



Illinois Department of Revenue
IL-477

Attach to Form IL-1120, IL-1120-ST, IL-1065, IL-1041, or IL-990-T.

Replacement Tax Investment Credits

Year ending

Month _____ Year _____

Name as shown on your return _____

Federal employer identification number (FEIN) _____

Part I — Investment credit for qualified property placed in service during the tax year

	A	B	C	D	E	F	G	H
	Description of qualified property	Date placed in service Month Year	Useful life	New or used*	Business activity (see inst.)	Location of use (city or county)	Basis	Column G x .5% (.005)
1 a	_____	___/___/___	_____	_____	_____	_____	_____	1a _____
b	_____	___/___/___	_____	_____	_____	_____	_____	1b _____
c	_____	___/___/___	_____	_____	_____	_____	_____	1c _____
2	Write the total of each Column G and H.							2 _____
3	If your business is new to Illinois, write the amount from Line 2, Column H, here and check the box in Part II. If your business is not new to Illinois, complete Part II to see if you qualify for an additional credit based on increases in employment.							3 _____
4	Write the distributive share of replacement tax investment credit from partnerships and S corporations.							4 _____
5	Add Line 2, Column H, and Lines 3 and 4. This is your total replacement tax investment credit from this year.							5 _____
6	Multiply Line 5 by the percentage of total ownership in the partnership or S corporation attributable to partners or shareholders subject to replacement tax.							6 _____
7	Subtract Line 6 from Line 5.							7 _____
8	Write the amount of your credit carryforward from a previous year.							8 _____
9	Add Lines 7 and 8. This is your total investment credit available to use this year.							9 _____
10	Write your total replacement tax (see instructions).							10 _____
11	Write the lesser of Line 9 or Line 10 here and on your return (see instructions). This is your replacement tax investment credit to use this year.							11 _____
12	Subtract Line 11 from Line 9 (cannot be less than zero). This is the amount of excess credit available to be carried forward five years.							12 _____

* If the property is used, write the abbreviation of the state in which the property was previously used.

Part II — Base employment calculation worksheet

Note: If your business is new to Illinois, check this box.
You automatically qualify for the additional credit. **Do not** complete Lines 1 through 7. See instructions for Part I, Line 3.

	Month	A Current year	B Preceding year
1	1st	_____	_____
	2nd	_____	_____
	3rd	_____	_____
	4th	_____	_____
	5th	_____	_____
	6th	_____	_____
	7th	_____	_____
	8th	_____	_____
	9th	_____	_____
	10th	_____	_____
	11th	_____	_____
	12th	_____	_____
2	Write the total of each column.		2 _____
3	Divide the amount on Line 2 by the number of months used in that column. Round to six decimal places and write here.		3 _____
4	Subtract Line 3, Column B, from Line 3, Column A, and write here. If the amount is zero or negative, write "0" on Part I, Line 3, and continue to Part I, Line 4. Stop here. You do not qualify for the additional credit.		4 _____
5	Divide Line 4 by Line 3, Column B. Round to six decimal places and write here. If the amount is .01 or larger, stop here and write the amount from Part I, Line 2, Column H, on Part I, Line 3. If this amount is less than .01, continue to Line 6 below.		5 _____
6	Multiply Line 5 by 50% (.50). Round to six decimal places and write here.		6 _____
7	Multiply Part I, Line 2, Column G, by Part II, Line 6, and write here and on Part I, Line 3.		7 _____



Form IL-477 Instructions

General Information

Effective for tax years ending **on or after December 31, 2000**, you may no longer make the election to flow through your investment credits to your partners or shareholders. Investment credits earned by you and allocable to your partners and shareholders subject to replacement tax automatically flow through to those partners and shareholders. The amount allocable to other partners and shareholders remains with you.

Who must file?

If you are a corporation, S corporation, partnership, trust, or exempt organization subject to replacement tax and you placed qualified property into service in Illinois during the tax year, you may be entitled to a replacement tax investment credit. This credit includes

- an amount equal to .5 percent (.005) of the basis of qualified property placed in service in Illinois during your tax year; and
- an additional credit equal to .5 percent (.005) of the basis of qualified property placed in service after July 1, 1986, if your Illinois base employment increased by 1 percent (.01) or more over the preceding year, or if your business is new to Illinois.

Complete Form IL-477, Replacement Tax Investment Credits, to compute the replacement tax investment credit. **Attach Form IL-477 to your return.**

What if I am a unitary filer?

If you are filing an Illinois combined return, complete one Form IL-477 for the entire unitary business group.

How do I qualify for a credit?

To qualify, you must be primarily engaged in manufacturing, mining coal or fluorite, or retailing, and your property must be used in Illinois. All of your qualified property is eligible for the credit providing you are primarily, (more than 50 percent) engaged in these operations.

What is qualified property?

In order for property to qualify, it must

- be used in Illinois by the taxpayer primarily engaged in manufacturing, retailing, or mining of coal or fluorite;
- be tangible;
- be depreciable, as defined in IRC Section 167;
- have a useful life of four or more years as of the date placed in service in Illinois; and
- be acquired by purchase as defined in IRC Section 179(d).

Qualified property can be new or used, but cannot have been previously used in Illinois. Such property includes buildings, structural components of buildings, and signs that are real property. It does not include land or improvements to real property that are not a structural component of a building, such as landscaping, sewer lines, local access roads, fencing, parking lots, and other appurtenances.

Any improvement or addition made is considered to be qualified property to the extent that the improvement or addition is of a capital nature, which increases the adjusted basis of the property previously placed in service in Illinois, and otherwise meets the requirements of qualified property.

Specific Instructions

Part I — Investment credit for qualified property placed in service during the tax year

Lines 1a through 1c — Follow the instructions for each column.

Column A — Describe each item of qualified property placed in service in Illinois. Write only qualified property that continues to be used on the last day of your tax year.

Column B — Write the date each item of qualified property listed in Column A was placed in service in Illinois. An item is placed in service on the earlier of

- the date the property is placed in a condition or state of readiness and availability for its specifically assigned function; **or**
- the date the depreciation period of the item begins. (Generally, this will be the same date the property is placed in service for purposes of the federal depreciation deduction.)

Note: The date placed in service in Illinois must be written in Column B or your basis in Column G will be reduced to zero.

Column C — Write the useful life of each item of qualified property. If you are using the modified accelerated cost recovery system, (MACRS) to depreciate the property, write the MACRS recovery class each item of property listed in Column A was assigned. Property assigned to a MACRS class of less than four years is not qualified.

If you are not using the MACRS method to depreciate the property, write the useful life assigned to the property for federal depreciation purposes. The useful life of the property, when placed in service, must be four or more years to qualify.

Column D — Indicate whether each item of property written in Column A is new or used. If the property is used, write the abbreviation of the state in which the property was previously used. Property previously used in Illinois does not qualify if the property was used in a manner and by a person who would qualify for this credit.

Column E — Indicate your primary business activity. Write the corresponding number of the following functions on the line: 1) retailing; 2) manufacturing; 3) coal mining; or 4) fluorite mining.

Column F — Write the municipality, or county, if the area is unincorporated, where each item of qualified property was used.

Column G — Write the basis of each item of property used to compute depreciation under IRC Section 167(a). Generally, the adjusted basis will be the purchase price of the property, plus any capital expenditures, less any rebates.

Column H — Multiply each amount in Column G by .5 percent (.005).

Line 2 — Write the total of Column G and the total of Column H.

Line 3 — If your business **is new** to Illinois, write the amount from Part I, Line 2, Column H, and check the box above Line 1 of Part II. **Do not** complete Lines 1 through 7 of Part II.

If your business **is not new** to Illinois and your base employment

- did not increase over the preceding year, write "0" and continue to Line 4; or
- increased from the preceding year, complete Part II before making an entry.

Line 4 — Write the distributive share of replacement tax investment credit distributed from partnerships and S corporations.

Lines 5 through 7 — Follow the instructions on the form.

Line 8 — Write the amount of credit carryforward from your prior year Form IL-477. Do not include any excess credit earned prior to December 31, 1995.

Line 9 — Follow the instructions on the form.

Line 10 — Write the total replacement tax (after recapture of the replacement tax investment credit) from your

- Form IL-1120, Part IV, Line 9
- Form IL-1041, Part III, Line 5
- Form IL-1120-ST, Part II, Line 7
- Form IL-990-T, Part III, Line 3
- Form IL-1065, Part II, Line 7

Line 11 — Write the lesser of Line 9 or Line 10 here and on your

- Form IL-1120, Part IV, Line 10
- Form IL-1041, Part III, Line 6
- Form IL-1120-ST, Part II, Line 8
- Form IL-990-T, Part III, Line 4
- Form IL-1065, Part II, Line 8

Line 12 — Subtract Line 11 from Line 9. This is the amount of excess credit available to be carried forward five years.

Part II — Base employment calculation worksheet

Lines 1 through 7 — Follow the instructions on the form.