

ILLINOIS INDEPENDENT TAX TRIBUNAL

_____)	
HFF HOLDINGS LLC)	
)	
Petitioner,)	
)	
v.)	No.
THE ILLINOIS DEPARTMENT OF REVENUE,)	
)	
Respondent.)	
_____)	



15 TT 25

PETITION

HFF Holdings LLC (“Petitioner”), by and through its attorneys, Dechert LLP, petitions the Illinois Independent Tax Tribunal to review and revise the Notices of Deficiency and related decisions of the Illinois Department of Revenue (“Department”) referenced herein, and for such other relief as the Tribunal deems appropriate under the circumstances. In support hereof, Petitioner states as follows:

PARTIES

1. Petitioner is a Delaware limited liability company and is located at 301 Grant Street, Suite 1100, Pittsburgh, Pennsylvania 15219. Petitioner can be reached at 412-222-2033.
2. Petitioner is represented by Dechert LLP attorneys Carl Volz, Frederick Gerhart and Steven Kolas. Mr. Volz is resident in Dechert LLP’s Chicago office, located at 77 West Wacker Drive, Suite 3200, Chicago, Illinois, 60601, and can be reached by telephone at (312) 646-5812 and by email at carl.volz@dechert.com. Mr. Gerhart is resident in Dechert LLP’s Philadelphia office, located at 2929 Arch Street, Philadelphia, PA 19104, and can be reached by telephone at (215) 994-2838 and by email at fred.gerhart@dechert.com. Mr. Kolas is resident in Dechert LLP’s Washington, DC office, located at 1900 K Street, NW, Washington, DC 20006, and can be reached by telephone at (202) 261-3443 and by email at steven.kolas@dechert.com.
3. Petitioner’s FEIN is 83-0355528.
4. The Department is an agency of the Executive Department of the State Government and is tasked with the enforcement and administration of Illinois laws. 20 ILCS 5/5-15.

NOTICES

5. On February 20, 2015, the Department issued two Notices of Deficiency that pertain to the Partnership Replacement Tax Returns filed by Petitioner on Forms IL-1065 and IL-1065-X for the taxable years ended December 31, 2007 and December 31, 2008 (“Years at Issue”). These Notices of Deficiency (the “IL-1065 Notices”) reflect the following:

- For the taxable year ended December 31, 2007, the Department listed a tax deficiency of \$312,899.00, a penalty of \$125,159.60 and interest of \$140,161.04 for a total deficiency of \$578,219.64 as of the date of the related IL-1065 Notice.
- For the taxable year ended December 31, 2008, the Department listed a tax deficiency of \$3,572.00, a penalty of \$1,428.80 and interest of \$1,190.24 for a total deficiency of \$6,191.04 as of the date of the related IL-1065 Notice. The balance due listed on this IL-1065 Notice was reduced to \$5,930.04 to reflect certain payments totaling \$261.00.

6. On March 3, 2015, the Department issued two additional Notices of Deficiency that pertain to the Composite Income and Replacement Tax Returns filed by Petitioner on Forms IL-1023-C and IL-1023-C-X for the Years at Issue. These Notices of Deficiency (the “IL-1023-C Notices” and, together with the IL-1065 Notices, the “Notices”) reflect the following:

- For the taxable year ended December 31, 2007, the Department listed a tax deficiency of \$607,999.00, a penalty of \$243,199.60 and interest of \$273,448.46 for a total deficiency of \$1,124,647.06 as of the date of the related IL-1023-C Notice.
- For the taxable year ended December 31, 2008, the Department listed a tax deficiency of \$6,938.00, a penalty of \$2,775.20 and interest of \$1,984.64 for a total deficiency of \$11,697.84 as of the date of the related IL-1023-C Notice. The balance due listed on such Notice was reduced to \$11,193.84 to reflect certain payments totaling \$504.00.

7. A true and accurate copy of each of the four Notices is included in the attached Exhibit

A.

JURISDICTION

8. 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 Illinois Income Tax Act (“Income Tax Act”), 35 ILCS 5/101 et. seq.

9. This Tribunal has jurisdiction over this matter pursuant to Sections 1-15, 1-45 and 1-50 of the Tribunal Act and Section 908(a) of the Income Tax Act because Petitioner timely is filing this petition within 60 days of the issuance of the Notices.

BACKGROUND

10. Petitioner is a validly existing and duly organized limited liability company, with a separate and distinct legal existence, and is treated as a partnership for both federal and Illinois income tax purposes.

11. Petitioner has approximately 40 members who are treated as its partners for income tax purposes. All of Petitioner's members are individuals.

12. On its 2007 and 2008 Illinois Forms IL-1065, Partnership Replacement Tax Returns, Petitioner reported certain capital gains (the "Capital Gains") as nonbusiness income. This treatment is also reflected on the 2007 and 2008 Forms IL-1023-C, Composite Income and Replacement Tax Returns, that Petitioner filed on behalf of its members.

13. The Capital Gains arose in January 2007 when Petitioner sold a portion of its ownership interests in entities that conducted business operations in 17 states, including Illinois (the "2007 Sale"). The Capital Gains reported on Petitioner's 2008 returns consisted of a deferred installment payment from that 2007 Sale.

14. Petitioner's only activity prior to the 2007 Sale was owning investments. These investments consisted of: (1) a 99% limited partnership interest in each of Holliday Fenoglio Fowler, L.P., and HFF Securities, L.P. (the "Operating Partnerships") and (2) all of the stock of a third entity, Holliday GP Corp. ("GP Corp."), a C corporation that held the 1% general partnership interest in the Operating Partnerships.

15. The Operating Partnerships provide commercial real estate and capital markets services to the U.S. commercial real estate industry.

16. Illinois is one of 17 states in which the Operating Partnerships operate.

17. Petitioner has never engaged in any activity other than the passive ownership of its investments in the Operating Partnerships and GP Corp. Petitioner has always functioned solely as a passive investor in the Operating Partnerships and GP Corp. and has never conducted any business activity of its own.

18. Petitioner itself has no connection with Illinois. Petitioner's only office is in Pittsburgh, Pennsylvania, where its books are kept and its investment activities are managed by its sole managing member, a Pennsylvania resident. Petitioner's commercial domicile is in Pennsylvania.

19. Petitioner filed tax returns in Illinois solely because it was a partner in the Operating Partnerships. For the same reason, Petitioner also filed returns in the 16 other states where the Operating Partnerships conduct their activities.

20. Petitioner has never been involved in the management of the Operating Partnerships or GP Corp. As a limited partner, Petitioner cannot be actively involved in the management of the Operating Partnerships without losing limited liability protection.

21. GP Corp., as the general partner of the Operating Partnerships, is responsible for managing the Operating Partnerships. This management responsibility is carried out by GP Corp.'s board of directors and its officers. Throughout 2007 and 2008, each of the Operating Partnerships had an operating committee that managed the partnership's day-to-day operations.

22. Each Operating Partnership's operating committee consisted of the officers of GP Corp. plus other senior managers employed by that Operating Partnership. The members of the operating committees were compensated for their services entirely by the Operating Partnerships. GP Corp. paid no salaries and had no payroll during 2007 and 2008.

23. GP Corp. reported its share of the Operating Partnerships' income on Illinois corporate income tax returns for 2007 and 2008.

24. Petitioner reported the Capital Gains as nonbusiness income not only on its 2007 and 2008 Illinois partnership returns, but also on the returns it filed in the 16 other states where it filed partnership returns.

25. As nonbusiness income, the Capital Gains were allocable to the state of residence (commercial domicile) of each individual member of the Petitioner.

26. Petitioner's Illinois resident members were responsible for paying Illinois income tax on 100% of their share of the Capital Gains. Petitioner's Illinois nonresident members were responsible for reporting 100% of the Capital Gains to their states of residence.

27. Petitioner carefully considered whether the Capital Gains were business income or nonbusiness income in preparing its 2007 and 2008 state tax returns for Illinois and the 16 other states in which it filed state partnership returns.

28. Petitioner concluded that the 2007 Sale was purely and simply the sale of an investment. The sale was not part of, and had nothing to do with, the businesses activities of the Operating Partnerships. For that reason Petitioner reported the Capital Gains as nonbusiness income on the 2007 and 2008 partnership returns it filed in Illinois and 16 other states.

29. Petitioner showed that it was not unitary on its Forms IL-1065 for 2007 and 2008 by not checking Box H on page 1 of the return. Inadvertently, however, Petitioner did not show its distributive share of the Operating Partnerships' income on the non-unitary Lines 38 and 46 of Form IL-1065. The Department of Revenue took this inadvertent omission as an indication that Petitioner intended to be unitary with the Operating Partnerships. To set the record straight and to dispel any misconception that may have resulted from its inadvertent omission, Petitioner filed amended Forms IL-1065 for 2007 and 2008. For the same reason, Petitioner filed amended Forms IL-1023-C for 2007 and 2008 that conformed with the amended Forms IL-1065.

30. Of the 17 states in which Petitioner filed state tax returns for 2007 and 2008, only Illinois has questioned the reporting of the Capital Gains as nonbusiness income.

31. Respondent audited Petitioner and concluded, as reflected in the Notices, that the Capital Gains were subject to Illinois tax on the grounds that they represented business income and Petitioner had a unitary business relationship with the Operating Partnerships.

ERROR I

Respondent erred in asserting that the Capital Gains Petitioner recognized on the 2007 Sale constituted unitary business income because Petitioner was engaged only in its nonbusiness investment activities and was not engaged in a unitary business with the Operating Partnerships.

32. Petitioner realleges and incorporates by this reference the allegations made in paragraphs 1 through 31, inclusive.

33. The Income Tax Act provides that the term “nonbusiness income” means all income other than business income or compensation. 35 ILCS 5/1501(a)(13).

34. The Income Tax Act provides that the term “business income” means all income that may be treated as apportionable business income under the Constitution of the United States. 35 ILCS 5/1501(a)(1).

35. As nonbusiness income, the Capital Gains are not taxable in Illinois because Petitioner did not have its commercial domicile in Illinois at the time of the 2007 Sale or at any other time. 35 ILCS 5/303(b)(3).

36. Only if (1) the Capital Gains represent business income and (2) Petitioner was engaged in a unitary business with the Operating Partnerships, would Petitioner and its nonresident members be taxable on the Capital Gains in Illinois, to the extent apportionable to Illinois. 35 ILCS 5/304(a), (h).

37. The United States Constitution’s Due Process and Commerce Clauses permit a state to apportion and tax a gain on a nonresident’s sale of a business conducted in the state only if the seller has a “unitary business relationship” with the business. *E.g., Allied-Signal, Inc. v. Director, Div. of Taxation*, 504 U.S. 768, 787 (1992).

38. The United States Supreme Court has held that a unitary business relationship requires that there be “some sharing or exchange of value not capable of precise identification or measurement—beyond the mere flow of funds arising out of a passive investment or a distinct business operation...” *Container Corp. v. Franchise Tax Bd.*, 463 U.S. 159, 166 (1983). *See also Hercules, Inc. v. Dep’t of Rev.*, 753 N.E.2d 418, 425; 324 Ill. App. 3d 329, 336 (1st Dist. 2001).

39. The definition of a unitary business relationship is given further detail by the Illinois statute's definition of a "unitary business group" as "a group of persons related through common ownership whose business activities are integrated with, dependent upon and contribute to each other." 35 ILCS 5/1501(a)(27)(A). (Emphasis added.)

40. The statute cited in Paragraph 39 goes on to describe unitary business activity as follows:

Unitary business activity can ordinarily be illustrated where the activities of the members are: (1) in the same general line (such as manufacturing, wholesaling, retailing of tangible personal property, insurance, transportation or finance); or (2) are steps in a vertically structured enterprise or process (such as the steps involved in the production of natural resources, which might include exploration, mining, refining, and marketing); and, in either instance, the members are functionally integrated through the exercise of strong centralized management (where, for example, authority over such matters as purchasing, financing, tax compliance, product line, personnel, marketing and capital investment is not left to each member).

35 ILCS 5/1501(a)(27)(A).

41. A unitary business relationship could not exist between Petitioner and the Operating Partnerships because Petitioner does not conduct a business. Petitioner's only function in 2007 and 2008 was to hold its investments in the Operating Partnerships and GP Corp. The unitary business principle only applies to business activities and does not apply to the ownership of investments. The unitary business principle thus cannot apply to combine Petitioner's gain from the sale of its investment assets, including the Capital Gains, with the "pass-through" business income of the Operating Partnerships.

42. Even if Petitioner's passive investment activities could conceivably be considered a "business," Petitioner still cannot be considered part of a unitary business group with the Operating Partnerships. Apart from owning the Operating Partnerships, at no relevant time did Petitioner satisfy any of the conditions that are required under the Illinois statute to establish the existence of a unitary business relationship. For example:

- (i) Petitioner's limited activities were not part of, and played no role in, the business of the Operating Partnerships because the Operating Partnerships were in the business of providing commercial real estate and capital markets services while Petitioner only owned its passive investments;
- (ii) Petitioner and the Operating Partnerships were not steps in a vertically structured enterprise;

- (iii) there is no centralized management because the Operating Partnerships were managed by their internal operating committees and Petitioner, as a passive investor and a limited partner, was not involved in the Operating Partnerships' business operations; and
- (iv) there was no intercompany flow of products or services between Petitioner and the Operating Partnerships.

WHEREFORE, Petitioner prays that the Tribunal enter an order that:

- (a) finds and declares that Petitioner was not engaged in a unitary business with the Operating Partnerships and GP Corp.;
- (b) finds and declares that the Capital Gains constitute nonbusiness income which, under the Income Tax Act, is not apportioned to Illinois;
- (c) enters a judgment that the Department's assessments, along with any penalties and interest, reflected in the Notices of Deficiency issued for tax years 2007 and 2008 must be abated in their entirety;
- (d) grants such further relief as may be appropriate under the circumstances.

ERROR II

Respondent erred in asserting that the Capital Gains constituted unitary business income because Petitioner's ownership of the Operating Partnerships served no operational function in the Operating Partnerships' businesses.

43. Petitioner realleges and incorporates by this reference the allegations made in paragraphs 1 through 42, inclusive.

44. Absent a unitary business relationship, a capital gain on the sale of an asset can only be apportioned as business income under the United States Constitution if the asset that generates the gain has an "operational function" with respect to business income. The U.S. Supreme Court clearly stated and limited the scope of the operational function test in *Allied-Signal, Inc.*, 504 U.S. at 787 and *MeadWestvaco Corp. v. Ill. Dep't of Revenue*, 553 U.S. 16, 29 (2008).

45. The U.S. Supreme Court stated that "the concept of operational function simply recognizes that an asset can be a part of a taxpayer's unitary business even if what we term a unitary relationship does not exist between the 'payor and payee'." *MeadWestvaco*, 553 U.S. at 29.

46. "The relevant inquiry in determining whether a capital transaction involving an asset serves an investment or operational function 'focuses on the objective characteristics of the asset's use

and its relation to the taxpayer and its activities within the taxing state.” *Hercules*, 324 Ill. App. 3d at 337 (quoting *Allied-Signal, Inc.*, 504 U.S. at 785).

47. In this case, the assets in question are Petitioner’s limited partnership interests in the Operating Partnerships and stock in GP Corp. It was the sale of those assets that generated the Capital Gains. Under the operational function principle, the only way that Petitioner’s Capital Gains could be considered business income is if Petitioner’s mere ownership of those assets somehow played a role in the operation of the Operating Partnerships’ businesses.

48. It is difficult to imagine that the mere passive ownership of a business entity can have an operational function in that same entity’s business. Two hypothetical examples illustrate this point:

- Example 1. A corporation has business operations in Illinois. The president of the corporation, who is also one of its significant shareholders, resides in Indiana and files income tax returns in both Illinois and Indiana because he works in Illinois and resides in Indiana. The president decides to sell his shares in the corporation to a third party and recognizes a gain on the sale. The president’s status as a shareholder and his act of selling his shares are not business activities that could be considered unitary with the corporation’s business. Also, the asset generating the gain – the stock in the corporation -- serves no operational role in the corporation’s business that could satisfy the operational function test. Accordingly, the president’s gain on the sale of stock cannot be apportioned as business income under the United States Constitution. Under the U.S. Constitution, Illinois can no more tax the president’s gain on the stock sale than it could tax the gain of another nonresident shareholder who is not employed by the corporation.
- Example 2. A limited partnership has business operations in Illinois. One of its limited partners resides in Indiana. The limited partner files income tax returns in Illinois to report his share of the partnership’s business income. The limited partner sells his limited partnership interest to a third party and recognizes a gain on the sale. As with the stock in Example 1, the limited partnership interest is an investment asset that serves no operational role in the partnership’s business that could satisfy the operational function principle. Accordingly, the selling partner’s gain cannot be apportioned as business income under the U.S. Constitution.

49. Petitioner’s case is identical in principle to these two examples.

50. At all relevant times Petitioner’s activities were limited to owning passive investments in the Operating Partnerships and GP Corp.

51. Petitioner has never been involved in the management of either the Operating Partnerships (it could not be as a limited partner) or GP Corp.

52. Petitioner's oversight of the activities of the Operating Partnerships and GP Corp. has at all times been entirely consistent with and appropriate to its role as a passive investor and constitutes the same level of oversight that any owner of an investment would exercise.

53. Petitioner's ownership of the limited partnership interests and stock therefore served purely a passive investment function, and in no way served an operational function in the businesses of the Operating Partnerships or GP Corp.

54. The United States Supreme Court's holding in *MeadWestvaco* provides direct support for both examples as well as Petitioner's position that its Capital Gains are nonbusiness income.

55. *MeadWestvaco* involved two commonly owned businesses that clearly had significant and substantial operational interaction, and yet the United States Supreme Court still held that the operational function principle did not apply. Petitioner's case is much stronger because it had no operational interaction with the Operating Partnerships. Petitioner was not engaged in any business at all, and its ownership of passive investments in the Operating Partnerships and GP Corp. could not have served an operational function in their underlying businesses.

WHEREFORE, Petitioner prays that the Tribunal enter an order that:

- (a) finds and declares that Petitioner's limited partnership interests in the Operating Partnerships and stock in GP Corp. served a passive investment purpose, not an operational purpose;
- (b) finds and declares that the Capital Gains recognized by Petitioner on its sale of limited partnership interests in the Operating Partnerships and stock of GP Corp. constitute nonbusiness income which, under the Income Tax Act, is not apportioned to Illinois;
- (c) enters a judgment that the Department's assessments, along with any penalties and interest, reflected in the Notices of Deficiency issued for tax years 2007 and 2008 must be abated in their entirety;
- (d) grants such further relief as may be appropriate under the circumstances.

ERROR III

Even if for the sake of argument Respondent was correct in treating Petitioner's Capital Gains as apportionable business income, which as shown in Counts I and II is contrary to both Illinois law and the U.S. Constitution, Respondent erred in excluding the Capital Gains from the denominator of the sales factor in apportioning the Capital Gains to Illinois.

56. Petitioner realleges and incorporates by this reference the allegations made in paragraphs 1 through 55, inclusive.

57. If Petitioner's capital gain on the sale of its passive investments in the Operating Partnerships and GP Corp. were to be treated as apportionable business income, which as shown in Counts I and II would run counter to Illinois law and US Supreme Court case law, such gain would also need to be included in the denominator of the sales factor ("total sales everywhere") for apportionment purposes.

58. Soon after the auditor expressed agreement with Petitioner's view that if any Capital Gains are treated as business income, they should also be included in the sales factor denominator, the Department reversed the auditor's position, citing 86 ILAC 100.3380(c)(2).

59. Section 100.3380(c)(2) excludes from the sales factor "an incidental or occasional sale of assets" and reads as follows:

Where gross receipts arise from an incidental or occasional sale of assets used in the regular course of the person's trade or business, such gross receipts shall be excluded from the sales factor. For example, gross receipts from the sale of a factory or plant will be excluded.

60. The Department's proposal to apply this provision in section 100.3380(c)(2) to Petitioner's Capital Gains results in an inconsistent application of the law. On the one hand, the Department is claiming that Petitioner's one-time sale of its interests in GP Corp. and the Operating Partnerships is by itself a business. On the other hand, the Department is claiming that the sale — the purported business activity — is incidental or occasional. Thus, the Department is saying that the one-time 2007 Sale that supposedly constitutes a business is incidental or occasional even though the 2007 Sale is the entire business.

61. Petitioner's view is supported by the example in the regulation quoted above dealing with the sale of a factory or plant. A factory produces goods and it is the sale of those goods that is the primary income-producing activity. Thus, the sale of the factory would be incidental or occasional in relation to that primary income-producing activity of selling the goods produced by the factory. In Petitioner's case, however, the sale of stock and limited partnership interests is not just the primary, but the only income-producing activity of its alleged "business." Where a one-time event is the income-producing activity, it by definition cannot be considered "incidental" or "occasional." Accordingly, 86 ILAC 100.3380(c)(2) was not intended to apply to a situation like Petitioner's Capital Gains arising from the 2007 sale.

WHEREFORE, Petitioner prays that the Tribunal enter an order that:

- (a) finds and declares that even if Petitioner's Capital Gains on the sale of limited partnership interests in the Operating Partnerships and stock in GP Corp. were to be treated as apportionable business income (which as shown in Counts I and II would run counter to Illinois law and the U.S. Constitution), such amounts must be included in the sales factor denominator ("total sales everywhere") for Illinois apportionment purposes;
- (b) enters a judgment that the Department's assessments, along with any penalties and interest, reflected in the Notices of Deficiency issued for tax years 2007 and 2008 must be abated accordingly;
- (c) grants such further relief as may be appropriate under the circumstances.

ERROR IV

Respondent erred in asserting penalties because Petitioner had reasonable cause for all of the actions it took with respect to its Illinois tax returns for 2007 and 2008.

62. Petitioner realleges and incorporates by this reference the allegations made in paragraphs 1 through 61, inclusive.

63. Illinois law provides that penalties do not apply if a taxpayer shows that its failure to pay tax at the required time was due to reasonable cause. 35 ILCS 735/3-8.

64. The most important factor to be considered in making a determination to abate a penalty is the extent to which the taxpayer made a good faith effort to determine and pay its proper tax liability in a timely fashion. 86 ILAC 700.400(b).

65. A taxpayer is considered to have made a good faith effort to determine and pay its proper tax liability if it exercised ordinary business care and prudence in doing so. 86 ILAC 700.400(c).

66. Petitioner exercised ordinary business care and prudence because before it filed its tax returns, it thoroughly and carefully analyzed how the Capital Gains should be reported for income tax purposes. Petitioner also consulted with its professional tax advisors. Relying on its own analysis, its professional tax advisors, Illinois law, and U.S. Supreme Court precedent, Petitioner concluded that the clearly correct result was that the Capital Gains should be treated as nonbusiness investment income and not as unitary business income.

67. Petitioner exercised ordinary business care and prudence in reporting the Capital Gains not only in Illinois, but also in the 16 other states where it filed returns in 2007 and 2008. Petitioner took the same position that the Capital Gains constituted nonbusiness investment income in all 17 states where it filed returns. Petitioner's position that the Capital Gains represent nonbusiness investment income has been accepted by all 16 of the other states (i.e., every state but Illinois).

68. Petitioner's good faith is further demonstrated by the fact that it did not take protective action to guard against double taxation in the event the Illinois Department of Revenue took the positions it eventually took in this case. The Department's positions that the Capital Gains represented business income and that Petitioner was engaged in a unitary business with the Operating Partnerships both came as complete surprises to Petitioner even though Petitioner had carefully considered such issues before filing its 2007 and 2008 returns. More important, in the audit of its 2007 and 2008 returns, Petitioner did not receive a preliminary audit report from the Department characterizing the Capital Gains as business income until February 8, 2012, and was not informed of the Department's unitary business position until May 2013. By that time it was too late under applicable statutes of limitations for Petitioner's members to claim a credit for the newly asserted Illinois tax against the income tax they had already paid to their home states. The unnecessary and preventable double taxation of the Capital Gains in both Illinois and the members' home states is a clear indication that Petitioner was acting in good faith with the reasonable and true belief that the Capital Gains represented nonbusiness investment income.

69. Petitioner's decision to report the Capital Gains as nonbusiness income on its 2007 and 2008 Illinois tax returns is supported by reasonable cause.

70. The Department's determination that Petitioner owes penalties on late payment of tax is not supported by fact or law.

WHEREFORE, Petitioner prays that the Tribunal enter an order that:

- (a) finds and declares that all penalties should be fully abated based on reasonable cause;
- (b) enters a judgment that the Department's assessment of penalties, as reflected in the Notices of Deficiency issued for tax years 2007 and 2008, must be abated in full;
- (c) grants such further relief as may be appropriate under the circumstances.

**Respectfully submitted,
Petitioner,**

HFF HOLDINGS, LLC

By: 
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Exhibit A

Notice of Deficiency
for Form IL-1065, Partnership Replacement Tax Return



February 20, 2015



Letter ID: CNXXXX6278546X88

#BWNKMGV
#CNXX XX62 7854 6X88#
HFF HOLDINGS LLC
301 GRANT ST STE 600

PITTSBURGH PA 15219-1423

Taxpayer ID: 83-0355528
Audit ID: A1978440320
Reporting period: December 2007
Total Deficiency: \$578,219.64
Balance due: \$578,219.64



We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. Illinois law requires that we notify you of this deficiency and your rights.

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to "Illinois Department of Revenue," write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed but the total penalties and interest are more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).
- In all other cases, file a protest with us, the Illinois Department of Revenue, within 60 days of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative an administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within 60 days, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- In any case, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total deficiency under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the balance due in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012

(217) 558-4960

Statement

Date: February 20, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXXX6278546X88

Reasons for deficiency

We re-characterized as business income the following items that are from transactions and activities in the regular course of your trade or business:[35 ILCS 5/1501(a)(1), (13)]

We re-characterized as business income dividends claimed as non-business income because the stock with respect to which the dividends were received, is held or is acquired in the regular course of your trade or business operations or where the purpose for acquiring or holding the stock is related or attendant to such trade or business operations. [86 IL Adm. Code 100.3010(c)(5)].

We adjusted your sales everywhere to include factorable receipts on federal 1120, Lines 1 through 10, over federal 1120, Line 1, as originally reported.
[86 IL Adm. Code 100.3370(a)(1)]

If this liability qualified for amnesty, and you did not pay that liability during the amnesty period held October 1, 2010, through November 8, 2010, your penalty and interest amounts may be doubled. [86 Ill. Admin. Code 520/101(b)]

Penalties

We are imposing an additional late-payment penalty because you did not pay the amount shown due on the Form IL-870, Waiver of Restrictions, within 30 days after the "Date of Issuance" shown on the form. Once an audit has been initiated, the additional late payment penalty is assessed at 15% of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, results in this penalty increasing to 20%. [35 ILCS 735-13-3(b-20)(2)] (for liabilities due on or after 1/1/2005)

Interest

Interest on tax in the amount of \$140,161.04 has been computed through February 20, 2015.

Statement

Date: February 20, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXXX6278546X88

Computation of deficiency

Reporting Period: 31-Dec-2007

Unmodified base income or loss	
Total unmodified base income or loss	\$295,844,001.00
Total unmodified base income	\$295,844,001.00
Income or loss	
Illinois replacement tax deducted	\$31,475.00
Payments to partners from Form 1065	\$2,157,060.00
Other additions	\$0.00
Total income or loss	\$298,032,536.00
Illinois base income or net loss	
Distributive share of subtractions	\$122,398.00
Total subtractions	\$122,398.00
Base income or loss	\$297,910,138.00
Income allocable to Illinois	
Nonbusiness income or loss	\$0.00
Non-unitary partnership business income/loss	\$0.00
Business income or loss	\$297,910,138.00
Apportionment formula	
Total sales everywhere	\$139,356,007.00
Total Illinois sales	\$10,973,214.00
Apportionment factor	0.078742
Business income/loss apportionable to IL	\$23,458,040.00
Non-business income/loss allocable to IL	\$0.00
Non-unitary part bus income/loss apprt to IL	\$0.00
Base income or net loss allocable to IL	\$23,458,040.00
Net income	
Base income or net loss	\$23,458,040.00
Illinois net loss deduction (NLD)	\$0.00
Income after NLD	\$23,458,040.00
Exemption allowance	\$79.00
Net income	\$23,457,961.00
Base income or loss allocable to Illinois	\$23,457,961.00
Net replacement tax	
Replacement tax	\$351,869.00
Recapture of investment credits	\$0.00
Replacement tax before investment credits	\$351,869.00
Replacement tax investment credits	\$0.00

Statement

Date: February 20, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXXX6278546X88

Net replacement tax due	\$351,869.00
Minus tax previously assessed	-\$38,970.00
Total tax deficiency	\$312,899.00
UPIA-5 late-payment penalty (Audit)	\$125,159.60
Plus interest on tax through February 20, 2015	\$140,161.04
Total deficiency	* \$578,219.64
If you intend to pay under protest, you must pay this total deficiency amount.	
Balance due	* \$578,219.64

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other Department procedures, you may contact us. Our contact information is on the front of this notice.

Notice of Deficiency
for Form IL-1065, Partnership Replacement Tax Return



February 20, 2015



Letter ID: CNXXX13119954X81

#BWNKMGV
#CNXX X131 1995 4X81#
HFF HOLDINGS LLC
301 GRANT ST STE 600
PITTSBURGH PA 15219-1423

Taxpayer ID: 83-0355528
Audit ID: A1978440320
Reporting period: December 2008
Total Deficiency: \$6,191.04
Balance due: \$5,930.04



We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. Illinois law requires that we notify you of this deficiency and your rights.

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to "Illinois Department of Revenue," write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed but the total penalties and interest are more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).
- In all other cases, file a protest with us, the Illinois Department of Revenue, within 60 days of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative an administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within 60 days, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- In any case, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total deficiency under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the balance due in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012

(217) 558-4960

Statement

Date: February 20, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXX13119954X81

Reasons for deficiency

We re-characterized as business income the interest income from miscellaneous sources that was an integral part of your trade or business operations. [86 IL Adm. Code 100.3010(c)(4)]

We re-characterized as business income the following items that are from transactions and activities in the regular course of your trade or business:[35 ILCS 5/1501(a)(1), (13)]

We have adjusted the Illinois sales factor to include in the numerator receipts (other than receipts from sales of tangible personal property) which are allocable to Illinois. [5 ILCS 304(a)(3)(C-5)]

We adjusted your sales factor to include all business receipts on federal 1120, Lines 1 through 10, to the extent not expressly excluded from the sales factor. [86 IL Adm. Code 100.3370(a)(1)] Moved from Illinois only section.

If this liability qualified for amnesty, and you did not pay that liability during the amnesty period held October 1, 2010, through November 8, 2010, your penalty and interest amounts may be doubled. [86 Ill. Admin. Code 520/101(b)]

Penalties

We are imposing an additional late-payment penalty because you did not pay the amount shown due on the Form IL-870, Waiver of Restrictions, within 30 days after the "Date of Issuance" shown on the form. Once an audit has been initiated, the additional late payment penalty is assessed at 15% of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, results in this penalty increasing to 20%. [35 ILCS 735-3-3(b-20)(2)] (for liabilities due on or after 1/1/2005)

Interest

Interest on tax in the amount of \$1,190.24 has been computed through February 20, 2015.

Statement

Date: February 20, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXX13119954X81

Computation of deficiency

Reporting Period: 31-Dec-2008

Unmodified base income or loss	
Total unmodified base income or loss	\$8,999,282.00
Total unmodified base income	\$8,999,282.00
Income or loss	
Illinois replacement tax deducted	\$38,969.00
Payments to partners from Form 1065	\$100,500.00
Other additions	\$0.00
Total income or loss	\$9,138,751.00
Illinois base income or net loss	
Distributive share of subtractions	\$38,534.00
Total subtractions	\$38,534.00
Base income or loss	\$9,100,217.00
Income allocable to Illinois	
Nonbusiness income or loss	\$0.00
Non-unitary partnership business income/loss	\$0.00
Business income or loss	\$9,100,217.00
Apportionment formula	
Total sales everywhere	\$70,982,318.00
Total Illinois sales	\$3,302,404.00
Apportionment factor	0.046524
Business income/loss apportionable to IL	\$423,378.00
Non-business income/loss allocable to IL	\$0.00
Non-unitary part bus income/loss apprtn to IL	\$0.00
Base income or net loss allocable to IL	\$423,378.00
Net income	
Base income or net loss	\$423,378.00
Illinois net loss deduction (NLD)	\$0.00
Income after NLD	\$423,378.00
Exemption allowance	\$47.00
Net income	\$423,331.00
Base income or loss allocable to Illinois	\$423,331.00
Net replacement tax	
Replacement tax	\$6,350.00
Recapture of investment credits	\$0.00
Replacement tax before investment credits	\$6,350.00
Replacement tax investment credits	\$0.00

Statement

Date: February 20, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXX13119954X81

Net replacement tax due	\$6,350.00
Minus tax previously assessed	-\$2,778.00
Total tax deficiency	\$3,572.00
UPIA-5 late-payment penalty (Audit)	\$1,428.80
Plus interest on tax through February 20, 2015	\$1,190.24
Total deficiency	* \$6,191.04
If you intend to pay under protest, you must pay this total deficiency amount.	
Computation of balance due	
Minus payments	-\$261.00
Balance due	* \$5,930.04

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit(or, in some cases, a refund) of that overpayment.
- For more information about these rights and other Department procedures, you may contact us. Our contact information is on the front of this notice.

Notice of Deficiency

for Form IL-1023-C, Composite Income and Replacement Tax Return



March 3, 2015



Letter ID: CNXXXX3321635529

#BWNKMGV
#CNXX XX33 2163 5529#
HFF HOLDINGS LLC
301 GRANT ST STE 600
PITTSBURGH PA 15219-1423

Taxpayer ID: 83-0355528
Reporting period: December 2007
Total Deficiency: \$1,124,647.06
Balance due: \$1,124,647.06



We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. Illinois law requires that we notify you of this deficiency and your rights.

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to "Illinois Department of Revenue," write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed but the total penalties and interest are more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).
- In all other cases, file a protest with us, the Illinois Department of Revenue, within 60 days of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative an administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within 60 days, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- In any case, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total deficiency under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the balance due in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below:

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012

(217) 558-4960

Statement

Date: March 3, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXXX3321635529

Reasons for deficiency

Illinois modified base income of the partnership increased in audit. Therefore, partners' share of Illinois modified base income increases. [Ref: IAC Section 100.5130].

If this liability qualified for amnesty, and you did not pay that liability during the amnesty period held October 1, 2010, through November 8, 2010, your penalty and interest amounts may be doubled. [86 Ill. Admin. Code 520/101(b)]

Penalties

We are imposing an additional late-payment penalty because you did not pay the amount shown due on the Form IL-870, Waiver of Restrictions, within 30 days after the "Date of Issuance" shown on the form. Once an audit has been initiated, the additional late payment penalty is assessed at 15% of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, results in this penalty increasing to 20%. [35 ILCS 735-3-3(b-20)(2)] (for liabilities due on or after 1/1/2005)

Interest

Interest on tax in the amount of \$273,448.46 has been computed through March 3, 2015.

Statement

Date: March 3, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXXX3321635529

Computation of deficiency

Reporting Period: 31-Dec-2007

Income and net income tax	
Modified base income of partnership or S-corp	\$297,910,138.00
Total % of ownership for resident members	%
Modified base income allocable to Illinois	\$23,458,040.00
Total % of ownership for nonresident members	97%
Composite income	\$22,791,034.00
Net income tax (3%)	\$683,731.00
Net replacement tax	
Income subject to replacement tax	\$0.00
Net replacement tax (1.5%)	\$0.00
Total net income and replacement tax due	\$683,731.00
Minus tax previously assessed	-\$75,732.00
Total tax deficiency	\$607,999.00
UPIA-5 late-payment penalty (Audit)	\$243,199.60
Plus interest on tax through March 3, 2015	\$273,448.46
Total deficiency	* \$1,124,647.06
If you intend to pay under protest, you must pay this total deficiency amount.	
Balance due	* \$1,124,647.06

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other Department procedures, you may contact us. Our contact information is on the front of this notice.

Notice of Deficiency

for Form IL-1023-C, Composite Income and Replacement Tax Return



March 3, 2015



Letter ID: CNXXXX9768676XX4

#BWNKMGV
#CNXX XX97 6867 6XX4#
HFF HOLDINGS LLC
301 GRANT ST STE 600
PITTSBURGH PA 15219-1423

Taxpayer ID: 83-0355528
Reporting period: December 2008
Total Deficiency: \$11,697.84
Balance due: \$11,193.84



We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. Illinois law requires that we notify you of this deficiency and your rights.

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to "Illinois Department of Revenue," write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed but the total penalties and interest are more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, *et seq.*).
- In all other cases, file a protest with us, the Illinois Department of Revenue, within 60 days of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative an administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within 60 days, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- In any case, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total deficiency under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the balance due in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012

(217) 558-4960

Statement

Date: March 3, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXXXX9768676XX4

Reasons for deficiency

Illinois modified base income of the partnership increased in audit. Therefore, partners' share of Illinois modified base income increases. [Ref: IAC Section 100.5130].

If this liability qualified for amnesty, and you did not pay that liability during the amnesty period held October 1, 2010, through November 8, 2010, your penalty and interest amounts may be doubled. [86 Ill. Admin. Code 520/101(b)]

Penalties

We are imposing an additional late-payment penalty because you did not pay the amount shown due on the Form IL-870, Waiver of Restrictions, within 30 days after the "Date of Issuance" shown on the form. Once an audit has been initiated, the additional late payment penalty is assessed at 15% of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, results in this penalty increasing to 20%. [35 ILCS 735-13-3(b-20)(2)] (for liabilities due on or after 1/1/2005)

Interest

Interest on tax in the amount of \$1,984.64 has been computed through March 3, 2015.

Statement

Date: March 3, 2015
Name: HFF HOLDINGS LLC
Taxpayer ID: 83-0355528
Letter ID: CNXXXX9768676XX4

Computation of deficiency

Reporting Period: 31-Dec-2008

Income and net income tax	
Modified base income of partnership or S-corp	\$9,100,217.00
Total % of ownership for resident members	%
Modified base income allocable to Illinois	\$423,378.00
Total % of ownership for nonresident members	97%
Composite income	\$411,340.00
Net income tax (3%)	\$12,340.00
Net replacement tax	
Income subject to replacement tax	\$0.00
Net replacement tax (1.5%)	\$0.00
Total net income and replacement tax due	\$12,340.00
Minus tax previously assessed	-\$5,402.00
Total tax deficiency	\$6,938.00
UPIA-5 late-payment penalty (Audit)	\$2,775.20
Plus interest on tax through March 3, 2015	\$1,984.64
Total deficiency	* \$11,697.84

If you intend to pay under protest, you must pay this total deficiency amount.

Computation of balance due

Minus payments	-\$504.00
Balance due	* \$11,193.84

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

Taxpayer Bill of Rights

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- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other Department procedures, you may contact us. Our contact information is on the front of this notice.