



# 2018 Schedule 1299-A Instructions

## What's new for 2018?

- Significant change to the layout of Schedule 1299-A.
- New Schedule 1299-I, Income Tax Credits Information and Worksheets, provides detailed information about the income tax credits, how to calculate the credits, and where to report the credits.
- Public Act 100-587, commonly referred to as the FY2019 Budget Implementation Act, has
  - retroactively extended the **Hospital Credit** until tax years ending on or before December 31, 2022.
  - extended the **Natural Disaster Credit** through tax years beginning prior to January 1, 2019.

See Specific Instructions and Schedule 1299-I for more information about these credits.

## General Information

Complete this schedule if you are filing Form IL-1065, Partnership Replacement Tax Return or Form IL-1120-ST, Small Business Corporation Replacement Tax Return and are entitled to any of the credits listed on Schedule 1299-I or any of the following **subtractions**:

- Dividends from 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 river edge redevelopment zone or high impact business property (Form IL-1120-ST financial organizations only)

If you are filing an Illinois **combined unitary** return, complete one Illinois Schedule 1299-A for the entire unitary business group listing the credit by unitary member. See the specific instructions for more information.

See the **Department of Commerce and Economic Opportunity (DCEO) website** for a list of enterprise zones and DCEO contact information.

## What must I attach?

**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. In order to claim amounts reported to you on an Illinois Schedule K-1-P or K-1-T, the tax year ending listed on the Illinois Schedule K-1-P or K-1-T you received must fall within your tax year.

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

**ATTACH: Certificates issued by 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; or

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

**NOTE:** Any income tax credit administered by DCEO requires a copy of the certification to claim the credit. Those income tax credits **include**:

- Film Production Services
- Economic Development for a Growing Economy (EDGE)
- Angel Investment
- New Markets Development
- Live Theater Production

**ATTACH: Any other documents required by the Illinois Department of Revenue and noted in these instructions or Schedule 1299-I.**

- If you claim the **River Edge Historic Preservation** credit, you must attach a copy of the certificate issued by the Illinois Department of Natural Resources.
- If you claim the **Affordable Housing Donations** credit you must attach a copy of proof of the credit issued by the Illinois Housing Development Authority or the city of Chicago.
- If you transferred the **Hospital** credit, you must attach a written notice of the transfer that you issued to the transferee. If you claim the **Hospital** credit because the credit was transferred to you, you must attach a copy of the written notice of the transfer that the seller or donor sent to the Illinois Department of Revenue. See the Schedule 1299-I specific instructions for the Hospital credit for the required written notice information.

**Failure to follow these instructions and attach required documentation will delay the processing of your return, result in the disallowance of the subtraction or credit, or result in you receiving correspondence from the Department. You also may be required to submit further information to support your filing.**

## What if I need additional assistance or forms?

- Visit our website, [tax.illinois.gov](http://tax.illinois.gov), for assistance, forms or schedules.
- Write us at:  
ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19001  
SPRINGFIELD IL 62794-9001
- Call our Taxpayer Assistance Division at 1 800 732-8866 or 217 782-3336 (TDD, telecommunications device for the deaf, at 1 800 544-5304).
- Visit a taxpayer assistance office - 8:00 a.m. to 5:00 p.m. (Springfield office) and 8:30 a.m. to 5:00 p.m. (all other offices), Monday through Friday.

## Specific Instructions

All figures should be rounded to whole dollars. To do this, you should drop any amount less than 50 cents and increase any amount of 50 cents or more to the next higher dollar.

In order to claim amounts reported to you on an Illinois Schedule K-1-P or K-1-T, the tax year ending listed on the Illinois Schedule K-1-P or K-1-T you received must fall within your tax year.

### Step 1: Figure your subtractions

You may have more qualifying subtractions than space provided on Schedule 1299-A. For any of these subtractions in which you exceed the allotted space on the schedule, complete and attach a separate schedule in the same format as Illinois Schedule 1299-A. Include the individual amounts from additional schedules in the total line for each subtraction on your original Schedule 1299-A. Attach additional schedules to your original Schedule 1299-A. **Do not enter the total on your additional schedules.**

*For example, if you have more than three corporations from whom you received qualifying dividends for the River Edge Redevelopment Zone Dividend subtraction, add the amounts from the original Schedule 1299-A, Step 1, Line 1, and the additional schedules, and include that total on your original Schedule 1299-A, Line 3.*

Additionally, if you receive more than one Schedule K-1-P or K-1-T for any eligible subtraction, you should add the amounts from all Schedules K-1-P or K-1-T for that subtraction and enter the total in Step 1 on the corresponding line item of your original Schedule 1299-A.

### ■ 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 1 —

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

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

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

#### Line 2 — Follow the instructions on the form.

**Line 3** — Add Column C, Lines 1a through 1c, (including the amounts on any additional schedules you have attached) and Line 2.

- Enter the total on your original Schedule 1299-A and on Form IL-1065, Line 28, or IL-1120-ST, Line 25.
- Enter any portion of this amount that will be distributed to a partner or shareholder on Illinois Schedule K-1-P, Line 39.

### ■ 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 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 a river edge redevelopment zone.

#### Line 4 —

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

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

**Column C** — Enter 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 Column C, Lines 4a through 4c, (including the amounts on any additional schedules you have attached) and Line 5.

- Enter the total on your original Schedule 1299-A and on Form IL-1065, Line 29, or IL-1120-ST, Line 27.
- Enter 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 IRC Section 170(c).

#### Line 7 —

**Column A** — Enter 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** — Enter the name of the designated zone organization to which the contribution was made.

**Column C** — Enter the amount of contribution.

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

#### Line 8 — Follow the instructions on the form.

**Line 9** — Add Column D, Lines 7a through 7c, (including the amounts on any additional schedules you have attached) and Line 8.

- Enter the total amount on your original 1299-A and on Form IL-1120-ST, Line 29.
- Enter any portion of this amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 41.

### ■ Interest Subtractions (Form IL-1120-ST financial organizations only)

River edge redevelopment zones or high impact businesses 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.

### ■ River Edge Redevelopment Zones

#### Line 10 —

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

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

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

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

**Column E** — Enter 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** – Enter the amount of the loan.

**Column G** – Enter the interest received or accrued for the loan during the year.

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

**Line 11** — Follow the instructions on the form.

**Line 12** — Add Column H, Lines 10a through 10c, (including the amounts on any additional schedules you have attached) and Line 11.

- Enter the total on your original Schedule 1299-A and on Form IL-1120-ST, Line 26.
- Enter any portion of this amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 42.

### ■ High Impact Business within a Foreign Trade Zone (or sub-zone)

Complete this section in the same manner as Lines 10 through 12, **except:**

**Line 13** —

**Column A** – Enter the name of the borrower eligible to claim the High Impact Business Investment Credit.

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

**Line 14** — Follow the instructions on the form.

**Line 15** — Add Column H, Lines 13a through 13c, (including the amounts on any additional schedules you have attached) and Line 14.

- Enter the total on your original Schedule 1299-A and on Form IL-1120-ST, Line 28.
- Enter any portion of the amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 43.

## Step 2: Worksheet

Complete this step only if you earned this income tax credit during your current tax year.

### ■ Research and Development

Complete this step before entering any Research and Development credit earned in the current year in Step 3.

Complete the Research and Development Worksheet in Schedule 1299-I. Bring the corresponding amounts from the Schedule 1299-I Worksheet, Line 6, Columns A and B, to Schedule 1299-A, Step 2, Line 16, Columns A and B. Follow the instructions on Schedule 1299-A to calculate the amount to list in Step 3, Column E on the line that you enter Credit Code 5340 in Column B of your Schedule 1299-A.

## Step 3: Figure your credits

You may have more qualifying credits than space provided on Schedule 1299-A. Complete and attach a separate schedule in the same format as Illinois Schedule 1299-A. Attach the additional schedule(s) to your Schedule 1299-A.

Additionally, if you receive more than one Schedule K-1-P for any eligible credit, add the amounts from all Schedules K-1-P for that credit and enter the total in Column F on the line with that credit code of your Schedule 1299-A.

Follow the instructions below to complete Schedule 1299-A, Step 3, Columns B through D and Columns F and G. To determine the correct amount to list in Schedule 1299-A, Step 3, Column E, use the Schedule 1299-I instructions and worksheets.

## Lines 19 through 32 - Enter your credits

### Column A - RESERVED

### Column B - Credit Code

#### Credit Code      Income Tax Credit Name

##### Active Credits

5000	Film Production Services
5080	Enterprise Zone Investment
5260	Affordable Housing Donations
5300	Economic Development for a Growing Economy (EDGE)
5340	Research and Development
5380	Wages Paid to Ex-Felons
5420	Student-Assistance Contributions
5460	Angel Investment
5500	New Markets Development
5540	River Edge Historic Preservation
5580	Live Theater Production
5620	Hospital
5660	Invest in Kids
5700	Natural Disaster
1030	Historic Preservation (effective for tax years beginning on or after January 1, 2019)

### Column C - IL Tax Year Credit Earned

Write the four-digit year and two-digit month of your Illinois tax year ending during which the credit was first earned. For S corporations and partnerships, this should always be your current tax year. Separate the year and the month with a dash (YYYY-MM).

#### NOTE:

- If you are a 52/53-week filer, use the calendar or fiscal year-end date closest to your tax year-end date. For example, a 52/53-week filer has a year ending 12/27/2018 or 1/2/2019, would use 2018-12 for their tax year end date.
- If you are a fiscal filer with a tax year ending 7/29/19 or 8/2/2019, you would use 2019-07 as your tax year ending.
- If you are filing a short year return, use the last day of the month that your tax year end falls in to determine your Tax Year Credit Earned. For example, a short year return was filed for the period of 1/1/19 - 2/15/19 using a tax year end date of 2019-02.

### Column D - Identifying Number

- For the **Invest in Kids Credit**, enter the certificate number from the Certificate of Receipt (COR) you received from the Scholarship Granting Organization (SGO).
- For the **Natural Disaster Credit**, enter the certificate number from the Natural Disaster Income Tax Credit Certificate issued by your Township Assessor or Chief County Assessment Officer.
- If you are claiming a credit for amounts **transferred** to you, write the FEIN of the entity that originally claimed the credit.
- If you are a unitary group and are claiming credits other than Invest in Kids or Natural Disaster, enter the FEIN of the unitary member that earned the credit.
- All other credits leave this column blank.

See Example 1 at the end of these instructions.

### Column E - Credit Earned or Carried

Use the instructions and worksheets in Schedule 1299-I to determine the correct amount to list in this column. For S corporations and partnerships, income tax credits are all distributed to their members. S corporations and partnerships will not have income tax credits to carry.

