Use your mouse or Tab key to move through the fields. Use your mouse or space bar to enable check boxes.

Illinois Department of Revenue

IL-477 Replacement Tax Investment Credits

Attach to Form IL-1120, IL-1065, IL-1120-ST, IL-1041, IL-990-T, or IL-1023-C.

Year ending ____ ____ Month Year

IL Attachment No. 18

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

	A Description of qualified property	B Date placed in service Month Year	C Useful life	D New or used*	E Business activity (see inst.)	F Location of use (city or county)	G Basis		H Column G **x** .5% (.005)
1 a		__ __/__ __						1a	
b		__ __/__ __						1b	
c		__ __/__ __						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. 2 ________ ________

3 If your business is new to Illinois, write the amount from Line 2, Column H, here and check the box in Step 2. If your business is not new to Illinois, complete Step 2 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. See instructions. 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. If the amount is negative, write zero. This is the amount of excess credit available to be carried forward five years. 12 ________

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.

13 Write as your "base employment" the number of covered workers from Line 1 of Illinois Department of Employment Security Form UI-3/40, Employer's Contribution and Wage Report. Make entries only for those months that you were taxed by Illinois.

Month	A Current year	B Preceding year
1st		
2nd		
3rd		
4th		
5th		
6th		
7th		
8th		
9th		
10th		
11th		
12th		

14 Write the total of each column. 14 ________ ________

15 Divide the amount on Line 14 by the number of months used in that column. Round the result to six decimal places and write the amount here. 15 ________ ________

16 Subtract Line 15, Column B, from Line 15, Column A and write the result here. If the amount is **positive**, continue to Line 17. If the amount is **zero or negative**, **stop here.** Write "0" on Line 3, and continue to Line 4. You do not qualify for the additional credit. 16 ________

17 Divide Line 16 by Line 15, Column B. Round the result to six decimal places and write the amount here. If the amount is .01 or larger, **stop here** and write the amount from Line 2, Column H, on Line 3. If this amount is less than .01, continue to Line 18. 17 ________

18 Multiply Line 17 by 50% (.50). Round to six decimal places and write here. 18 ________

19 Multiply Line 2, Column G, by Line 18, and write the result here and on Line 3. 19 ________

Reset Print

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, Replacement Tax Investment Credit, for the entire combined 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 of up to .5 percent (.005) of the basis of qualified property placed in service during your tax year, if your Illinois base employment increased 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 or River Edge Redevelopment Zone Investment Credit on Illinois 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 after the property is placed in service is considered to be qualified property to the extent that the improvement or addition increases the adjusted basis of the property, and otherwise meets the requirements of qualified property.

Specific Instructions

Step 1— Figure your Replacement Tax 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 assigned to each item of qualified property. Property assigned to a MACRS class of less than four years is not qualified property.

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
- 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 basis will be the purchase price of the property, plus any capital expenditures, minus any rebates and IRC Section 179 expense. The basis is not reduced by depreciation, including bonus depreciation, except for depreciation you were allowed to claim on an asset you used in another state prior to bringing it to Illinois.

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 from all attached pages of Form IL-477.

Line 3 — If your business **is new** to Illinois, write the amount from Line 2, Column H, and check the box above Line 13. **Do not** complete Lines 13 through 19.

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.

Note **Complete Line 4 only if you are a partner in a partnership or a shareholder in an S corporation. All other corporations and trusts write zero.**

Line 6 — To figure the percentage of total ownership in the partnership or S corporation attributable to partners or shareholders subject to replacement tax divide the amount on Form IL-1065 or IL-1120-ST, Schedule B, Line 7, by the total of the amount from Schedule B, Line 7, plus your base income from Forms IL-1065 or IL-1120-ST, Line 35. Multiply this fraction by the amount on this Form IL-477, Line 5, and write the result on Line 6.

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, 2005.

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

- Form IL-1120, Line 42
- Form IL-1120-ST, Line 54
- Form IL-1065, Line 56
- Form IL-1041, Line 36
- Form IL-990-T, Line 15
- Form IL-1023-C, Line 12

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

- Form IL-1120, Line 43
- Form IL-1120-ST, Line 55
- Form IL-1065, Line 57
- Form IL-1041, Line 37
- Form IL-990-T, Line 16
- Form IL-1023-C, Line 13

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.