



Schedule 1299-A Instructions

What's new for 2012?

The following subtractions have been modified:

- *Enterprise Zone Dividend Subtraction*
- *Enterprise Zone Interest Subtraction*

If you are eligible to take these subtractions, do not include any dividends or interest received or accrued on or after August 7, 2012. See the specific instructions for each subtraction.

For tax years ending on or after December 31, 2012, and on or before December 31, 2016, the Veterans Jobs Credit has been modified to allow a credit for either "qualified veterans" or "qualified unemployed veterans." See the specific instructions for more information.

For tax years ending on or after December 31, 2012, a **Hospital Credit** is available. See the specific instructions for more information.

General Information

Complete this schedule if you are filing Form IL-1065 or Form IL-1120-ST and are entitled to the following **subtractions**:

- Dividends from enterprise zones and river edge redevelopment zones
- Dividends from foreign trade zones (or sub-zones)
- Contribution to a zone organization (Form IL-1120-ST filers only)
- Interest income from a loan secured by enterprise zone, river edge redevelopment zone, or high impact business property (Form IL-1120-ST financial organizations only)

or the following **credits**:

- Film Production Services Tax Credit
- Enterprise Zone Investment Credit
- River Edge Redevelopment Zone Investment Credit
- Tax Credit for Affordable Housing Donations
- Economic Development for a Growing Economy (EDGE) Credit
- Research and Development Tax Credit
- Ex-Felons Jobs Credit
- Veterans Jobs Credit
- Student-Assistance Contribution Credit
- Angel Investment Credit
- New Markets Credit
- River Edge Historic Preservation Credit
- Live Theater Production Tax Credit
- Hospital Credit
- Historic Preservation Credit

Note See Illinois Schedule 1299-S, *Enterprise Zones, Foreign Trade Zones, and Sub-Zones*, for a listing of these zones in Illinois, as well as their definitions. See the DCEO website for a list of River Edge Redevelopment Zones and DCEO contact information.

What must I attach?



Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, or Schedule K-1-T, Beneficiary's Share of Income and Deductions, if

- you are a partner in a partnership, a shareholder in an S corporation, or a beneficiary in a trust, and you received a Schedule K-1-P or K-1-T from the partnership, S corporation, or trust showing an amount of deductions or credits that you may claim on your Schedule 1299-A.

Note All income credits on Schedule 1299-A are distributable by partnerships and S corporations and require Schedule K-1-P to support distributive share amounts.



Certificates issued by the Department of Commerce and Economic Opportunity (DCEO) if

- you entered into an agreement with DCEO and DCEO issued a tax certificate to you indicating the name of the credit and the amount of the credit allowed in this taxable year.
- you purchased or had credit transferred to you from another business and the credit purchase or transfer was approved by DCEO, and DCEO issued a tax certificate to you indicating the name of credit and the amount of credit allowed in this taxable year.

Note Any credit administered by DCEO requires a copy of certification to claim the credit. Those credits include:

- Film Production Services Tax Credit
- EDGE Tax Credit
- Angel Investment Tax Credit
- New Markets Credit
- River Edge Historic Preservation Credit
- Live Theater Production Tax Credit
- Historic Preservation Credit



Any other documents required by the department.

- If you claim the **tax credit for affordable housing donations** you must attach a copy of proof of the credit issued by the Illinois Housing Development Authority or the city of Chicago.
- If you claim the **Hospital Credit**, because the credit was transferred to you, attach a copy of the written notice of the transfer that the seller or donator sent to the Department of Revenue.



for completing Schedule 1299-A

Enterprise Zone, River Edge Redevelopment Zone, and High Impact Business Investment Credits

"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).

Research and Development Credit

"Qualifying expenses" are expenditures qualifying under IRC Section 41, that are attributable to research in Illinois, including certain payments to qualified organizations for basic research in Illinois.

“Qualifying expenses for increasing research activities in Illinois” are the excess of qualifying expenses incurred for the current tax year over qualifying expenses incurred for the base period.

“Base period” is the **three** tax periods immediately preceding the determination year.

“Qualified research” is research or experimental activities that create or improve a function, performance, reliability, or quality. Research must be performed in Illinois and be of a technical nature and be intended to be useful in the development of a new or improved business component held for sale, lease, license, or use by you in your business.

Ex-Felons Jobs Credit

“Qualified wages” means wages you paid during the one-year period beginning with the date the ex-felon begins working for you. Only wages that are subject to unemployment tax under IRC Section 3306 qualify. This includes amounts in excess of the maximum taxable wage. Wages paid during any period for which you received federally funded payments for on-the-job training for the ex-felon do not qualify.

A **“qualified ex-felon”** means an Illinois resident

- who has been convicted of a felony other than a crime of violence as defined in Section 2 of the Crime Victims Compensation Act, a Class X felony, an offense for which probation is not allowed, a sex offense, or a crime of bodily harm, and
- who was sentenced to a period of incarceration in an Illinois adult correctional center, and
- who was hired by you within one year after being released from the adult correctional facility.

A person who has been convicted more than twice of a felony is **not** a qualified felon.

Veterans Jobs Credit

A **“qualified veteran”** means an Illinois resident who

- was a member of the Armed Forces of the United States (including any reserve component) or of the Illinois National Guard,
- served on active duty in connection with Operation Desert Storm, Operation Enduring Freedom, or Operation Iraqi Freedom,
- has provided you with documentation showing that he or she was honorably discharged,
- was initially hired by you on or after January 1, 2007, and
- was employed by you at least 185 days during the tax year.

A **“qualified unemployed veteran”** means an Illinois resident who

- was a member of the Armed Forces of the United States (including any reserve component) or of the Illinois National Guard,
- served on active duty on or after September 11, 2001,
- has provided you with documentation showing that he or she was honorably discharged,
- was initially hired by you on or after June 1, 2012,
- was unemployed for a total of 4 weeks or more during the six week period ending on the Saturday immediately preceding the date he or she was hired by you, and
- was employed by you
 - at least 185 days; or
 - at least 31 days if that employee was unemployed for a total of six months or more during the one year period ending on the date he or she was hired.

These periods of employment may be completed after the end of the taxable year in which you hired the veteran.

Note An employee qualifies as unemployed for a week if he or she has received unemployment benefits for the week, or has not been employed since being honorably discharged.

“Qualified wages” means gross wages paid to a “qualified veteran” or a “qualified unemployed veteran” in the course of that veteran’s sustained employment.

Student Assistance Contribution Credit

“Qualified education pre-paid tuition plans” include

- Illinois Bright Start Savings Pool,
- Illinois Bright Directions Savings Pool,
- College Illinois Pre-paid Tuition Program.

Step 1: Figure your subtractions

Note For several subtractions, you may have more qualifying credits than space provides on Schedule 1299-A. For any of these subtractions in which you exceed the allotted space on the schedule, attach a separate schedule in the same format as Illinois Schedule 1299-A. Include the individual amounts from multiple schedules in the total line for each credit on Schedule 1299-A. Do not write the total on your attachment pages.

For example, if you have more than three corporations from whom you received qualifying dividends for the Enterprise Zone Dividend subtraction, attach an additional sheet in the same format provided on the Schedule 1299-A. Add the totals from the 1299-A and the attachment and write the total on Schedule 1299-A, Line 3.

Additionally, if you receive more than one Schedule K-1-P for any eligible subtractions, you should add the amounts from all Schedules K-1-P for that credit and write the total on the corresponding line item on Schedule 1299-A.

Enterprise Zone Dividend Subtraction

You may claim a subtraction for dividends you received from a corporation that conducts substantially all of its business operations in an Illinois enterprise zone. You may not include any dividends you received on or after August 7, 2012.

Note You may deduct only the portion of these dividends that is included in your Illinois base income. Do not include any dividends from High Impact Businesses operating in a foreign trade zone (or sub-zone).

Line 1 — Column A – Write the name of the corporation from which you received dividends.

Column B – Write the name of the enterprise zone in which the corporation is located.

Column C – Write the amount of dividends you received from the corporation and included in your Illinois base income. Do not include any dividends received on or after August 7, 2012.

Line 2 — Follow the instructions on the form.

Line 3 — Add Columns 1a through 1c, and Line 2.

Note Write any portion of the total amount on Line 3 that will be distributed to a partner or shareholder on Illinois Schedule K-1-P, Line 39a.

River Edge Redevelopment Zone Dividend Subtraction

You may claim a subtraction for dividends you received from a corporation that conducts substantially all of its business operations in an Illinois river edge redevelopment zone.

Note You may deduct only the portion of these dividends that is included in your Illinois base income. Do not include any dividends from High Impact Businesses operating in a foreign trade zone (or sub-zone).

Line 4 —

Column A — Write the name of the corporation from which you received dividends.

Column B — Write the name of the river edge redevelopment zone in which the corporation is located.

Column C — Write the amount of dividends you received from the corporation and included in your Illinois base income.

Line 5 — Follow the instructions on the form.

Line 6 — Add Columns 4a through 4c, and Line 5.

Note Write any portion of the total amount on Line 6 that will be distributed to a partner or shareholder on Illinois Schedule K-1-P, Line 39b.

Line 7 — Add Lines 3 and 6. Write the total here and on Form

- IL-1065, Line 28, or
- IL-1120-ST, Line 25.

High Impact Business within a Foreign Trade Zone (or sub-zone) Dividend Subtraction

You may claim a subtraction for dividends you received from a corporation that is designated by the Department of Commerce and Economic Opportunity (DCEO) as a “High Impact Business” and conducts business operations in a federally designated foreign trade zone (or sub-zone) located in Illinois.

Note You may deduct only the portion of these dividends that is included in your Illinois base income. Do not include any dividends from businesses operating in Enterprise or River Edge Redevelopment Zones.

Line 8 — Column A — Write the name of the corporation from which you received dividends.

Column B — Write the name of the foreign trade zone (or sub-zone) in which the corporation is located.

Column C — Write the amount of dividends you received from the corporation and included in your Illinois base income.

Line 9 — Follow the instructions on the form.

Line 10 — Add Lines 8a through 8c, and Line 9.

- Write the total here and on Form IL-1065, Line 29, or IL-1120-ST, Line 27.
- Write any portion of this amount that will be distributed to a partner or shareholder on Illinois Schedule K-1-P, Line 40.

Contribution Subtraction (Form IL-1120-ST filers only)

You may deduct twice the amount of any contribution made during your tax year to a designated zone organization to be used for an enterprise zone or river edge redevelopment zone project approved by DCEO, provided that the contribution qualifies as a charitable contribution under Internal Revenue Code (IRC) Section 170(c).

Line 11 — Column A — Write the name of the enterprise zone or river edge redevelopment zone that is the site of the project for which the contribution was made.

Column B — Write the name of the designated zone organization to which the contribution was made.

Column C — Write the amount of contribution.

Column D — Multiply each entry in Column C by 2.

Line 12 — Follow the instructions on the form.

Line 13 — Add Column D, Lines 11a through 11c, and Line 12.

- Write the total amount here and on Form IL-1120-ST, Line 29.
- Write any portion of this amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 41.

Interest Subtraction (Form IL-1120-ST financial organizations only)

- Enterprise Zones - If you are a **financial organization**, as defined in the Illinois Income Tax Act (IITA), Section 1501(a)(8), you may subtract any interest income received before August 7, 2012, during the tax year from a loan made to a borrower, to the extent the loan is secured by qualified property that is eligible for the Enterprise Zone Investment Credit.
- River Edge Redevelopment Zones or High Impact Business within a Foreign Trade Zone (or sub-zone) - If you are a **financial organization**, as defined in the Illinois Income Tax Act (IITA), Section 1501(a)(8), you may subtract any interest income received during the tax year from a loan made to a borrower, to the extent the loan is secured by qualified property that is eligible for the River Edge Redevelopment Zone or High Impact Business Investment Credit.

Enterprise Zones

Note When determining your Enterprise Zone Interest Subtraction do not include any interest received or accrued on or after August 7, 2012.

Line 14 —

Column A — Write the name of the borrower eligible to claim the Enterprise Zone Investment Credit.

Column B — Write a description of each item of qualified property used to secure the loan.

Column C — Write the year the borrower claimed or will claim the credit on the qualified property.

Column D — Write the name of the enterprise zone in which the property used as security is located.

Column E — Write the basis of each item of property listed in Column B that was used to compute the depreciation deduction for federal income tax purposes.

Column F — Write the amount of the loan.

Column G — Write the interest received or accrued for the loan during the year. Do not include any amounts received or accrued on or after August 7, 2012.

Column H — Divide each entry in Column E by Column F (cannot exceed “1”), and multiply the result by Column G.

Line 15 — Follow the instructions on the form.

Line 16 — Add Column H, Lines 14a through 14c, and Line 15.

- Write the total amount here.
- Write any portion of this amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 42a.

River Edge Redevelopment Zones

Complete this section in the same manner as Lines 14 through 16, **except:**

Line 17 —

Column A — Write the name of the borrower eligible to claim the River Edge Redevelopment Zone Investment Credit.

Column D — Write the name of the river edge redevelopment zone in which the property used as security is located.

Column G — Write the interest received or accrued for the loan during the year.

Line 18 — Follow the instructions on the form.

Line 19 — Add Column H, Lines 17a through 17c, and Line 18.

- Write the total here.
- Write any portion of this amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 42b.

Line 20 — Add 16 and 19. Write the total here and on Form IL-1120-ST, Line 26.

◆ **High Impact Business within a Foreign Trade Zone (or sub-zone)** (Form IL-1120-ST financial organizations only)

Complete this section in the same manner as Lines 14 through 16, **except:**

Line 21 —

Column A — Write the name of the borrower eligible to claim the High Impact Business Investment Credit.

Column D — Write the name of the foreign trade zone (or sub-zone) in which the property used as security is located.

Column G — Write the interest received or accrued for the loan during the year.

Line 22 — Follow the instructions on the form.

Line 23 — Add Column H, Lines 21a through 21c, and Line 22.

- Write the total here and on Form IL-1120-ST, Line 28.
- Write any portion of the amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 43.

Step 2: Figure your credits

Note For several credits, you may have more qualifying items than space provides on Schedule 1299-A. For any of these credits in which you exceed the allotted space on the schedule, attach a separate schedule in the same format as Illinois Schedule 1299-A. Include the individual amounts from multiple schedules in the total line for each credit on Schedule 1299-A. Do not write the total on your attachment pages.

For example, if you have more than three qualifying employees for the veterans credit, attach an additional sheet in the same format provided on the Schedule 1299-A. Add the totals from the 1299-A and the attachment and write the total on Schedule 1299-A, Line 51.

Additionally, if you receive more than one Schedule K-1-P for any eligible credit, you should add the amounts from all Schedules K-1-P for that credit and write the total on the corresponding line item on Schedule 1299-A.

■ **Film Production Services Tax Credit**

For tax years **beginning on or after January 1, 2004**, businesses in the film industry may be able to take a tax credit.

To qualify for this credit you must have

- applied for and received a tax credit certificate from DCEO, or
- received a certificate from DCEO showing that a credit was transferred to you.

Contact DCEO for more information.

Line 24a — Write the amount of credit from the tax credit certificate you received from DCEO, including any amount transferred to you by the person who earned the credit.

Line 24b — Follow the instructions on the form.

Line 24c — Add Lines 24a and 24b. This is the amount of credit you may distribute to your partners or shareholders. Write each partner's or shareholder's share on Illinois Schedule K-1-P, Line 52a.

■ **Enterprise Zone Investment Credit**

You may take this credit if you

- placed qualified property in service in an Illinois enterprise zone or river edge redevelopment zone within the tax year,
- placed it in service on or after the date the zone was officially designated as an enterprise zone, and
- continued to use the qualified property on the last day of your tax year.

Note Qualified Enterprise Zones are listed on Schedule 1299-S.

Qualified property can be new or used but does not qualify for the Enterprise Zone Investment Credit if it was previously used in Illinois in a manner that qualified for that credit or for the Replacement Tax Investment Credit on Form IL-477. Qualified 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 on or after the date the enterprise zone was designated or the business was designated as a high impact business is considered to be qualified property to the extent that the improvement or addition increases the adjusted basis of the property previously placed in service in Illinois and otherwise meets the requirements of qualified property.

Line 25 —

Column A — Describe each item of qualified property you placed in service in an Illinois enterprise zone.

Column B — Write the 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 F will be reduced to zero.

Column C — If you are using the federal accelerated cost recovery system (ACRS) to depreciate the property, write the ACRS class assigned to each item of qualified property. Property assigned to an ACRS class of less than four years is not qualified.

If you are not using the ACRS 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. In addition, if the property was previously used in Illinois, but not in a manner that qualified for this credit or for the Replacement Tax Investment Credit on Form IL-477, attach a statement to that effect.

Column E — Write the name of the enterprise zone in which the property is used.

Column F — 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, plus any capital expenditures, minus any rebates and IRC Section 179 deductions. The basis is not reduced by depreciation, including bonus depreciation, except depreciation you were allowed to claim before the date you placed it in service in Illinois or in an Illinois enterprise zone or river edge redevelopment zone.

Column H — Multiply Column F by Column G.

Line 26 — Follow the instructions on the form.

Line 27 — Add the amounts in Column H, Lines 25a through 25c, (including the amounts on any additional schedules you have attached) and Line 26. This is the amount of Enterprise Zone Investment Credit you may distribute to your partners or shareholders. Write the result on Line 27, and write each owner's share on Illinois Schedule K-1-P, Line 52b.

River Edge Redevelopment Zone Investment Credit

You may take this credit if you

- placed qualified property in service in an Illinois river edge redevelopment zone within the tax year,
- placed it in service on or after the date the zone was officially designated as a river edge redevelopment zone, and
- continued to use the qualified property on the last day of your tax year.

Note → Qualified River Edge Redevelopment Zones are listed on the DCEO website.

Qualified property can be new or used but does not qualify for the River Edge Redevelopment Zone Investment Credit if it was previously used in Illinois in a manner that qualified for that credit or for the Replacement Tax Investment Credit on Form IL-477. Qualified 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 on or after the date the river edge redevelopment zone was designated or the business was designated as a high impact business is considered to be qualified property to the extent that the improvement or addition increases the adjusted basis of the property previously placed in service in Illinois and otherwise meets the requirements of qualified property.

Line 28 —

Column A — Describe each item of qualified property you placed in service in an Illinois river edge redevelopment zone.

Column B — Write the 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 F will be reduced to zero.

Column C — If you are using the federal accelerated cost recovery system (ACRS) to depreciate the property, write the ACRS class assigned to each item of qualified property. Property assigned to an ACRS class of less than four years is not qualified.

Base Employment Calculation Worksheet

Use this worksheet to calculate the credit rate you should use if you have placed qualifying property in service in a river edge redevelopment zone for Step 2, Column G, Line 28. You should keep a copy of this worksheet in your files as documentation of your credit calculation. The department may request this information during a review or audit of your account.

1 Write the number of covered workers from Line 1 of Illinois Department of Security Form UI-3/40, Employer Contribution and Wage Report, you filed for each month.

| Month | A Current Year | B Preceding Year |
|-------|-------------------|---------------------|
| 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 the result to six decimal places.

3 _____

4 Subtract Line 3, Column B, from Line 3, Column A. If the amount is zero or negative, write zero.

4 _____

5 Divide Line 4 by Line 3, Column B. If the amount is greater than .01, write .01. Otherwise, round the result to six decimal places and write that amount here.

5 _____

6 Multiply Line 5 by 0.5. Round to six decimal places and write the result here.

6 _____

7 Add Line 6 plus .005. Write the amount here and on Column G, Line 28, for each item of property placed in service in a river edge redevelopment zone.

7 _____

If you are not using the ACRS 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. In addition, if the property was previously used in Illinois, but not in a manner that qualified for this credit or for the Replacement Tax Investment Credit on Form IL-477, attach a statement to that effect.

Column E – Write the name of the redevelopment zone in which the property is used.

Column F – 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, plus any capital expenditures, minus any rebates and IRC Section 179 deductions. The basis is not reduced by depreciation, including bonus depreciation, except depreciation you were allowed to claim before the date you placed it in service in Illinois, or in an Illinois enterprise zone or river edge redevelopment zone.

Column G –

If your business is new to Illinois, write .01. Otherwise, use the Base Employment Calculation Worksheet below to figure the correct rate.

Column H – Multiply Column F by Column G.

Line 29 — Follow the instructions on the form.

Line 30 — Add the amounts in Column H, Lines 28a through 28c, (including the amounts on any additional schedules you have attached) and Line 29. This is the amount of River Edge Redevelopment Zone Investment Credit you may distribute to your partners or shareholders. Write the result on Line 30, and write each owner's share on Illinois Schedule K-1-P, Line 52c.

■ Tax Credit for Affordable Housing Donations

You may take this credit if you

- have made a donation under Section 7.28 of the Illinois Housing Development Act for the development of affordable housing in Illinois, and
- made the donation in a tax year **ending on or after** December 31, 2001.

You may also take this credit if it was transferred to you by the donor.

Line 31 — Write the total amount of your donation to eligible sponsors on the line provided. Multiply this amount by 50 percent (.50) and write the result on Line 31.

Line 32 — Write any distributive share of Tax Credit for Affordable Housing Donations that was distributed to you from other partnerships or S corporations and reported to you on Illinois Schedule K-1-P, or transferred to you by the donor.

Line 33 — Add the amounts on Lines 31 and 32. Write the result here and write each owner's share on Illinois Schedule K-1-P, Line 52d. This is your Tax Credit for Affordable Housing Donations.

■ Economic Development for a Growing Economy (EDGE) Tax Credit

Note → The amount of EDGE credit calculated by a pass-through entity may also be considered a payment against Illinois Income Tax under 5-15(g) of the Economic Development for a Growing Economy Act, and Articles 6 and 8 of the Illinois Income Tax Act, on behalf of the entity's owners. Application of this payment remains consistent in the manner provided for credits with a five-year credit carryforward provision.

You may take this credit if

- you have entered into an agreement with DCEO, either under the Economic Development for a Growing Economy Tax Credit Act or the Corporate Headquarters Relocation Act, and
- you meet the conditions stated in your agreement with DCEO.

The EDGE credit

- cannot exceed the incremental income tax, which is the total amount withheld during the tax year from the compensation of new employees who are employed at a project that is the subject of the agreement.
- cannot exceed 100 percent of the total amount spent on approved costs (defined in the agreement) by the taxpayer during all prior tax years, minus the amount of credit allowed in prior years.
- is determined on an annual basis.
- cannot exceed the amount of income tax for the tax year.
- may be applied against income tax in no more than 10 tax years for businesses that qualify under the Economic Development for a Growing Economy Tax Credit Act.
- may be applied against income tax in more than 10 tax years, but no more than 15 tax years for businesses that qualify under the Corporate Headquarters Relocation Act, have undertaken a qualifying project within the time frame specified by DCEO, and apply no more than 60 percent of the maximum credit per year.

For more information regarding the EDGE Program, applications, and tax credit, you may call DCEO at 1 877 221-4403 or write to Illinois Department of Commerce and Economic Opportunity, First Stop Business Information Center of Illinois, 620 East Adams, Third Floor, Springfield, Illinois 62701.

Lines 34 and 35 — Follow the instructions on the form.

Line 36 — Add the amounts on Lines 34 and 35. This is the amount of EDGE Tax Credit you may distribute to your partners or shareholders. Write the result here and write each owner's share on Illinois Schedule K-1-P, Line 52e.

■ Research and Development Credit

You may take this credit if you have certain qualifying expenses for increasing qualified research activities in Illinois.

You may not take this credit for the following types of activities:

- research conducted after the beginning of commercial production;
- research adapting an existing product or process to a particular customer's need;
- duplication of an existing product or process;
- surveys or studies;
- research relating to certain internal-use computer software;
- research conducted outside Illinois;
- research in the social sciences, arts, or humanities; or
- research funded by another person (or government entity).

Lines 37 through 40 – Follow the instructions on the form for the amount to write in Column A and Column B.

Column A – Write the average of the base period qualified expenses resulting from activities that were conducted in the **state of Illinois**.

Column B – Write the current year qualified expenses resulting from activities that were conducted in the **state of Illinois**.

If you were **not** doing business in Illinois during one or more of the tax years included in the base period, use "0" as the factor for that tax year when computing the average base period qualified expenses.

Note → If you were doing business in Illinois for less than an entire year during any tax year in the base period, the qualifying expenses (Lines 37 through 39) must be annualized as follows:

qualified expenses x 365 ÷ number of days taxable by Illinois

Lines 41 and 42 – Follow the instructions on the form.

Line 43 – Multiply Line 42 by 6.5 percent (.065), and write the result on Line 43.

Line 44 – Write your distributive share from an S corporation or partnership that was reported to you on Illinois Schedule K-1-P.

Line 45 – Add the amounts on Lines 43 and 44 and write the result here and on Schedule K-1-P, Line 52f. This is your Research and Development Credit.

■ Ex-Felons Jobs Credit

Line 46 — For each ex-felon for whom you are claiming a credit:

Column A – Write the name of the qualified ex-felon.

Column B – Write the Social Security number of the qualified ex-felon.

Column C – Write the date you hired the qualified ex-felon.

Column D – Write the amount of qualified wages you paid to this ex-felon during the taxable year. Do not include any wages paid more than one year after the date of hiring.

Column E – Multiply the amount in Column D by five percent (.05).

Column G – If you claimed an Ex-Felon Jobs Tax Credit for this ex-felon in any prior year, write the total amount of credit claimed. Otherwise, write “0”.

Column H – Subtract the amount in Column G from \$600. This amount cannot be less than zero.

Column I – Write the amount from Column E or the amount from Column H, whichever is less.

Line 47 — Follow the instructions on the form.

Line 48 — Add Lines 46a through 46c, Column I (including the amounts on any additional schedules you have attached) and Line 47. Write the result here and on Illinois Schedule K-1-P, Line 52g. This is your total Ex-Felons Jobs Credit.

■ Veterans Jobs Credit

For tax years **ending on or after December 31, 2012, and on or before December 31, 2016**, the Veterans Jobs Credit is

- 10 percent of qualified wages paid during the taxable year to an employee who is a “qualified veteran”; or
- 20 percent of qualified wages paid during the taxable year to an employee who is a “qualified unemployed veteran.”

See the definitions at the beginning of these instructions to determine if your employee is a “qualified veteran” or a “qualified unemployed veteran.”

The credit **per year** for wages paid to a particular employee may not exceed

- \$1200 for a “qualified veteran”; or
- \$5000 for a “qualified unemployed veteran.”

Note → You may not claim a double credit for a single employee who meets the requirements of both a “qualified veteran” and a “qualified unemployed veteran.” You must choose to treat that veteran as either a “qualified veteran” or “qualified unemployed veteran” and complete the schedule as indicated below.

Line 49 — For each employee for whom you are claiming a credit:

Column A – Write the name of the employee.

Column B – Write the Social Security number of the employee.

Column C – Write the amount of qualified wages you paid to this employee during the taxable year.

Column D – If your employee is

- a “qualified veteran,” multiply the amount in Column C by 10% (.10) and write it here; or
- a “qualified unemployed veteran,” multiply the amount in Column C by 20% (.20) and write it here.

Column E – If your employee is

- a “qualified veteran,” write \$1200; or
- a “qualified unemployed veteran,” write \$5000.

Column F – Write the amount from Column D or Column E, whichever is less.

Line 50 — Follow the instructions on the form.

Line 51 — Add Lines 49a through 49c, Column F (including the amounts on any additional schedules you have attached) and Line 50. Write the result here and on Illinois Schedule K-1-P, Line 52h. This is your total Veterans Jobs Tax Credit.

■ Student-Assistance Contribution Credit

For tax years **ending on or after December 31, 2009**, if you are an employer who makes a matching contribution to a qualified Illinois pre-paid tuition program on behalf of your employees, you are entitled to a credit of 25 percent (.25) or \$500 per employee, whichever is less.

Line 52 – For each employee for whom you made a matching contribution

Column A – Write the name of the employee.

Column B – Write the Social Security number of the employee.

Column C – Write the amount of the matching contribution you made.

Column D – Multiply the amount in Column C by 25 percent (.25).

Column F – Write the amount from Column D or Column E, whichever is less.

Line 53 – Follow the instructions on the form.

Line 54 – Add Lines 52a through 52c, Column F (including the amounts on any additional schedule you have attached) and Line 53. Write the result here and on Illinois Schedule K-1-P, Line 52i. This is your total Student-Assistance Contribution Credit.

■ Angel Investment Credit

For tax years **beginning on or after January 1, 2011, and ending on or before December 31, 2016**, an **Angel Investment Credit** may be claimed in an amount equal to 25 percent (.25) of an investment made directly in a qualified new business. The credit may not reduce tax below zero and may be carried forward for five years.

To qualify for the credit, you must have applied for and received a tax credit certificate from DCEO. Contact DCEO for more information.

Line 55 – Write the amount of credit from the tax credit certificate you received from DCEO.

Line 56 – Follow the instructions on the form.

Line 57 – Add Lines 55 and 56. Write the result here and on Illinois Schedule K-1-P, Line 52j. This is your total Angel Credit.

■ New Markets Credit

The New Markets Credit is allowed for qualified investments made between 2008 and 2017 in a community development entity. Credits are allowed on the second anniversary of the investment (tax years ending on or after December 31, 2010), and the next four anniversaries.

To qualify for this credit, you must have

- applied for and received a tax credit certificate from DCEO, or
- received a certificate from DCEO showing that a credit was transferred to you.

Contact DCEO for more information.

Line 58 – Write the amount of credit from the tax credit certificate you received from DCEO, including any credit transferred to you by the person who earned the credit.

Line 59 – Follow the instructions on the form.

Line 60 – Add Lines 58 and 59. Write the result here and on Illinois Schedule K-1-P, Line 52k. This is your total New Markets Credit.

■ River Edge Historic Preservation Credit

For tax years beginning on or after January 1, 2012, the River Edge Historic Preservation Credit is available for projects located in river edge redevelopment zones. The credit is awarded by the Department of Commerce and Economic Opportunity.

To qualify for this credit, you must have

- applied for and received a tax credit certificate from DCEO, or
- received a certificate from DCEO showing that a credit was transferred to you.

Contact DCEO for more information.

Line 61 - Write the amount of credit from the tax credit certificate you received from DCEO, including any credit transferred to you by the person who earned the credit.

Line 62 – Follow the instructions on the form.

Line 63 – Add Lines 61 and 62. Write the result here and on Illinois Schedule K-1-P, Line 52l. This is your total River Edge Historic Preservation Credit.

■ Live Theater Production Tax Credit

For tax years beginning on or after January 1, 2012, the Live Theater Production Tax Credit is awarded based on applications approved through DCEO.

To qualify for this credit, you must have

- applied for and received a tax credit certificate from DCEO, or
- received a certificate from DCEO showing that a credit was transferred to you.

Contact DCEO for more information.

Line 64 – Write the amount of credit from the tax credit certificate you received from DCEO, including any credit transferred to you by the person who earned the credit.

Line 65 – Follow the instructions on the form.

Line 66 – Add Lines 64 and 65. Write your total Live Theater Production Tax Credit here and on Schedule K-1-P, Line 52m.

■ Hospital Credit

For tax years ending on or after December 31, 2012, the Hospital Credit is available to the owner of a hospital that is

- licensed under the Hospital Licensing Act, and
- is not exempt from federal income taxes under the Internal Revenue Code.

The credit is an amount equal to the lesser of the amount of real property taxes paid on Illinois property used for hospital purposes during the prior tax year or the cost of free or discounted services provided during the tax year at Illinois locations in accordance with the hospital's charitable financial assistance policy, measured at cost.

The Hospital Credit may be transferred, either by selling or donating the credit,

- by the taxpayer who originally earned the credit, and
- only if the transfer occurs within one year after the due date of that taxpayer's return, including extensions.

The taxpayer transferring the credit must provide written notice to the Director of the Illinois Department of Revenue of the intent to sell or donate the credit including the amount of credit to be transferred, the date of the transfer, and the identity of the recipient. A copy of this notice must also be provided to the recipient of the credit.

Note When determining the amount of credit you are transferring do not include amounts that will be distributed to your partners or shareholders on Schedule K-1-P.

If you transfer the credit after your original return has been submitted you must submit an amended return and all affected supporting documents to report the transfer.

Line 67 through 69 - Follow the instructions on the form.

Line 70 - Write the amount of credit on Line 69 you have transferred, or intend to transfer. Do not include amounts you will pass-through to your partners and shareholders on Schedule K-1-P.

Line 71 - Follow the instructions on the form.

Line 72 - Write your distributive share from an S corporation or partnership that was reported to you on Illinois Schedule K-1-P and any amount transferred to you.

Note If you report an amount on Line 72, include a copy of the Illinois Schedule K-1-P(s) you received or a copy of the written notice of the transfer that the seller or donator sent to the Department of Revenue.

Line 73 - Add Lines 71 and 72. Write your **Hospital Credit** here and write each owner's share on Schedule K-1-P, Line 52n.

■ Historic Preservation Credit

For tax years beginning on or after January 1, 2011, the Historic Preservation Credit is the amount awarded by the Department of Commerce and Economic Opportunity under the Historic Preservation Tax Credit Pilot Program Act during the tax year.

To qualify for this credit, you must have

- applied for and received a tax credit certificate from DCEO, or
- received a certificate from DCEO showing that a credit was transferred to you.

Contact DCEO for more information.

Line 74 - Write the amount of credit from the tax credit certificate you received from DCEO, including any credit transferred to you by the person who earned the credit.

Line 75 – Follow the instructions on the form.

Line 76 – Add Lines 74 and 75. Write the result here and on Illinois Schedule K-1-P, Line 52o. This is your total Historic Preservation Credit.