



# Schedule 1299-B Instructions

## General Information

Complete this schedule if you are filing Form IL-1041, Fiduciary Income and Replacement Tax Return, or Form IL-1120, Corporation Income and Replacement Tax Return, and are entitled to 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 filers only)
- Interest income from a loan secured by river edge redevelopment zone or high impact business property (Form IL-1120 financial organizations only)

If you are filing an Illinois combined unitary return, complete one Illinois Schedule 1299-B for the entire combined group.

**NOTE:** See the **Department of Commerce and Economic Opportunity (DCEO) website** for a list of enterprise zones, river edge redevelopment zones, and DCEO contact information.

- You may have more qualifying deductions than space provided on Schedule 1299-B. 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-B. Include the individual amounts from additional schedules in the total line for each subtraction on your original Schedule 1299-B. **Do not enter the total on your attachment pages.**

*For example, if you have more than three corporations from whom you received qualifying dividends for the River Edge Redevelopment Zone Dividend Subtraction, attach an additional sheet in the same format provided on the Schedule 1299-B. Add the totals from Schedule 1299-B and the attachment and enter the total on your original Schedule 1299-B, Line 3.*

- 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.
- If you receive more than one 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, 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 on the corresponding line item on your original Schedule 1299-B.

## What must I attach?

**ATTACH:** Schedule K-1-P or Schedule K-1-T 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 deduction that you may claim on your Schedule 1299-B.

## Specific Instructions

### Step 1: Figure your subtractions - Form IL-1041 filers only

#### ■ 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 or passed through to your beneficiaries.

**Lines 2 and 3** — Follow the instructions on the form.

#### ■ 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 or passed through to your beneficiaries.

**Lines 5 and 6** — Follow the instructions on the form.

### Step 2: Figure your subtractions - Form IL-1120 filers only (U.S. Forms 1120, 1120-F, 1120-L, and 1120-PC)

**Line 7a** — Enter the amount from

- U.S. Form 1120, Schedule C, Line 9,
- U.S. Form 1120-F, Schedule C, Line 8,
- U.S. Form 1120-L, Schedule A, Line 10, or
- U.S. Form 1120-PC, Schedule C, Line 30.

**Line 7b** — Enter the total of

- U.S. Form 1120, Schedule C, Column (c), Lines 1 through 8,
- U.S. Form 1120-F, Schedule C, Column (c), Lines 1 through 7,
- U.S. Form 1120-L, Schedule A, Column (c), Lines 1 through 9, or
- U.S. Form 1120-PC, Schedule C, Column (b), Line 26.

**Line 8** — Divide Line 7a by Line 7b and carry to six decimal places. This is your **limitation ratio**.

### ■ 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 9** —

**Column B** — Enter the portion of

- U.S. Form 1120, or 1120-F, Schedule C, Column (a), Lines 1, 2, and 3,
- U.S. Form 1120-L, Schedule A, Column (a), Lines 1, 2, and 3, or
- U.S. Form 1120-PC, Schedule C, Column (b), Lines 1, 2, and 3,

received from a corporation that conducts substantially all of its business operations in an Illinois river edge redevelopment zone. Do not include any amount from high impact businesses operating in a foreign trade zone (or sub-zone). Do not include any amount subtracted on Illinois Schedule J, Foreign Dividends.

**Column C** — Multiply each entry in Column B by the corresponding percentage used in

- U.S. Form 1120, or 1120-F, Schedule C, Column (b), Lines 1, 2, or 3,
- U.S. Form 1120-L, Schedule A, Column (b), Lines 1, 2, or 3, or
- U.S. Form 1120-PC, Schedule C, Lines 18, 19, or 20.

Multiply that amount by the limitation ratio from Line 8, and enter the result in Column C.

*For example, if the dividends reported on Line 9, Column B, were reported on your U.S. Form 1120, Schedule C, Column (a), Line 1, multiply that amount by the percentage used on your U.S. Form 1120, Schedule C, Column (b), Line 1. Then multiply that amount by the limitation ratio from Line 8, and enter the result in Line 9, Column C.*

**Column E** — Enter the portion of

- U.S. Form 1120, or 1120-F, Schedule C, Column (a), Lines 4 and 5,
- U.S. Form 1120-L, Schedule A, Column (a), Lines 4 and 5, or
- U.S. Form 1120-PC, Schedule C, Column (b), Lines 4 and 5,

received from a corporation that conducts substantially all of its business in an Illinois river edge redevelopment zone. Do not include any amount from high impact businesses operating in a foreign trade zone (or sub-zone).

**Column F** — Multiply each entry in Column E by the corresponding percentage used in

- U.S. Form 1120, or 1120-F, Schedule C, Column (b), Lines 4 or 5,
- U.S. Form 1120-L, Schedule A, Column (b), Lines 4 or 5, or
- U.S. Form 1120-PC, Schedule C, Lines 21 or 22.

Multiply that amount by the limitation ratio from Line 8, and enter the result in Column F.

*For example, if the dividends reported on Line 9, Column E, were reported on your U.S. Form 1120, Schedule C, Column (a), Line 4, multiply that amount by the percentage used on your U.S. Form 1120, Schedule C, Column (b), Line 4. Then multiply that amount by the limitation ratio from Line 8, and enter the result in Line 9, Column F.*

**Column H** — Enter the portion of

- U.S. Form 1120, Schedule C, Line 20,
- U.S. Form 1120-F, Schedule C, Line 11,
- U.S. Form 1120-L, Schedule A, Line 19, or
- U.S. Form 1120-PC, Schedule C, Line 16,

received from a corporation that conducts substantially all of its business in an Illinois river edge redevelopment zone. Do not include any amount from high impact businesses operating in a foreign trade zone (or sub-zone).

**Lines 10 and 11** — Follow the instructions on the form.

### ■ 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 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.

**Line 12** —

**Column B** — Enter the portion of

- U.S. Form 1120, or 1120-F, Schedule C, Column (a), Lines 1, 2, and 3,
- U.S. Form 1120-L, Schedule A, Column (a), Lines 1, 2, and 3, or
- U.S. Form 1120-PC, Schedule C, Column (b), Lines 1, 2, and 3,

received from an Illinois high impact business operating in a foreign trade zone (or sub-zone). Do not include any amount subtracted on Illinois Schedule J.

**Column C** — Multiply each entry in Column B by the corresponding percentage used in

- U.S. Form 1120, or 1120-F, Schedule C, Column (b), Lines 1, 2, or 3,
- U.S. Form 1120-L, Schedule A, Column (b), Lines 1, 2, or 3, or
- U.S. Form 1120-PC, Schedule C, Lines 18, 19, or 20.

Multiply that amount by the limitation ratio from Line 8, and enter the result in Column C.

*For example, if the dividends reported on Line 12, Column B, were reported on your U.S. Form 1120, Schedule C, Column (a), Line 1, multiply that amount by the percentage used on your U.S. Form 1120, Schedule C, Column (b), Line 1. Then multiply that amount by the limitation ratio from Line 8, and enter the result in Line 12, Column C.*

**Column E** – Enter the portion of

- U.S. Form 1120, or 1120-F, Schedule C, Column (a), Lines 4 and 5,
  - U.S. Form 1120-L, Schedule A, Column (a), Lines 4 and 5, or
  - U.S. Form 1120-PC, Schedule C, Column (b), Lines 4 and 5,
- received from an Illinois high impact business operating in a foreign trade zone (or sub-zone). Do not include any amount subtracted on Illinois Schedule J.

**Column F** – Multiply each entry in Column E by the corresponding percentage used in

- U.S. Form 1120, or 1120-F, Schedule C, Column (b), Lines 4 or 5,
- U.S. Form 1120-L, Schedule A, Column (b), Lines 4 or 5, or
- U.S. Form 1120-PC, Schedule C, Lines 21 or 22.

Multiply that amount by the limitation ratio from Line 8, and enter the result in Column F.

*For example, if the dividends reported on Line 12, Column E, were reported on your U.S. Form 1120, Schedule C, Column (a), Line 4, multiply that amount by the percentage used on your U.S. Form 1120, Schedule C, Column (b), Line 4. Then multiply that amount by the limitation ratio from Line 8, and enter the result in Line 12, Column F.*

**Column H** – Enter the portion of

- U.S. Form 1120, Schedule C, Line 20,
- U.S. Form 1120-F, Schedule C, Line 11,
- U.S. Form 1120-L, Schedule A, Line 19, or
- U.S. Form 1120-PC, Schedule C, Line 16,

received from an Illinois high impact business operating in a foreign trade zone (or sub-zone).

**Lines 13 and 14** – Follow the instructions on the form.

### ■ Contribution Subtraction

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 15** —

**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.

**Lines 16 and 17** – Follow the instructions on the form.

### ■ Interest Subtractions for Form IL-1120 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.

**“Qualified property”** is property that

- is tangible;
- is depreciable according to Internal Revenue Code (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 Enterprise Zone or 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 enterprise zone or 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 which increases the adjusted basis of the property previously placed in service in Illinois and otherwise meets the requirements of qualified property.*

### • River Edge Redevelopment Zones

**Line 18** —

**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.

**Lines 19 and 20** — Follow the instructions on the form.

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

**Line 21** —

**Column A** – Enter the name of the borrower eligible to claim the High Impact Business 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 foreign trade zone (or sub-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.

**Lines 22 and 23** — Follow the instructions on the form.