



Replacement Tax Investment Credits

Write your name as shown on your return.

Write your federal employer identification number (FEIN).

Step 1: Figure your Replacement Tax Investment Credit for qualified property placed in service during the tax year.

Table with 8 columns: A (Description of qualified property), B (Date placed in service), C (Useful life), D (New or used*), E (Business activity), F (Location of use), G (Basis), H (Column G x .5% (.005)). Includes rows 1a, 1b, 1c.

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

- 2 Write the total of each Column G and H.
3 If your business is new to Illinois, write the amount from Line 2, Column H, here and check the box in Step 2.
4 Write the distributive share of replacement tax investment credit from partnerships and S corporations.
5 Add Line 2, Column H, and Lines 3 and 4.
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.
7 Subtract Line 6 from Line 5.
8 Write the amount of your credit carryforward from a previous year.
9 Add Lines 7 and 8.
10 Write your total replacement tax (see instructions).
11 Write the lesser of Line 9 or Line 10 here and on your return.
12 Subtract Line 11 from Line 9 (cannot be less than zero).

Step 2: Figure your 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 13 through 19. See instructions for Step 1, Line 3.

Table with 4 columns: Month, A (Current year), B (Preceding year). Includes rows 13-19 for base employment calculation.



Form IL-477 Instructions

General Information

Complete this form if you are a corporation, S corporation, partnership, trust, or exempt organization subject to replacement tax and are entitled to a replacement tax investment credit.

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

Note: For tax years ending on or after December 31, 2000, 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.

How do I qualify for a credit?

You may take this credit if you

- placed qualified property in service in Illinois within the tax year,
- continue to use the qualified property on the last day of your tax year, and
- are primarily (more than 50 percent) engaged in manufacturing, mining coal or fluorite, or retailing.

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 during your tax year, if your Illinois base employment increased by 1 percent (.01) or more over the preceding year, or if your business is new to Illinois.

Definitions

“Qualified property” is property that

- is tangible;
- is depreciable according to IRC, Section 167;
- has a useful life of four or more years as of the date placed in service in Illinois; and
- is acquired by purchase as defined in IRC, Section 179(d).

Qualified property can be new or used but does not qualify for the Replacement Tax Investment Credit if it was previously used in Illinois in a manner that qualified for that credit or for the Enterprise Zone Investment Credit on Schedule 1299-A or 1299-D. 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

Step 1— Figure your 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 you placed in service in Illinois.

Column B — Write the date, including month and year, each item of qualified property was placed in service in Illinois. An item is placed in service on the earlier of

- the date the item 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 item 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 — If you are using the modified accelerated cost recovery system, (MACRS) to depreciate the property, write the MACRS class each item of qualified property 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 qualified property is new or used. If the property was previously used, write the abbreviation of the state where the property was located.

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 — For each item of property, write the basis used to figure the depreciation deduction for federal income tax purposes. Generally, the adjusted basis will be the purchase price of the property, plus any capital expenditures, less any rebates.

Column H — Multiply each entry by .5 percent (.005) and write the result.

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 Step 1, Line 2, Column H, and check the box above Line 13 of Step 2. Do not complete Lines 13 through 19 of Step 2.

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 Step 2 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, 1997.

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 5
- Form IL-1041, Part III, Line 5
- Form IL-1120-ST, Part II, Line 3
- 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 6
- Form IL-1041, Part III, Line 6
- Form IL-1120-ST, Part II, Line 4
- 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.

Step 2 — Figure your base employment calculation worksheet

Lines 13 through 19 — Follow the instructions on the form.