Illinois Department of Revenue

Form IL-4644 Instructions

General Information

What is the purpose of Form IL-4644?

This form is to report the gains from **only** the sale or exchange of securities of an employer that you received in a distribution from a qualified employee pension, profit-sharing, or stock bonus plan.

Do not use this form for the sale or exchange of securities received as the result of the exercise of a stock option under an employee stock purchase plan.

Should I round?

You must round the dollar amounts on Form IL-4644 to whole-dollar amounts. To do this, you should drop any amount less than 50 cents and increase any amount of 50 cents or more to the next higher dollar.

What if I need additional assistance or forms?

- For assistance, forms, or schedules, visit our website at **tax.illinois.gov** or scan the QR code provided.
- Write us at:
  ILLINOIS DEPARTMENT OF REVENUE
  PO BOX 19001
  SPRINGFIELD IL 62794-9001
- Call **1 800 732-8866** or **217 782-3336** (TTY at **1 800 544-5304**).
- Visit a taxpayer assistance office - 8:00 a.m. to 5:00 p.m. (Springfield office) and 8:30 a.m. to 5:00 p.m. (all other offices), Monday through Friday.

Specific Instructions

Step 1: Provide the following information

Lines 1 through 4 – Follow the instructions on the form.

Step 2: Provide general security information

Column A – Enter a description of each security as shown on federal Form 1040, Schedule D, or federal Form 1041, Schedule D.

Column B – Enter the date that you received the distribution of securities (by distribution from a qualified employee benefit plan).

Column C – Enter the date that you sold the security.

Column D – Enter the total gain during the tax year for each security as shown on federal Form 1040, Schedule D, or federal Form 1041, Schedule D.

Step 3: Calculate net unrealized appreciation

Column E – If, when employer securities were distributed, you

- **were** informed of the market value of the securities as of the date of distribution, enter that market value for the securities sold.
- **were not** informed of the market value of the securities as of the date of distribution, follow the instructions below and enter the fair market value of the securities sold.

In the absence of a reported market value from your employer, you must use, as fair market value of securities traded on a national exchange, the closing price of the security on the date of distribution. If the security was not traded on the date of distribution, use the closing price of the security on the last trading day preceding the date of distribution. If the security was traded in the over-the-counter market, the fair market value of the security must be the average of the bid-and-ask price for the security on the date of distribution. If the security was not traded on a national exchange or in the over-the-counter market, then the fair market value of the security must be determined according to the method of valuing the securities specified in the written plan, established by the employer.

Stock splits and stock dividends – Securities received as a result of either stock splits or stock dividends from an employer should be reported on this form when they are sold. The market value attributable to the original shares must either be apportioned among the shares received on the stock split or adjusted in the same manner as the basis (*i.e.,* cost) of the original securities was adjusted for federal income tax purposes.

Example: If you received 100 shares in a distribution and the market value at the date of distribution was $600 ($6 per share), the market value as of the date of distribution attributable to each share after a two-for-one stock split (200 shares) would be $3.

Column F - Enter your federal tax basis for the securities sold as of the date of distribution from the employer's plan. Generally, this amount is the same as the basis or cost used to determine your gain on federal Schedule D.

Columns G and H - Follow the instructions on the form.

Step 4: Identify securities received in a distribution prior to August 1, 1969

Column I - Listed Securities: If the gain was from a security listed on a national securities exchange or quoted in the over-the-counter market between July 28 and 31, 1969, enter the market value of the property on August 1, 1969.

If the security was traded between July 28 and 31, 1969, use the price of the last sale during the period to value the security. If the security was not traded during this period, use the average of the bid-and-ask quotations on July 31, 1969, to value the security.

If you exchanged through a tax-free exchange, a listed security that you held on August 1, 1969, for an unlisted security and this year you sold the unlisted security, you must use the listed value on August 1, 1969, as the fair market value.

If, on the other hand, you exchanged, through a tax-free exchange, an unlisted security that you held on August 1, 1969, for a listed security and this year you sold the listed security, you must use a bona fide, independent appraisal, if you have one, to compute the August 1, 1969, fair market value. In the absence of an appraisal, you must use the "number-of-months" method.

Unlisted Securities: Fair Market Value Readily Ascertainable by Appraisal – If the gain was not from a security traded or quoted between July 28 and 31, 1969, enter the fair market value of the property on August 1, 1969, only if the fair market value was readily ascertainable on that date. Attach a bona fide, independent appraisal as of August 1, 1969, made by a competent appraiser of recognized standing and ability, to support the readily ascertainable fair market value. Book value is not generally acceptable as evidence of the August 1, 1969, fair market value.

Unlisted Securities: Fair Market Value Not Readily Ascertainable – The Number-of-Months Method – If the fair market value of the property was not readily ascertainable on August 1, 1969, enter a fraction (also called "applicable fraction") whose numerator is the number of full calendar months you held the property before August 1, 1969, and whose denominator is the total number of full calendar months you held the property. Do not include in the numerator or denominator the month in which you acquired or disposed of the property. If the property was acquired in July, 1969, enter zero in Columns I and K.

Column J – Enter the federal tax basis as of August 1, 1969, for the securities sold. Your federal tax basis is the amount you would have entered as "cost or other basis" on federal Schedule D if you had sold the property on August 1, 1969.

Note: If Line 18 is a gain, you **must** complete Schedule F for Form IL-1040 or Form IL-1041. On Schedule F, Line 3, enter the amount from Step 4, Line 18, of this form.

Column K - If Column I is a dollar amount, subtract Column J from Column I and enter the difference. If Column J is greater than Column I, enter zero. If you entered a fraction in Column I, multiply Column D by the fraction and enter the result.

Columns L and M - Follow the instructions on the form.

Examples

- Mr. Brown retired on June 30, 1968, and received a lump-sum distribution from his employer's qualified profit-sharing plan of 100 shares of his employer's securities. The fair market value of the 100 shares was $1,000 (or $10 per share) as of the date of distribution. Mr. Brown is notified by the trustee of his employer's profit-sharing plan that the basis for determining profit or loss on the subsequent sales of these securities is $7 per share. The $700 basis amount ($7 per share x 100 shares) may constitute a distribution from a qualified employee benefit plan for which Mr. Brown may claim a subtraction from Illinois income in the year of receipt. See Form IL-1040 instructions, Line 5, and Publication 120, Retirement Income, for further details.
- Furthermore, Mr. Brown is allowed to defer reporting as income the $3 per share of net unrealized appreciation (the difference between the market value of the securities received of $10 per share and his cost or basis of $7 per share) until he sells the shares at a gain. This $3 per share of deferred gain will be considered as a distribution from a qualified employee benefit plan and may be subtracted from Illinois income upon the sale of the shares if and to the extent the shares are sold for at least a gain of $3 per share.
- If Mr. Brown sells 50 shares during the taxable year for $20 per share, he would report a federal gain of $13 per share or a total gain of $650. Mr. Brown would be entitled to subtract $3 per share (or $150) of this gain as a distribution from a qualified employee benefit plan in computing his Illinois taxable income. Mr. Brown would file Illinois Form IL-4644. Step 2 would show a gain of $650. Step 3 would show the following: E is $500; F is $350; G is $150; H is $150.
- Since Mr. Brown acquired the shares prior to August 1, 1969, he would complete Step 4 to determine if he was entitled to an additional subtraction on the amount of gain in excess of $150.

  For example, if the August 1, 1969, market value of the shares was $15 per share, Mr. Brown would report in Column I - $750 (50 x $15); in Column J - $350 (50 x $7); in Column K - $400 ($750 less $350); in Column L - $400; and in Column M - $250. Line 18 would show a gain of $250, which may be subtracted from Illinois income by completing Schedule F.