



Schedule 4255

Recapture of Investment Tax Credits

Attach to your return.

Name as shown on your return _____

Social Security number or Federal employer identification number _____

The property you are reporting on this schedule was placed in service during the tax year ending: _____

Month _____ Year _____

Part I — Enterprise Zone Investment Credit Recapture

A	B	C	D	E	F
Date property placed in service in Illinois Month Year	Date property became disqualified Month Year	Description of qualified property	Reason for disqualification	Original basis	Name of enterprise zone
1a	____/____/____	_____	_____	_____	_____
b	____/____/____	_____	_____	_____	_____
c	____/____/____	_____	_____	_____	_____
d	____/____/____	_____	_____	_____	_____
e	____/____/____	_____	_____	_____	_____
f	____/____/____	_____	_____	_____	_____
2	Add Column E, Lines 1a through 1f and write here and on Part IV, Line 2, Column A.				2

Part II — High Impact Business Investment Credit Recapture

A	B	C	D	E	F
Date property placed in service in Illinois Month Year	Date property became disqualified Month Year	Description of qualified property	Reason for disqualification	Original basis	Name of foreign trade zone/sub-zone
1a	____/____/____	_____	_____	_____	_____
b	____/____/____	_____	_____	_____	_____
c	____/____/____	_____	_____	_____	_____
d	____/____/____	_____	_____	_____	_____
e	____/____/____	_____	_____	_____	_____
f	____/____/____	_____	_____	_____	_____
2	Add Column E, Lines 1a through 1f and write here and on Part IV, Line 2, Column B.				2

Part III — Replacement Tax Investment Credit Recapture

A	B	C	D	E	
Date property placed in service in Illinois Month Year	Date property became disqualified Month Year	Description of qualified property	Reason for disqualification	Original basis	
1a	____/____/____	_____	_____	_____	
b	____/____/____	_____	_____	_____	
c	____/____/____	_____	_____	_____	
d	____/____/____	_____	_____	_____	
e	____/____/____	_____	_____	_____	
f	____/____/____	_____	_____	_____	
2	Add Column E, Lines 1a through 1f and write here and on Part IV, Line 2, Column C.				2

Part IV — Computation of Recapture

	A	B	C
	Part I recapture	Part II recapture	Part III recapture
1 Total property (See instructions.)	1	_____	_____
2 Total disqualified property (See instructions.)	2	_____	_____
3 Net qualified property. Subtract Line 2 from Line 1.	3	_____	_____
4 Rate (See instructions for Column C.)	4	.005	.005
5 Recomputed credit. Multiply Line 3 by Line 4.	5	_____	_____
6 Original credit available. Multiply Line 1 by Line 4.	6	_____	_____
7 Tax (See instructions.)	7	_____	_____
8 Credit used. Write the lesser of Line 6 or Line 7.	8	_____	_____
9 Subtract Line 5 from Line 8. If negative, write zero.	9	_____	_____
10 Recapture from other Schedules 4255, Part IV, Line 12, filed this year.	10	_____	_____
11 Distributive share of recapture from partnerships and S corporations.	11	_____	_____
12 Total recapture. Add Lines 9, 10, and 11 (see instructions).	12	_____	_____



Schedule 4255 Instructions

Who must file?

You **must** file Schedule 4255 if you claimed an investment credit against your Illinois income or replacement tax liability in a previous year, and any of the property considered in the computation of that investment credit becomes disqualified.

You must recapture any such investment credit in the year in which the property becomes disqualified (to the extent the credit was actually used in any previous year). Use this form to figure the amount of recaptured credit that you must add to this year's tax liability. You **must** file a **separate Schedule 4255** for each tax year in which the now-disqualified property was placed in service, beginning with the earliest year. Each Schedule 4255 should report only items placed in service during the same tax year you wrote at the top of the form. You **may not** amend a previous year's return in order to exclude the disqualified property. **Attach all completed Schedules 4255 to your return.**

Note: If you elected to pass through your credits to your partners or shareholders, the partners or shareholders **are required** to report any recapture on their respective returns. You **must** attach Schedule 4255 to your return, in addition to sending it to your partners or shareholders.

When does property cease to qualify?

Enterprise Zone Investment Credit — Property ceases to qualify if, within 48 months of placing it into service, you dispose of the property or move it outside an Illinois enterprise zone.

Replacement Tax Investment Credit — Property ceases to qualify if, within 48 months of placing it into service, you dispose of the property or move it outside of Illinois. In addition, property becomes disqualified if it is used for purposes other than manufacturing, retailing, coal mining, or fluorite mining within 48 months after being placed in service. Property placed in service on or after January 1, 1994, also becomes disqualified if it is converted to personal use, or if you are no longer primarily engaged in manufacturing, retailing, coal mining, or fluorite mining.

High Impact Business Investment Credit — For tax years ending on or before **December 31, 1996**, property ceases to qualify if, within 48 months of placing it into service, you dispose of the property or move it outside of Illinois.

High Impact Business Investment Credit — For tax years ending on or after **January 1, 1997**, the disqualification criteria changes for the High Impact Business Investment Credit. If you entered into an agreement with a taxing district and were granted a tax abatement and you relocate your entire facility in violation of the terms and length of the contract under Section 18-183 of the Property Tax Code, you must recapture the amount of credit previously received under the agreement.

Property is "disposed of" if it is sold, exchanged, traded-in, abandoned, retired from use, destroyed by casualty, stolen, or transferred as a gift. Property is not "disposed of" if it is mortgaged or used as security for a loan, unless it is converted to a non-qualifying use.

Parts I, II, and III Specific Instructions

Part I — Complete Part I if your now-disqualified property was considered in computing the Enterprise Zone Investment Credit on Schedule 1299-A, 1299-C, or 1299-D.

Part II — Complete Part II if your now-disqualified property was considered in computing the High Impact Business Investment Credit on Schedule 1299-C or 1299-D.

Part III — Complete Part III if your now-disqualified property was considered in computing the Replacement Tax Investment Credit on Form IL-477.

Column A — Write the date the now-disqualified property was placed in service. All entries must be within the same tax year.

Column B — Write the date the property became disqualified. All entries must be within the tax year of the return to which you are attaching this form.

Column C — Describe the property exactly as it was described when you originally computed the investment credit.

Column D — Briefly describe the reason for the disqualification, such as removed from service, involuntarily converted, *etc.*

Column E — Write the basis that was shown when the investment credit was originally computed.

Column F —

Part I — Write the enterprise zone in which your property was used when the investment credit was originally computed.

Part II — Write the foreign trade zone/sub-zone in which the property was used when the investment credit was originally computed. If your high impact business was designated after January 1, 1989, write "N/A."

Part IV Specific Instructions

Column A — Complete this column if you are reporting the disqualification of property for which you previously claimed an Enterprise Zone Investment Credit.

Column B — Complete this column if you are reporting the disqualification of property for which you previously claimed a High Impact Business Investment Credit.

Column C — Complete this column if you are reporting the disqualification of property for which you previously claimed a Replacement Tax Investment Credit.

Line 1 — Write the total basis of **all** property for which you computed a credit in the tax year that the now-disqualified property was originally placed in service.

Line 2

Column A — Write the amount from Part I, Line 2.

Column B — Write the amount from Part II, Line 2.

Column C — Write the amount from Part III, Line 2.

Line 3 — Follow the instructions on the form.

Line 4

Columns A and B — The correct entry is printed on the form.

Column C — Write the sum of .005 and the rate you used on your original Form IL-477 to claim an additional credit based on an increase of employment in Illinois.

- If you did not claim an additional credit for an increase in employment on your original Form IL-477, write .005.
- If you reported an increase in employment on Form IL-477 of 1 percent or more, or if you claimed the credit as a new business in Illinois, write .01.
- If you reported an increase in employment of less than 1 percent, add .005 to the decimal shown on the original Form IL-477, Part II, Line 6, and write the total here.

Lines 5 and 6 — Follow the instructions on the form.

Line 7

Columns A and B — Write the income tax shown on the return for the tax year in which the credit was originally computed.

Column C — Write the replacement tax shown on the return for the tax year in which the credit was originally computed.

Note: If an eligible credit was carried forward to the succeeding tax year, you must also include the tax shown on the return for the tax year to which the credit was carried.

Line 8 — Follow the instructions on the form.

Line 9 — Subtract Line 5 from Line 8. If the result is negative, write "0."

Line 10 — Write the recapture from any other Schedules 4255 (Part IV, Line 12) you completed to recapture any investment credit originating in a tax year prior to the tax year that corresponds to the date shown in Column A of Parts I, II, or III.

Line 11

Columns A and C — Write your distributive share of recapture from partnerships and S corporations.

Line 12 — Add Lines 9, 10, and 11. Carry this amount to any succeeding Schedules 4255, Part IV, Line 10, to be completed for this tax year. If you do not need to complete a succeeding Schedule 4255, carry this amount—

from Column A to	from Column B to	from Column C to
•IL-1040, Recapture Worksheet, Line 1	•IL-1040, Recapture Worksheet, Line 2	•IL-1120, Part IV, Line 8b
•IL-1120, Part V, Line 2b	•IL-1120, Part V, Line 2b	•IL-1041, Part III, Line 4b
•IL-1041, Part IV, Line 2b	•IL-1041, Part IV, Line 2b	•IL-1065, Part II, Line 6b or Schedule K-1-P, Step 7, Line 4b
•Schedule K-1-P, Step 7, Line 44a	•IL-990-T, Part IV, Line 1b	•IL-1120-ST, Part II, Line 6b
•IL-990-T, Part IV, Line 1b		•IL-990-T, Part III, Line 2b