you do not file a written protest within the time period, this denial shall become final.

EXHIBIT A

If you have any questions, please write or call our Springfield office weekdays between 8 a.m. and 4 p.m. Our address and telephone number are below.

Brandon Jefferson
Revenue Tax Specialist I

BUSINESS PROCESSING DIVISION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19004
SPRINGFIELD IL 62794-9004

(217) 524-5405
(217) 785-8202 fax

Enclosures: Form EAR-14, Protest Filing Form
Form IDR-867, Taxpayer Bill of Rights
Return Envelope



**Illinois Department of Revenue
OFFICE OF ADMINISTRATIVE HEARINGS**

Willard Ice Building
101 West Jefferson Street – Level 5SW
Springfield, IL 62702
(217)782-6995

May 14, 2015

Assumption Cooperative Grain Company
104 West North Street
Assumption, IL 62510

Re: **PROTEST DISMISSAL DUE TO LACK OF JURISDICTION**

Assumption Cooperative Grain Company

Account ID: 37-0159830

Notices of Claim Status (Reopened Period, May 2008)

Letter ID: CNXXXX79XX699843, dated December 10, 2014

EXHIBIT A

The Office of Administrative Hearings of the Illinois Department of Revenue recently received your protest and request for an administrative hearing for Assumption Cooperative Grain Company regarding the above Notice. The mailing date of the protest and request for hearing indicate that the protest was sent within the 60-day protest period for requesting an administrative hearing stated on the above Notice. However, the amount at issue for the protest exceeds the statutory amount (\$15,000, exclusive of penalties and interest) or (\$15,000 for notices that involve only penalties and interest) for which the Department has jurisdiction for protests filed on or after January 1, 2014. For protests that exceed the statutory amount and are filed on or after January 1, 2014, jurisdiction is vested solely in the Illinois Independent Tax Tribunal (Tax Tribunal). See 35 ILCS 1010/1-1 *et seq.* **Because the Department does not have jurisdiction over this protest, the Department is respectfully dismissing your protest and request for administrative hearing.**

Because of these recent changes in Illinois law, the Department and the Tax Tribunal recognize that there may be instances, such as this, when a protest and request for an administrative hearing may be filed in the wrong jurisdiction. The Tax Tribunal's website (www.illinois.gov/taxtribunal) contains rules that include guidance on filing in the wrong jurisdiction and contact information for the Tax Tribunal. **The Tax Tribunal's rules provide that a timely protest that is dismissed by the Department for lack of jurisdiction may be filed with the Tax Tribunal within 60 days of the notice of such dismissal.** See Subsection (a)(3) of Section 5000.310 of the Tax Tribunal's rules. Please note that the Tax Tribunal has different requirements than the Department for filing protests, including the payment of filing fees and the filing of a petition in the form required by the Tax Tribunal.

by
7/14/15

EXHIBIT B

I recommend that you review the information provided on the Tax Tribunal's website and contact them if you have any questions.

Sincerely,



Terry D. Charlton
Chief Administrative Law Judge
Illinois Department of Revenue

TDC

Notice of Claim Status

for IL-1120-X, Amended Corporation Income and Replacement Tax Return



#BWNKMGV
#CNXX2X4 8838 1763#
ASSUMPTION COOP GRAIN CO
104 W NORTH ST
ASSUMPTION IL 62510-1006

October 19, 2011



Letter ID: CNXX2X488381763

Account ID: 21158-38208
FEIN: 37-0159830
Reporting Period: May 2008



Notice of Denial

We have reviewed your Form IL-1120-X, Amended Corporation Income and Replacement Tax Return, which you signed and dated April 21, 2011, for the reporting period shown above. **This review is not the result of an audit.** We have denied your claim for refund.

We denied your claim for refund because you did not send us proof of federal finalization from the Internal Revenue Service (IRS). You should not file your Illinois amended return until you receive federal finalization. This includes any of the following documentation:

- a statement from the IRS saying they have accepted your changes, or
- documentation of a refund from the IRS based on the submitted changes, or
- a final assessment, agreement, or judgment issued by the IRS.

If you have received federal finalization, please send us this information within 60 days of the date of this letter.

Your claim cannot be processed as filed, and you are not entitled to a refund.

If you agree with our determination and your account is in balance, do nothing. You will receive a refund if your account is overpaid and no other liabilities exist. If your account has a balance due, you will receive a bill. If you are under the protection of the Federal Bankruptcy Court, please contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy "automatic stay" does not relieve your obligation to file tax returns.

If you do not agree with our determination, you may file a written protest against our denial, and, if you desire, you may request a hearing. You must do so within 60 days of date of this notice. Your request must be in writing, clearly indicating that you want to protest, and explaining in detail why you do not agree.

If you file an acceptable protest on time, we must reconsider our denial as provided in IITA, Sections 910 and 914. If requested, we will grant you or your authorized representative a hearing. If you do not file a written protest within the time period, this denial shall become final.

EXHIBIT C

If you have any questions, please write or call our Springfield office weekdays between 8:00 a.m. and 4:00 p.m. Our address and telephone number are below.

Katherine Nelson
Revenue Tax Specialist I

BUSINESS PROCESSING DIVISION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19004
SPRINGFIELD IL 62794-9004

217 782-8102
217 785-8202 fax

Enclosures: Form EAR-14, Protest Filing Form
Form IDR-867, Taxpayer Bill of Rights
Return Envelope

SETTLEMENT MEMORANDUM – ATP I.R.C. §§ 199 & 1382

Taxpayer: [REDACTED]

Tax Year: [REDACTED]

Proposed adjustment: [REDACTED]

BACKGROUND

Taxpayer was one of many Subchapter T cooperatives to have filed amended Forms 990-C or 1120-C claiming refunds due to increased I.R.C. § 199 domestic production activities deductions (DPADs) for taxable years beginning 2005 and subsequent. The amended DPADs are significantly higher than the DPADs previously reported based on the conclusions of many Private Letter Rulings (PLRs) issued by IRS to agricultural cooperatives which permitted their grain payments in "costs of goods sold" (CGS) to be treated as "per-unit retains paid in money" (PURPIMs). The higher DPADs claimed on the amended returns resulted from retroactive reclassification of purchases from patrons in CGS to PURPIMs, and adding back the reclassified PURPIMs for the IRC §199 computation.

Field Service Advice (FSA) was received stating the cooperatives were not allowed to retroactively change the treatment of payments to patrons to PURPIM. Appeals designated the Cooperative DPAD claims as a "Coordinated Issue." Pre-Appeals conferences were held for three "test" cases for three different representatives. Based on the test cases, Appeals developed and issued an Appeals Technical Position (ATP).

Per Delegation Order 4-25, Compliance is authorized to settle claims based on DPAD under IRC §199 and PURPIM under IRC §1382(b)(3). For settlement purposes, the government is conceding 30% of the reclassification of CGS purchases from patrons as PURPIMs per the ATP approved August 28, 2012. The resulting conceded amount is added back to the Cooperatives' Qualified Production Activity Income (QPAI) and taxable income for the purposes of calculating the IRC §199 deduction. The taxpayer and government have substantiated and verified all amounts relating to the QPAI computation, applied the 30% concession, and have agreed to the proposed DPAD adjustment.

ISSUES - Claims under I.R.C. §§ 199 and 1382(b)(3)

Primary - Whether exempt and non-exempt Farmers Cooperatives (Cooperatives) are entitled to any refund for claimed overpayment of taxes resulting from the recalculation of prior years' I.R.C. § 199 domestic production activities deduction (DPAD) based on reclassifying payments for purchases in "costs of goods sold" (CGS) to "per-unit retains paid in money" (PURPIMs) under I.R.C. § 1382(b)(3)?

Alternative - Whether non-exempt Cooperatives can use the increased I.R.C. § 199 DPAD, patronage deduction, to offset non-patronage income?

SETTLEMENT MEMORANDUM – ATP I.R.C. §§ 199 & 1382

SUMMARY AND CONCLUSION

Primary Issue – Appeals reviewed the claims and analyzed the legal issues under Subchapter T, I.R.C. § 199, and administrative rulings, and determined that the Cooperatives' authorities for the retroactive and unilateral reclassification of the payments for purchases in CGS were unpersuasive and not supported by evidence. The Cooperatives would have to overcome the burden of proving by a preponderance of evidence that they can rely on the PLRs' conclusions without adopting the related reasoning and analysis of the PLRs. There are no court cases directly on point regarding retroactively reclassifying the CGS to PURPIMs. There were approximately 40 PLRs issued supporting the Cooperatives' prospective reclassifications, and there is no definitive indication of how a court would find for the retroactive application.

For settlement purposes, Appeals recommended the Government concede 30% of the CGS purchases be reclassified as PURPIMs and be added back to the Cooperatives' QPAI and taxable income for the purpose of the I.R.C. § 199 deduction.

Alternative Issue – In determining whether non-exempt Cooperatives can use the increased I.R.C. § 199 DPAD patronage deduction to offset non-patronage income, I.R.C. § 199 and Treas. Reg. § 1.199-6 are harmonized with Subchapter T with regard to patronage activities. PURPIMs and QPAI must directly derive from Domestic Production Gross Receipts related to patronage activities. Treas. Reg. § 1.1388-1(e) and Rev. Rul. 69-576 provide that the classification of an item of income as either patronage or non-patronage source is dependent on the relationship of the activity generating the income.¹ The IRS and courts have consistently held that non-exempt cooperatives can't use patronage deductions to offset non-patronage income (Farm Service, Buckeye Countrymark, and Certified Grocers of Cal.)²

The alternative issue of non-exempt Cooperatives' I.R.C. § 199 deduction offsetting non-patronage income was sustained in full for the government.

¹ Rev. Rul. 69-576, 1969-2 C.B. 166.

² Farm Service Co-op. v. C.I.R., 619 F.2d 718 (1980), 45 A.F.T.R.2d 80-1335, 80-1 USTC P 9352; Buckeye Countrymark, Inc. v. C.I.R. 103 T.C. 547, 1994; and Certified Grocers of Cal., Ltd. v. C.I.R. 88 T.C. No. 15 (1987), 88 T.C. 238

Legislative Recap for 2010

INCOME TAX

HB 1525 EDGE Credit – Water Purification & Treatment - Requirements

Amends the Economic Development for a Growing Economy Tax Credit Act. Provides that a taxpayer that engages in water purification and treatment may elect to claim the EDGE Credit against its withholding tax obligation if the taxpayer (ii) had an Illinois net operating loss carryforward under Section 207 of the Illinois Income Tax Act in a taxable year ending during calendar year 2009, (ii) has applied for an EDGE agreement within 150 days after the effective date of the amendatory Act, (iii) creates at least 150 new jobs, (iv) retains at least 1,000 jobs in Illinois that would have been at risk of relocation out of Illinois over a 10-year period, and (v) makes a capital investment of at least \$57,000,000. Effective immediately. P.A. 96-1534

HB4599 Expansion of Small Business Jobs Creation Tax Credit

Amends the Small Business Job Creation Tax Credit Act. Provides that businesses that hire employees who had participated as worker-trainees in the Put Illinois to Work Program during 2010 are also eligible for the credit. Effective immediately. P.A. 96-1498

HB 6038 Income Tax - Affordable Housing Credit Extension

Amends the Illinois Income Tax Act. Extends the credit for affordable housing donations through the taxable year ending on December 31, 2016 (instead of 2011). Effective immediately. P.A. 96-1276

SB 1578 Small Business Jobs Creation Tax Credit

Creates the Small Business Job Creation Tax Credit Act and amends the Illinois Income Tax Act. Provides for a tax credit to be awarded to small businesses by the Department of Commerce and Economic Opportunity in connection with the hiring of new employees. Provides that a person that is operating a business located within the State, that is engaged in interstate or intrastate commerce, that has no more than 50 full-time employees, and that has hired a new employee during State fiscal year 2011 may apply for a certificate of eligibility for a tax credit against payment of taxes withheld under the Illinois Income Tax Act with respect to that position. Provides that a tax credit shall not exceed \$2,500, and provides that the Department shall limit the monetary amount of credits awarded under the Small Business Job Creation Tax Credit Act to no more than \$50,000,000. Provides for issuance of a tax credit certificate to be presented to the Department of Revenue. Imposes requirements on employers in connection with receipt of a tax credit. Effective immediately. P.A. 96-0888

SB 1826 Income Tax – Cooperative-Offset Loss

Amends the Illinois Income Tax Act. Provides that taxable income for cooperatives shall be computed without regard to the prohibition in the Internal Revenue Code against offsetting losses from patronage activities against income from nonpatronage activities. Provides that a cooperative may elect to follow its federal income tax treatment of patronage losses and nonpatronage losses. Provides that, if such election is made, those patronage or nonpatronage losses shall be carried over. Provides that the election shall be effective for all taxable years with original returns due on or after the date of the election. Provides that the cooperative may file an amended return to give effect to the election in prior taxable years. Provides that the Department's rules must include the standards to be used by the Director in evaluating requests to revoke elections. Effective January 1, 2011. P.A. 96-0932

SB 2505 Income Tax Increase

Amends the Illinois Income Tax Act. Increases the rate of tax for individuals, trusts, and estates to (i) 5% for taxable years beginning on or after January 1, 2011 and prior to January 1, 2015, (ii) 3.75% for taxable years beginning on or after January 1, 2015 and prior to January 1, 2025, (iii) 3.25% for taxable years beginning on or after January 1, 2025 (now, the rate is 3%). Increases the rate of tax for corporations to (i) 7% for taxable years beginning on or after January 1, 2011 and prior to January 1, 2015, (ii) 5.25% for taxable years beginning on or after January 1, 2015 and prior to January 1, 2025, (iii) 4.8% for taxable years beginning on or after January 1, 2025 (now, the rate is 4.8%). Contains provisions concerning estimated taxes. Provides for deposits from the additional income tax proceeds into certain special funds related to education and human services. Provides that, if State spending for any fiscal year beginning in fiscal year 2012 and through fiscal year 2015 exceeds certain State spending limitations, then the tax rates shall be reduced to 3% of the taxpayer's net income for individuals, trusts, and estates and to 4.8% of the taxpayer's net income for corporations. Provides that the Auditor General shall examine any Public Act making an appropriation or statutory transfer from general funds and prepare a report on whether or not the State has exceeded the State spending limitation, which shall be filed with the Secretary of State and copies shall be filed with the Governor, the State Treasurer, the State Comptroller, the Senate, and the House of Representatives. Contains provisions concerning emergency spending. Makes related changes in the Illinois State Auditing Act. Amends the Secretary of State Act to require the Secretary of State notify the Auditor General of any Public Act filed with the Office of the Secretary of State making an appropriation or transfer of funds from the State treasury. Amends the Illinois Estate and Generation-Skipping Transfer Tax Act. Provides that, for persons dying after December 31, 2010, "State tax credit" is defined as the amount calculable under the Internal

Step 1: Provide the following information

Assumption Cooperative Grain Company
 Write your name as shown on your Form IL-1120.

37-0159830
 Write your federal employer identification no. (FEIN).

Step 2: Make your election

1 Mark the box if this is the first year for which you are filing Schedule INL.

Note: If you marked the box in Line 1, complete the following statement by checking the appropriate box 1a or 1b.

I elect to compute Illinois net income for all taxable years:

a allowing patronage losses to offset nonpatronage income.

b without allowing patronage losses to offset nonpatronage income.

2 Mark the box if you elected to offset nonpatronage loss against patronage income for federal purposes for this tax year.

Step 3: Figure your Illinois income or loss

	A	B
	Patronage	Nonpatronage
3 Federal taxable income from federal Form 1120-C, Schedule G, Line 10, or Form 8817, Line 29.	3a _____	3b _____
4 Addition modifications	4a _____	4b _____
5 Subtraction modifications	5a _____	5b _____
6 Base income. Add Lines 3 through 5.	6a _____	6b _____
7 Nonbusiness income or loss	7a _____	7b _____
8 Trust, estate, and non-unitary partnership business income or loss	8a _____	8b _____
9 Add Lines 7 and 8.	9a _____	9b _____
10 Business income or loss. Subtract Line 9 from Line 6.	10a _____	10b _____
11 Apportionment factor from Form IL-1120, Line 30	11a _____	11b _____
12 Business income or loss apportioned to Illinois. Multiply Line 10 by Line 11.	12a _____	12b _____
13 Nonbusiness income or loss allocated to Illinois from Form IL-1120, Line 32.	13a _____	13b _____
14 Trust, estate, and non-unitary partnership business income or loss apportioned to Illinois from Form IL-1120, Line 33.	14a _____	14b _____
15 Base income or net loss allocable to Illinois. Add Lines 12 through 14.	15a _____	15b _____
16 Discharge of indebtedness adjustment	16a _____	16b _____
17 Adjusted base income or net loss. Add Lines 15 and 16.	17a _____	17b _____
18 Illinois net loss deduction	18a _____	18b _____
19 Net income or loss. Subtract Line 18 from Line 17.	19a _____	19b _____
20 Combined net income or loss. See instructions.		20 _____

EXHIBIT F



General Information

Specific Instructions

When must I use this schedule?

You must use this schedule if you are

- taxed as a cooperative (see Form IL-1120 Instructions) and need to figure the amount of Illinois net loss adjustment that may be made to your Illinois income, based on the federal income tax limitations on offsetting patronage and nonpatronage income and losses, or
a holder of residual interest in a real estate mortgage investment company (REMIC), and you need to adjust your income due to disallowed deductions or losses that would otherwise be allowable based on IRC limitations, which prohibit taxable income of the REMIC holder from being less than the excess inclusion amount derived from the REMIC.

Note - If corrections have been made to the loss amount (e.g., federal audit or amended return), you must report the corrected amount when you file this schedule.

What is the purpose of this schedule?

The purpose of Illinois Schedule INL is to allow

- cooperatives to calculate your Illinois income or loss, based on patronage and nonpatronage income, and application of Illinois net loss adjustments.
REMIC residual interest holders to recalculate your Illinois net loss carryovers similar to the federal net operating loss carry-over recomputations in IRC, Section 860E(a)(3).

What must I attach?

You must attach Schedule INL to your annual tax return. The department may require you to submit copies of federal returns, amended returns, or audit reports reflecting the income and loss amounts that you are claiming on this schedule. Failure to submit requested information will result in processing delays.

What if I need additional assistance?

If you need assistance,

- visit our website at tax.illinois.gov,
call our Taxpayer Assistance Division at 1 800 732-8866 or 217 782-3336,
call our TDD (telecommunications device for the deaf) at 1 800 544-5304, or
write to us at P.O. Box 19044, Springfield, IL 62794-9044.

Our office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.

Step 1: Provide the following information

Lines A and B - Write your name and FEIN as shown on your Form IL-1120, Corporation Income and Replacement Tax Return.

Line C - Check the box indicating the reason you are completing Schedule INL.

Cooperatives: Complete Steps 2 and 3, as indicated in the instructions. Do not complete Step 4.

REMIC owners: Skip Steps 2 and 3, and complete Step 4.

Step 2: Make your election (cooperatives only)

Line 1 - If this is the first taxable year for which you are filing this schedule, check the box and go to Lines 1a and 1b.

Note - If this is not the first taxable year for which you are filing this schedule and you previously made the Box 1b election, go to Line 2, and complete the rest of the schedule. Otherwise, STOP. You do not need to complete this schedule.

- Make your election to allow patronage losses to offset nonpatronage income or to compute separate Illinois patronage and nonpatronage income and loss carryovers similar to the federal computation.

This election must be made with your Illinois income tax return for the first taxable year ending on or after December 31, 2010, and once made, is irrevocable and must be followed for all taxable years, including any earlier taxable years that are still open (e.g., within statute of limitations for refunds, nonfiled periods, etc.).

If your Illinois income tax liability for any earlier tax year would be different if you used this schedule, you should file amended returns using this schedule. All deficiencies should be paid with the amended return. Refunds will be paid if the tax year is within statute.

Box 1a election - For each taxable year that you have "unused patronage loss" on Form 1120-C, U.S. Income Tax Return for Cooperative Associations, Schedule G, Line 12. Write that loss as a positive amount on your Illinois Schedule M, Line 33 that you are filing for the taxable year, and identify as "Schedule INL."

If you are amending a year prior to 2006, the amount for "unused patronage loss" is found on federal Form 8817, Allocation of Patronage and Nonpatronage Income and Deductions, Line 31.

If you also have "unused nonpatronage loss" on federal Form 1120-C, Schedule G, Line 13, for this taxable year or for any succeeding tax year, write that loss as a positive amount on your Illinois Schedule M, Line 33 for the taxable year, and identify as "Schedule INL."



If you made the Box 1a election, do not complete Step 3 for the taxable year or file Schedule INL for subsequent tax years.

If you checked Box 1b - Complete Line 2 and the rest of the schedule.

Note - If you had losses in prior taxable years, you may need to complete a pro-forma Schedule INL, Step 3 for the loss years and for every other preceding tax year (including closed years) to which the patronage and nonpatronage losses shown on Line 20 of the pro-forma schedules could be carried.

Line 2 — If, for federal purposes in this tax year, you made the election to offset nonpatronage losses against patronage income, mark the box.

Step 3: Figure your Illinois net income or loss (Cooperatives only)

You must first complete Form IL-1120, Lines 1 through 35, before completing this schedule.

Line 3 —

Column A — Write your patronage income from your Form 1120-C, Schedule G, Column A, Line 10.

For tax years ending before December 31, 2006, use the amount from Form 8817, Column A, Line 29.

Column B — Write your nonpatronage income from your Form 1120-C, Schedule G, Column B, Line 10.

For tax years ending before December 31, 2006, use the amount from Form 8817, Column B, Line 29.

Lines 4 through 8 — Include only amounts attributable to patronage income or loss in Column A. Include amounts attributable to nonpatronage income or loss in Column B.

Lines 9 and 10 — Follow the instructions on the form.

Line 11 — Columns A and B, write your apportionment factor from Form IL-1120, Step 4, Line 30.

Line 12 — Follow the instructions on the form.

Lines 13 and 14 — Include only amounts attributable to patronage income or loss in Column A. Include amounts attributable to nonpatronage income or loss in Column B.

Line 15 — Follow the instructions on the form.

Line 16 — If you were required to reduce the net operating loss reported on your federal Form 1120-C because you excluded any discharge of indebtedness income from this tax year's gross income, then you may be required to reduce the net loss reported on Line 15. Use the Discharge of Indebtedness worksheet below to figure your loss reduction.

If the discharge of indebtedness income would be characterized as patronage income, complete the worksheet using the amounts from Column A, Line 15, only. Write the result in Column A, Line 16.

If the discharge of indebtedness income would be characterized as nonpatronage income, complete the worksheet using the amounts from Column B, Line 15, only. Write the result in Column B, Line 16.

Write the amount from the Loss Reduction Worksheet, Line 7, on your Form IL-1120, Step 5, Line 36.

Attach a copy of your federal Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness, to your Form IL-1120. For more information, see department regulations Section 100.2310(c).

Line 17 — For each Column, add Lines 15 and 16, and write the result. Then, add the amounts in Columns A and B, Line 17, and write the result on your Form IL-1120, Step 5, Line 37.

Line 18 —

For taxable years ending on or after January 1, 2011, and before December 31, 2014:

Corporations, other than S corporations, are not allowed to use Illinois NLD, including any patronage or nonpatronage loss, to offset income for tax years ending on or after January 1, 2011, and before December 31, 2014. Write "0" in Columns A and B, Line 18, and on Form IL-1120, Step 5, Line 38.

Loss Reduction Worksheet and Instructions (for cooperatives only)

To correctly figure your loss reduction, you must complete the worksheet using patronage and nonpatronage income separately. Refer to the amounts in Schedule INL, Columns A and B, Line 16, and the Line 16 instructions.

Patronage Income

- 1 Write the amount of the reduction to your federal net operating losses (See federal Form 982). Combined groups see instructions. 1 _____
- 2 Write your income allocation ratio (see instructions). 2 _____
- 3 Multiply the amount on Line 1 by Line 2. This is your reduction amount. Write the result here and on Schedule INL, Column A, Line 16. 3 _____

Nonpatronage Income

- 4 Write the amount of the reduction to your federal net operating losses (See federal Form 982). Combined groups see instructions. 4 _____
- 5 Write your income allocation ratio (see instructions). 5 _____
- 6 Multiply the amount on Line 4 by Line 5. This is your reduction amount. Write the result here and on Schedule INL, Column B, Line 16. 6 _____
- 7 Add Line 3 and 6. Write the result on your Form IL-1120, Line 36. 7 _____

Lines 1 and 4 — Combined groups must add the amount of federal net operating loss reductions for each group member. All others, follow the instructions in Line 1.

Lines 2 and 5 — Your income allocation ratio is calculated by dividing the amount of debt cancellation income excluded from your gross income that would have been allocated or apportioned to Illinois under the IITA if it was not excluded by the total amount of debt cancellation income excluded from your gross income. If all of your debt cancellation income would have been business income, use the apportionment factor you calculated on the return for the tax year of the debt cancellation.

Lines 3 and 6 — Follow the instructions on the form.

If one or more of your combined group members is included on a federal consolidated income tax return, the amount of the reductions to the member's federal net operating loss is the amount of the consolidated net operating loss attributable to that member that is reduced under IRC Section 108(b) and Treasury Regulations Section 1.1502-28.

Line 7 — Follow the instructions on the form.

For taxable years ending before January 1, 2011, and on or after December 31, 2014:

If the **patronage amount** in Column A, Line 17, for a prior taxable year was negative, you are entitled to a net loss carryforward which might be used against any adjusted Illinois patronage income in Column A, Line 17, of this schedule.

Complete Schedule NLD or Schedule UB/NLD, using only patronage income and losses from Column A, Line 17, of the schedules for earlier taxable years to determine how much loss may be used in this taxable year.

Write "Patronage Income" on the top of each Schedule NLD or Schedule UB/NLD and attach it to your return, and enter the allowable net loss deduction computed on that Schedule in Column A of this line.

If the **nonpatronage amount** in Column B, Line 17, for a prior taxable year was negative, you are entitled to a net loss carryforward which might be used against any adjusted Illinois nonpatronage income in Column B, Line 17, of this schedule.

For taxable years ending before January 1, 2011, and on or after December 31, 2014: Complete Schedule NLD or Schedule UB/NLD, using only nonpatronage income and losses from Column B, Line 15, of the schedules for earlier taxable years to determine how much loss may be used in this taxable year.

Write "Nonpatronage Income" on the top of each Schedule NLD or Schedule UB/NLD and attach it to your return, and enter the allowable net loss deduction computed on that Schedule in Column B of this line.

Add the amounts in Columns A and B, Line 18, and write the result on your Form IL-1120, Step 5, Line 38.

Line 19 — Follow the instructions on the form.

Line 20 — If the amounts on Columns A and B, Line 19, are both positive or are both negative, add both amounts and write the result on Line 20.

If the amount in Line 19, Column A is negative and the amount in Line 19, Column B is positive, write the amount from Line 19, Column B on Line 20, as a positive amount.

If Line 19, Column B is negative and the amount in Line 19, Column A is positive, **and**

- you marked the box on Line 2, add Line 19, Columns A and B together and write the result on Line 20 (if the result is negative, use brackets).
- you did not mark the box on Line 2, write the amount from Line 19, Column A on Line 20, as a positive amount.

Write the amount from Line 20 on Form IL-1120, Line 39, and complete the rest of your Form IL-1120 following the instructions for Form IL-1120.

**Step 4: Figure your Illinois income or loss
(REMIC owners only)**

You must first complete Form IL-1120, Lines 1 through 36, before completing this schedule.

Line 1 — Write your base income or net loss from Form IL-1120, Line 35.

Line 2 — Recompute your federal taxable income without regard to the IRC Section 860E(a)(1) limitations which prohibit the taxable income of the holder of a residual interest in a REMIC from being less than the excess inclusion derived from the REMIC.

Line 3 — Write your total addition modifications from Form IL-1120, Lines 2 through 8.

Line 4 — Write your total subtraction modifications from Form IL-1120, Line 22, as a negative number.

Line 5 — Add Lines 2 through 4. This is your recomputed base income or net loss.

Lines 6 through 13 — Follow the instructions on the form.

Line 14 — Add Lines 11 through 13. This is your recomputed base income or net loss allocable to Illinois.

Line 15 — Subtract Line 1 from Line 14. This is the difference for base income or net loss allocable to Illinois based on the reinstatement of the IRS limitation.

If the result is

- **positive or zero**, do not complete the rest of this form. There is no Illinois net loss increase from reversing the IRS limitation for Illinois purposes.
- **negative**, continue to Line 16.

Line 16 — Write the amount of any discharge of indebtedness adjustment from Form IL-1120, Line 36.

Line 17 — If Line 1 is

- **zero or negative**, add Lines 1 and 16, and write the result on Line 17.
- **positive**, write zero.

Line 18 — Add Lines 15 and 17. If the result is negative, this is the amount of Illinois net loss deduction (NLD) you have earned in this taxable year. This NLD may be used in future years to reduce base income allocable to Illinois. See Schedule NLD or Schedule UB/NLD for more information.

Note — Corporations, other than S corporations, may not use NLDs for tax years ending on or after January 1, 2011, and before December 31, 2014.

Do not write in this box

Indicate what tax year you are amending: Tax year beginning 6/01/2007, ending 5/31/2008
STOP If you are filing an amended return for tax years ending before **December 31, 2007**, you can not use this form. For prior years, use the amended return form for that year.

Write the amount you are paying
 \$ _____

Step 1: Provide the following business information

A Write your business name and mailing address. If you have a change, check this box.

Assumption Cooperative Grain Company
 Name

C/O
104 West North St.
 Mailing address

Assumption, IL 62510
 City State Zip

B Check the box if your business is a
 Combined return (unitary) Foreign insurer.

C Check the box if you are filing this form **only** to report an increased net loss on Line 37, Column B.

D Check this box if you annualized your income on Form IL-2220.

E Check this box if Illinois Schedule 1299-D is attached.

F Write your federal employer identification number (FEIN).
37-0159830

G Write your Illinois Business Tax number (IBT).

H Check the applicable box for the type of change being made.
 NLD State change Federal change:

If a federal change, check one: Partial agreed Finalized

If finalized, write the finalization date: 11/13/2013
 Month Day Year

I If you have completed the following federal forms, check the box and attach them to this return, if you have not previously done so.
 Federal Schedule 8886 Federal Schedule M-3

J Check this box if you are filing a "corrected" return and are making the election to treat all nonbusiness income as business income.

K Write your Illinois corporate file (charter) number.

Step 2: Explain the changes on this return

▼ Amending Illinois return to reflect decrease in federal taxable income due to increased domestic manufacturing deduction taken on amended federal return.

Attach remittance payable to "Illinois Department of Revenue" here

Step 3: Figure your income or loss

	A As most recently reported or adjusted	B Corrected amount
1 Federal Taxable Income from U.S. Form 1120.	1 <u>631,476</u>	1 <u>100,283</u>
2 Net operating loss deduction from U.S. Form 1120.	2 _____	2 <u>110,120</u>
3 State, municipal, and other interest income excluded from Line 1.	3 _____	3 _____
4 Illinois income and replacement tax deducted in arriving at Line 1.	4 <u>48,134</u>	4 <u>48,134</u>
▲ 5 Illinois Bonus Depreciation addition (Form IL-4562).	5 _____	5 _____
6 Related-Party Expense addition (Schedule 80/20).	6 _____	6 _____
7 Distributive Share of Additions (Schedule K-1-P or K-1-T).	7 _____	7 _____
8 Other additions (Illinois Schedule M for businesses).	8 _____	8 _____
9 Add Lines 1 through 8. This is your total income or loss.	9 <u>679,610</u>	9 <u>258,537</u>

EXHIBIT G

	A As most recently reported or adjusted	B Corrected amount
10 Write the amounts from Line 9	10 <u>679,610</u>	10 <u>258,537</u>
Step 4: Figure your base income or loss		
11 Federally-taxed refund of Illinois income and replacement tax.	11 _____	11 _____
12 Interest income from U.S. Treasury and exempt federal obligations.	12 _____	12 _____
13 Enterprise Zone or River Edge Redevelopment Zone dividend subtraction (Schedule 1299-B).	13 _____	13 _____
14 Enterprise Zone or River Edge Redevelopment Zone interest subtraction (Schedule 1299-B).	14 _____	14 _____
15 High Impact Business dividend subtraction (Schedule 1299-B).	15 _____	15 _____
16 High Impact Business interest subtraction (Schedule 1299-B).	16 _____	16 _____
17 Contribution subtraction (Schedule 1299-B).	17 _____	17 _____
18 Contribution to certain job training programs.	18 _____	18 _____
19 Foreign dividend subtraction (Schedule J).	19 _____	19 _____
20 Illinois Bonus Depreciation subtraction (Form IL-4562).	20 <u>6,240</u>	20 <u>6,240</u>
21 Related-Party Expenses subtraction (Schedule 80/20).	21 _____	21 _____
22 Distributive share of subtractions (Schedules K-1-P or K-1-T).	22 _____	22 _____
23 Other subtractions (Schedule M for businesses).	23 _____	23 _____
24 Total subtractions. Add lines 11 through 23.	24 <u>6,240</u>	24 <u>6,240</u>
25 Base income or net loss. Subtract Line 24 from line 10.	25 <u>673,370</u>	25 <u>252,297</u>

If the amount on Line 25 is derived inside and outside Illinois, complete Step 5. Otherwise, go to Step 6.

Step 5: Figure your income allocable to Illinois

26 Nonbusiness income or loss (Schedule NB).	26 _____	26 _____
27 Non-unitary partnership business income or loss included in Line 25	27 _____	27 _____
28 Add lines 26 and 27.	28 _____	28 _____
29 Business income or loss. Subtract Line 28 from Line 25.	29 <u>673,370</u>	29 <u>252,297</u>
30 Total sales everywhere (this amount cannot be negative).	30 <u>80,015,702</u>	30 <u>80,015,702</u>
31 Total sales inside Illinois (this amount cannot be negative).	31 <u>79,989,951</u>	31 <u>79,989,951</u>
32 Apportionment Factor. Divide Line 31 by Line 30.	32 <u>0.999678</u>	32 <u>0.999678</u>
33 Business income or loss apportionable to Illinois. Multiply Line 29 by Line 32.	33 <u>673,153</u>	33 <u>252,216</u>
34 Nonbusiness income or loss allocable to Illinois (Schedule NB).	34 _____	34 _____
35 Non-unitary partnership business income or loss apportionable to Illinois.	35 _____	35 _____
36 Base income or net loss allocable to Illinois. Add Lines 33 through 35.	36 <u>673,153</u>	36 <u>252,216</u>

Step 6: Figure your net income

37 Base income or net loss from Line 25 or Line 36.	37 <u>673,153</u>	37 <u>252,216</u>
38 Illinois net loss deduction (Schedule NLD or UB/NLD). If Line 37 is zero or a negative amount, write "0."	38 _____	38 <u>252,216</u>
39 Net income. Subtract Line 38 from Line 37.	39 <u>673,153</u>	39 _____

	A As most recently reported or adjusted	B Corrected amount
Step 7: Figure your net replacement tax		
40 Replacement tax. Multiply Line 39 by 2.5% (.025).	40 16,829	40 0
41 Recapture of investment credits (Schedule 4255).	41	41
42 Replacement Tax before credits. Add Lines 40 and 41.	42 16,829	42 0
43 Investment credits (Form IL-477).	43	43
44 Net replacement tax. Subtract Line 43 from Line 42. If negative, write "0."	44 16,829	44 0

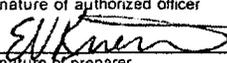
Step 8: Figure your net income tax		
45 Multiply Line 39 by 4.8% (.048).	45 32,311	45 0
46 Recapture of investment credits (Schedule 4255).	46	46
47 Income tax before credits. Add Lines 45 and 46.	47 32,311	47 0
48 Income tax credits (Schedule 1299-D).	48	48
49 Net income tax. Subtract Line 48 from Line 47. If negative, write "0."	49 32,311	49 0

Step 9: Figure your refund or balance due		
50 Net replacement tax from Line 44.	50 16,829	50 0
51 Net income tax from Line 49.	51 32,311	51 0
52 Total net income and replacement taxes. Add lines 50 and 51.	52 49,140	52 0
53 Payments		
a Credit from prior year overpayment.	a 3,471	
b Total estimated payments.	b 6,554	
c Form IL-505-B (extension) payment.	c 39,000	
Total payments. Add Lines 53a through 53c.		53 49,025
54 Tax paid with original return (do not include penalties and interest).		54 115
55 Subsequent tax payments made since the original return.		55
56 Total tax paid. Add lines 53, 54, and 55.		56 49,140
57 Total amount previously refunded and/or credited for the year being amended.		57
58 Net tax paid. Subtract Line 57 from Line 56.		58 49,140
59 Refund. Subtract Line 52 from Line 58.		59 49,140
60 Tax due. Subtract Line 58 from Line 52.		60
61 Penalty (See instructions.)		61
62 Interest (See instructions.)		62
63 Total balance due. Add Lines 60 through 62.		63

▶ **Make your check payable to "Illinois Department of Revenue".** ◀
Special Note ▶ Write the amount of your payment on the top of Page 1 in the space provided.

Step 10: Sign here

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Signature of authorized officer	Date	Title	Phone
	8/1/14	P00808748	
Signature of preparer	Date	Preparer's Social Security Number of firm's FEIN	
ERIC V. KRIENERT, CPA	318 SUSAN DRIVE	309-862-3870	
Preparer firm's name (or yours, if self-employed)	Address	Phone	

▶ Mail this return to: Illinois Department of Revenue, P.O. Box 19016, Springfield, IL 62794-9016 ◀

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is REQUIRED. Failure to provide information could result in a penalty. This form has been approved by the Forms Management Center. IL-492-0106

Taxpayer: ASSUMPTION COOPERATIVE GRAIN COMPANY
 Year: 200805
 D.O. 4-25 ATP Settlement computation
 Form 8903 - Domestic Production Activities Deduction

	<u>Original return</u>	<u>Amended return</u>	<u>Change</u>	<u>Final allowable amounts</u>	<u>Reason for change</u>
1. Domestic production gross receipts	74,930,715	73,953,967	(976,748)	73,953,967	
2. Allocable cost of goods sold	69,294,975	0	(69,294,975)	48,506,483	30% of verified PURPIM (i.e. Grain payments to Patrons)
3. Directly allocable deductions	5,483,748	5,415,871	(67,877)	5,415,871	69,294,975 x 30% = 20,788,493
4. Indirectly allocable deductions	0	0	0	0	
6. QPAI	151,992	68,538,096	68,386,104	20,031,614	
7. QPAI from passthroughs			0		
8. Total QPAI	151,992	68,538,096	68,386,104	20,031,614	
9. Income limitation	640,586	69,914,783	69,274,187	69,914,783	Taxable income + DPAD + 1382 + PURPIM
10. Smaller of Line 8 or 9	151,992	68,538,096	68,386,104	20,031,614	
11. 6% of line 10	9,120	4,112,286	4,103,166	1,201,897	5% for years beginning in 2008 and 2009 For FYE 2007-05 and later, enter DPGR%
12. Wages (enter total wages)	749,568	860,385	110,817	860,385	DPGR % 100.00% 749,568
13. Wages from passthroughs	0	0	0	0	Pat % 97.90% 733,827
14. Total wages	749,568	860,385	110,817	860,385	Non % 2.10% 15,741
15. 50% of line 14	374,784	430,193	55,409	430,193	DPGR% times Total Wages 366,914 Patronage DPAD 50% Wage limitation 7,870 Nonpatronage DPAD 50% Wage limitation
16. Smaller of Lines 11 or 15	9,120	430,193	421,073	430,193	0.9799714
17. DPAD from Cooperatives			0	0	
18. Expanded affiliated group allocation			0	0	
19. Domestic Production Activities Deduction	9,120	430,193	421,073	430,193	Used 3% of QPAI
Taxable Income from 8817/Sch G	Original	Amended	Change	Compliance	
Patronage taxable income (B4 DPAD)	280,573	421,158	140,585	280,573	Patronage Taxable Income (col. A) + Patronage DPAD
Nonpatronage taxable income (B4 DPAD)	360,023	109,317	(250,705)	360,023	Should be the same as on original return.
Patronage DPAD taken/allowed (s/b neg)	(8,928)	(421,158)	(412,230)	(280,573)	Allowable DPAD minus ORIGINAL Nonpat DPAD (limited to Patronage T.I.)
Nonpatronage DPAD (s/b neg)	(192)	(9,034)	(8,843)	(192)	Nonpatronage DPAD claimed on original
Taxable Income (should tie to returns)	631,476	100,283	531,193	359,831	Corrected taxable income
Tax (#s from tax returns and RAR)	214,702	22,360	(192,342)	122,343	Allowed (92,359) Disallowed (99,983) Claim disallowance-Fm 2297
DPAD - Original	9,120				
DPAD - Allowed	280,765				not limited by TI or wages
DPAD Increase - RAR adjustment	271,645				