



2017 Schedule 1299-C Instructions

What's new for 2017?

The following credits have expired and have been removed from the 2017 Schedule 1299-C:

- River Edge Redevelopment Zone Investment Credit
- River Edge Redevelopment Zone Remediation Credit
- Veterans Jobs Credit

You may not claim these credits on your 2017 Schedule 1299-C.

The Economic Development for a Growing Economy (EDGE) Tax Credit has been extended to tax years ending on or before June 30, 2022. See the Specific Instructions for more information.

The period of qualifying investments for the New Markets Development Credit has been extended to the end of the 2021 taxable year for fiscal-year filers. See the Specific Instructions for more information.

The River Edge Historic Preservation Credit has been extended to tax years ending prior to January 1, 2022. Only credits earned before January 1, 2018 will qualify for the five-year credit carry forward. Credit claimed on a return filed for a taxable year ending on or after December 31, 2018 cannot be carried forward. See the Specific Instructions for more information.

The Live Theater Production Tax Credit has been extended to tax years beginning prior to January 1, 2022. See the Specific Instructions for more information.

The Hospital Credit has expired for tax years beginning on or after June 14, 2017. If your tax year begins on or after June 14, 2017, you cannot claim this credit on Schedule 1299-C. You still may claim any distributive share of this credit passed through to you on Schedule K-1-P by reporting it on Schedule 1299-C, Line 50.

For taxable years beginning on and after January 1, 2017, eligible educators may claim an Instructional Materials and Supplies Credit for qualified expenses paid during the tax year. This credit may be carried forward for five years only. See the Specific Instructions for more information.

An "Other Credits which may be carried forward for five years" line has been added to Step 3, Section B, of the 2017 Schedule 1299-C. This line can be used to claim Illinois Income Tax credits which are allowed by the Illinois Income Tax Act (IITA), which may be claimed on the 2017 Schedule 1299-C, and which may be carried forward for five years only, but for which no specific line has been provided on Schedule 1299-C. See the Specific Instructions for more information.

General Information

Complete this schedule if you are filing Form IL-1040, Individual Income Tax Return, and are entitled to the following **subtractions**:

- Dividends from river edge redevelopment zones
- Dividends from a high impact business (within a foreign trade zone or sub-zone)

or the following **credits**:

- TECH-PREP Youth Vocational Programs Credit
- Dependent Care Assistance Program Tax Credit
- Film Production Services Tax Credit
- High Impact Business Investment Credit
- Enterprise Zone Investment Credit

- Economic Development for a Growing Economy (EDGE) Tax Credit
- Tax Credit for Affordable Housing Donations
- Research and Development Credit
- Ex-Felons Jobs Credit
- Student-Assistance Contribution Credit
- New Markets Credit
- Angel Investment Credit
- River Edge Historic Preservation Credit
- Live Theater Production Tax Credit
- Hospital Credit
- Instructional Materials and Supplies Credit
- Other Credits which may be carried forward for five years, but which are not listed above

Note See the Department of Commerce and Economic Opportunity (DCEO) website for a list of enterprise 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 or estate, and you received a Schedule K-1-P or K-1-T from the partnership, S corporation, trust, or estate showing an amount of deductions or credits that you may claim on your Schedule 1299-C. 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 credits are distributable by partnerships and S corporations and require Schedule K-1-P to support distributive share amounts, **except**

- TECH-PREP Youth Vocational Programs Credit
- Dependent Care Assistance Program Tax Credit
- High Impact Business Investment Credit



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, 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
- New Markets Credit
- Angel Investment Credit
- River Edge Historic Preservation Credit
- Live Theater Production Tax Credit



Any other documents required by the Illinois Department of Revenue (Department) and noted in these instructions.

- 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 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 Department. See the Specific Instructions for more information.
- If you claim an **Other Credits which may be carried forward for five years**, you must attach any documentation as required by the IITA, the Illinois Income Tax Regulations, or these instructions.

What if I need additional forms or schedules?

If you need additional forms or schedules,

- visit our website at tax.illinois.gov or
- write to us at **Illinois Department of Revenue, P.O. Box 19010, Springfield, Illinois 62794-9010.**

What if I need additional assistance?

If you need additional assistance,

- visit our website at tax.illinois.gov,
- call **1 800 732-8866** or **217 782-3336** (TDD, telecommunications device for the deaf, at **1 800 544-5304**),
- write to us at **Illinois Department of Revenue, P.O. Box 19044, Springfield, Illinois 62794-9044**, or
- visit a regional office.

Our office hours are 8:00 a.m. to 5:00 p.m. (Springfield office) and 8:30 a.m. to 5:00 p.m. (all other regional offices), Monday through Friday.

Specific Instructions

Step 1: Provide the following information

Follow the instructions on the form.

Step 2: Figure your subtractions

Note For several subtractions, you may have more qualifying items than space provided on Schedule 1299-C. For any of these subtractions in which you exceed the allotted space on the schedule, attach a separate sheet in the same format as Illinois Schedule 1299-C. Include the individual amounts from multiple sheets in the total line for each subtraction on Schedule 1299-C. **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-C. Add the totals from the 1299-C and the attachment, and enter the total on Schedule 1299-C, 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 on the corresponding line item on Schedule 1299-C.

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.

Line 2 - Follow the instructions on the form.



You must attach a copy of Schedule K-1-P or K-1-T to your Form IL-1040, if you enter an amount on Line 2. 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.

Line 3 - Add the amounts on Column C, Lines 1a through 1c (including the amounts on any additional sheet(s) you attached) and Line 2, and enter the result.

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.

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 operating.

Column C - Enter the amount of dividends you received from the corporation.

Note You may deduct 100 percent of these dividends if they are included in your Illinois base income. However, dividends eligible for the river edge redevelopment zone subtraction are not eligible for the foreign trade zone (or sub-zone) subtraction.

Line 5 - Follow the instructions on the form.



You must attach a copy of Schedule K-1-P or K-1-T to your Form IL-1040, if you enter an amount on Line 5. 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.

Line 6 - Add the amounts on Column C, Lines 4a through 4c (including the amounts on any additional sheet(s) you attached) and Line 5, and enter the result.

Line 7 - Add Lines 3 and 6. Enter the total here and on your Schedule M, Line 23. This is your total dividend subtraction.

Step 3: Figure your credits

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

For example, if you have more than three qualifying properties for the Enterprise Zone Investment Credit, attach an additional sheet in the same format provided on the Schedule 1299-C. Add the totals from the 1299-C and the attachment, and enter the total on Schedule 1299-C, Line 11.

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 enter the total on the corresponding line item on Schedule 1299-C.

Section A - Credits which may be carried forward for two years

If there is any excess of these credits, you may carry it forward for two years. This will be figured in Step 5. You must use this excess credit in proportion to its share of the total excess two-year credit available for the year in which the credit was earned.

TECH-PREP Youth Vocational Programs Credit

You may take this credit if

- you are primarily engaged in manufacturing, and
- you have direct payroll expenses for qualifying cooperative secondary school youth vocational programs in Illinois, or you pay for personal services performed by a TECH-PREP student or instructor who would be subject to withholding if they were employed by you and no other credit is claimed by the actual employer.

You may not take this credit for programs with national standards that have been or will be approved by the U.S. Department of Labor, Bureau of Apprenticeship Training, or any federal agency succeeding to the responsibilities of that bureau.

Definitions “Qualifying TECH-PREP programs” are those certified by the Illinois State Board of Education.

Line 1 – Add the amount of direct payroll expenses for cooperative secondary school youth vocational programs and the amount paid to a TECH-PREP student or instructor employed by you for personal services performed. Enter the total amount on the line provided.

Multiply this total amount by 20 percent (.20), and enter the result. This is your TECH-PREP Youth Vocational Programs Credit.

Dependent Care Assistance Program Tax Credit

To qualify for this credit,

- you must be primarily engaged in manufacturing, and
- your on-site facility dependent care assistance program must be in Illinois and on the premises of your workplace.

Line 2 – Enter the amount of your expenses, reported under Internal Revenue Code (IRC) Section 129(d)(7), that were used for on-site dependent care. Multiply this amount by 5 percent (.05), and enter the result. This is your Dependent Care Assistance Program Tax Credit.

Line 3 – Total credits which may be carried forward for two years.

Add Step 3, Lines 1 and 2. Enter this amount here and in Step 4, Line 12.

Section B - Credits which may be carried forward for five years

If there is any excess of these credits, you may carry it forward for five years. This will be figured in Step 5. You must use this excess credit in proportion to its share of the total excess five-year credit available for the year in which the credit was earned.

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.

Line 4 - Enter 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.

Attach You must attach the Tax Credit Certificate you received from DCEO. Contact DCEO for more information.

Line 5 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 5. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 6 - Add Lines 4 and 5, and enter the result. This is your Film Production Services Tax Credit.

High Impact Business Investment Credit

You may take this credit if

- your business has been designated as a high impact business,
- you placed qualified property, as defined below, in service on or after the date the business was designated as a high impact business and on or before the last day of your tax year, and
- you continued to use the qualified property on the last day of your tax year.

You may not take this credit

- if the qualified property is eligible for the Enterprise Zone Investment Credit, or
- until the minimum investments in qualified property required under Section 5.5 of the Illinois Enterprise Zone Act have been satisfied.

You should take the credit applicable to the minimum investments in the tax year the minimum investments were completed. Credit for additional investments (beyond the minimum investments) is available only in the year the qualified property is placed in service.

Enterprise Zone Investment Credit

You may take this credit if you

- placed qualified property in service in an Illinois enterprise zone within the tax year,
- placed the qualified property 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.

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 Enterprise Zone or High Impact Investment Credits if it was used previously in Illinois in a manner that qualified for that credit or for the credit on Form IL-477, Replacement Tax Investment Credits. 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 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.

Line 7

Column A

Describe each item of qualified property placed in service in Illinois.

Column B

Enter 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 entered in Column B or your basis in Column E will be reduced to zero.

Column C

If you are using the federal accelerated cost recovery system (ACRS) to depreciate the property, enter 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, enter 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 used previously, enter the abbreviation of the state where the property was located.

Column E

For each item of qualified property, enter 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.

Column F

Multiply each entry in Column E by .5 percent (.005), and enter the result.

Line 8 - Add the amounts on Column F, Lines 7a through 7c (including the amounts on any additional sheet(s) you attached), and enter the result. This is your High Impact Business Investment Credit.

Line 9

Column A

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

Column B

Enter 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.

The date placed in service in Illinois must be entered 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, enter 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, enter 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 used previously, enter the abbreviation of the state where the property was located.

Column E

Enter the name of the enterprise zone in which the property is used.

Column F

For each item of qualified property, enter 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.

Column G

The rate for property you placed in service in an enterprise zone is .005.

Column H

Multiply each entry in Column F by the amount in Column G, and enter the result.

Line 10 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 10. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 11 - Add the amounts on Column H, Lines 9a through 9c (including the amounts on any additional sheet(s) you attached), and Line 10, and enter the result. This is your Enterprise Zone Investment Credit.

Economic Development for a Growing Economy (EDGE) Tax Credit

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 Tax 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,

- amount allowed during the tax year, plus the total of all amounts allowed in prior years, cannot exceed 100 percent of the total amount spent on approved costs (defined in the agreement) by the taxpayer during all prior tax 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, and
- may be applied against income tax in more than 10 tax years, but not 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

Line 12 - Enter the amount of credit from the Certificate of Verification you received from DCEO.

Attach You must attach a copy of the Certificate of Verification you received from the director of DCEO or a copy of your agreement with DCEO. Contact DCEO for more information.

Line 13 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 13. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 14 - Add the amounts on Lines 12 and 13, and enter the result. This is your EDGE Tax Credit.

■ 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.

You may also take this credit if it was transferred to you under IITA, Section 214(c).

Attach You must attach a copy of proof of the credit issued by the Illinois Housing Development Authority or the city of Chicago.

Line 15 - Enter the total amount of your donation to eligible sponsors on the line provided. Multiply this amount by 50 percent (.50) and enter the result.

Line 16 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P to your Form IL-1040, if credit was distributed to you from partnerships and S corporations and you enter an amount on Line 16. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 17 - Add the amounts on Lines 15 and 16, and enter the result. This is your Tax Credit for Affordable Housing Donations.

■ 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 governmental entity).

Definitions “Qualifying expenses” are amounts you paid or incurred during the tax year for qualified research expenses and certain payments to qualified organizations for basic research in Illinois. Expenses and basic research payments must be directly related to your trade or business and are limited by IRC Section 41.

“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 current 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.

Lines 18 through 21

Follow the instructions on the form for the amount to enter in Column A and Column B.

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

Column B – Enter 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 18 through 21) must be annualized as follows:

$$(\text{qualified expenses} \times \text{number of days taxable by Illinois}) \div (365)$$

Lines 22 and 23 – Follow the instructions on the form.

Line 24 – Multiply Line 23 by 6.5 percent (.065), and enter the result.

Line 25 – Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 25. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 26 – Add the amounts on Lines 24 and 25, and enter the result. This is your Research and Development Credit.

■ Ex-Felons Jobs Credit

For tax years beginning on or after January 1, 2007, the Ex-Felons Jobs Credit is 5 percent (.05) of qualified wages paid during the taxable year to an employee who is a qualified ex-offender. The total credits for **all** tax years for wages paid to a particular ex-offender may not exceed \$1,500.

Definitions

“Qualified wages” means wages you paid during the one-year period beginning with the date the ex-offender 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-offender do not qualify.

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

- who has been convicted of a crime in Illinois or of an offense in any other jurisdiction, other than an offense or attempted offense that would subject a person to registration under the Sex Offender Registration Act, and
- who was sentenced to a period of incarceration in an Illinois adult correctional center, and
- who was hired by you within three years after being released from the adult correctional facility.

Line 27

For each ex-offender for whom you are claiming a credit:

Column A - Enter the name of the qualified ex-offender.

Column B - Enter the Social Security number of the qualified ex-offender.

Column C - Enter the date you hired the qualified ex-offender.

Column D - Enter the amount of qualified wages you paid to this ex-offender during the tax 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 5 percent (.05).

Column F - The maximum credit amount is \$1,500.

Column G - If you claimed an Ex-Felons Jobs Credit for this ex-offender in any prior year, enter the total amount of credit claimed. Otherwise, enter “0”.

Column H - Subtract the amount in Column G from Column F. This amount cannot be less than zero. If less than zero, enter “0”.

Column I - Enter the amount from Column E or the amount from Column H, whichever is less.

Line 28 - Follow the instructions on the form.

Attach

You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 28. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 29 - Add the amounts on Column I, Lines 27a through 27c (including the amounts on any additional sheet(s) you attached) and Line 19, and enter the result. This is your Ex-Felons Jobs Credit.

Student-Assistance Contribution Credit

For tax years beginning on or after January 1, 2009, if you are an employer who makes a matching contribution to a qualified Illinois prepaid tuition program on behalf of your employees, you are entitled to a credit of 25 percent (.25) of the contribution or \$500 per employee, whichever is less.

Definitions

“Qualified Illinois prepaid tuition programs” include

- “Bright Start” College Savings Pool,
- “College Illinois” Prepaid Tuition Program,
- “Bright Directions” College Savings Pool.

Line 30 - For each employee for whom you made a matching contribution:

Column A - Enter the name of the employee.

Column B - Enter the Social Security number of the employee.

Column C - Enter the amount of matching contribution you made.

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

Column E - The maximum credit amount is \$500.

Column F - Enter the amount from Column D or the amount from Column E, whichever is less.

Line 31 - Follow the instructions on the form.

Attach

You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 31. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 32 - Add Lines 30a through 30c (including the amounts on any additional sheet(s) you attached) and Line 31, and enter the result. This is your Student-Assistance Contribution Credit.

Note

You must also enter the total amount of credits claimed on Line 23 on your Schedule M, Step 2, Line 8.

New Markets Credit

The New Markets Credit is allowed for qualified investments made between 2008 and 2021 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.

Line 33 - Enter the amount of credit from the Tax Credit Certificate you received from DCEO.

Attach

You must attach the Tax Credit Certificate you received from DCEO. Contact DCEO for more information.

Line 34 - Follow the instructions on the form.

Attach

You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 34. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 35 - Add the amounts on Lines 33 and 34, and enter the result. This is your New Markets Credit.

Angel Investment Credit

For tax years beginning on or after January 1, 2011, and ending on or before December 31, 2021, 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. To qualify for the credit, you must have applied for and received a tax credit certificate from DCEO.

Line 36 - Enter the amount of credit from the Tax Credit Certificate you received from DCEO.

Attach

You must attach the Tax Credit Certificate you received from DCEO. Contact DCEO for more information.

Line 37 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 37. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 38 - Add the amounts on Lines 36 and 37, and enter the result. This is your Angel Investment Credit.

■ River Edge Historic Preservation Credit

For tax years beginning on or after January 1, 2012, and ending prior to January 1, 2022, the River Edge Historic Preservation Credit is available for projects located in river edge redevelopment zones. The credit is awarded by the DCEO.

To qualify for this credit, you must have applied for and received a tax credit certificate from DCEO.

Line 39 - Enter the amount of credit from the Tax Credit Certificate you received from DCEO.

Attach You must attach the Tax Credit Certificate you received from DCEO. Contact DCEO for more information.

Line 40 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 40. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 41 - Add Lines 39 and 40, and enter the result. This is your total River Edge Historic Preservation Credit.

Note Only credits earned before January 1, 2018 will qualify for the five-year credit carry forward. Credit claimed on a return filed for a taxable year ending on or after December 31, 2018 cannot be carried forward.

■ 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.

Line 42 - Enter 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.

Attach You must attach the Tax Credit Certificate you received from DCEO. Contact DCEO for more information.

Line 43 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 43. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 44 - Add Lines 42 and 43, and enter the result. This is your total Live Theater Production Tax Credit.

■ 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
- 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 attach to their Schedule 1299-C a copy of the written notice of the transfer stating the intent to sell or donate the credit including the amount of credit to be transferred, the date of the transfer, and the name, address, and the Federal Employer Identification Number (FEIN) or Social Security number of the recipient. A copy of this notice must also be provided to the recipient of the credit.

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.

Lines 45 through 47 - Follow the instructions on the form.

Line 48 - Enter the amount of credit on Line 48 you have transferred, or intend to transfer.

Attach You must attach a copy of the written notice of the transfer.

Line 49 - Subtract Line 48 from Line 47, and enter the result. This amount cannot be less than zero. If less than zero, enter "0".

Line 50 - Follow the instructions on the form.

Attach You must attach to your Form IL-1040 a copy of your Schedule K-1-P or a copy of the written notice you received from the taxpayer transferring the credit, if you enter an amount on Line 50. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 51 - Add Lines 49 and 50, and enter the result. This is your total Hospital Credit.

Instructional Materials and Supplies Credit

For tax years beginning on and after January 1, 2017, the Instructional Materials and Supplies Credit is available to eligible educators for qualified expenses paid during the taxable year. If you were an eligible educator in 2017, you can claim a credit up to \$250 for qualified expenses you paid in 2017. If you and your spouse are filing jointly, and both of you were eligible educators in 2017, the maximum credit is \$500.

Definitions “Eligible educator” is a kindergarten through twelfth grade teacher, instructor, counselor, principal, or aide in a qualified school for at least 900 hours during a school year.

“Materials and supplies” are instructional materials or supplies designated for classroom use in any qualified school.

“Qualified expenses” include ordinary and necessary expenses paid in connection with books, supplies (including nonathletic supplies for courses of instruction in health or physical education), equipment (including computer equipment, software, and services), and other materials used in the classroom. An ordinary expense is one that is common and accepted in your educational field. A necessary expense is one that is helpful and appropriate for your profession as an educator. An expense does not have to be required to be considered necessary.

Note Qualified expenses do not include expenses paid for instruction in a home school.

“Qualified school” is a public school or non-public school located in Illinois.

Note Home schools are not qualified schools.

Line 52 - If you or your spouse paid amounts for instructional materials and supplies during the taxable year, complete all lines in Column A or Column B.

Line 52a - Enter the Social Security number of the taxpayer or spouse.

Line 52b - Enter the name of the Illinois school where the taxpayer or spouse was employed as a teacher, instructor, counselor, principal, or aide for at least 900 hours during the school year.

Line 52c - Enter the total qualified expenses paid during the taxable year for instructional materials and supplies used in classroom-based instruction at the school entered on Line 52b.

Line 52d - Enter the lesser of the amount on Line 52c or \$250. The maximum credit amount allowed for each column is \$250.

Line 53 - Add Lines 52d, Column A and Column B, and enter the result. This is your Instructional Materials and Supplies Credit.

Other Credits which may be carried forward for five years

If an Illinois Income Tax credit which may be carried forward for five years is created or extended by the IITA after Schedule 1299-C has been published, and the Department is unable to provide a specific line for that credit to be reported on Schedule 1299-C, you may be able to use this line to report the credit.

Identify on this line Illinois Income Tax credits allowed by the IITA, which may be claimed on the 2017 Schedule 1299-C, and which may be carried forward for five years, but for which no specific line has been provided on this 2017 Schedule 1299-C.

Attach any documentation as required by the IITA, the Illinois Income Tax Regulations, or these instructions.

Do not report on these lines Illinois Income Tax credits

- which may be carried forward for a period of other than 5 years,
- which have expired and may not be claimed on this 2017 Schedule 1299-C, or
- for which a specific line has been provided elsewhere on this 2017 Schedule 1299-C.

See the Other Credits Code Table below to determine which credits may be claimed on the 2017 Schedule 1299-C at this time.

Failure to follow these instructions may result in further correspondence from the Department, the disallowance of the credit, or a delay in the processing of your return. You also may be required to submit further information to support the credit claimed.

Line 54

Column A – Enter a valid three-digit Other Credits code number from the Other Credits Code Table below which corresponds to the credit claimed.

If you do not provide a valid three-digit Other Credits code number or if you attempt to claim an Other Credits which does not exist, you may receive further correspondence from the Department, your Other Credits may be disallowed, and the processing of your return may be delayed.

Other Credits Code Table

Code 102 - Natural Disaster Credit

The Department will update these instructions and the publications on our website to assign a three-digit code to any valid Other Credits as needed. Check these instructions and tax.illinois.gov for updates.

Column B – Enter the information indicated below for the Other Credits you are claiming on Line 54, Column A. If a calculation was required for determining the amount of the Other Credits, include the calculation for the amount of Other Credits you claimed.

- Natural Disaster Credit - Enter the Certificate Number shown on the Natural Disaster Income Tax Credit Certificate you received from your Township Assessor or Chief County Assessment Officer.



You must attach a copy of your Natural Disaster Income Tax Credit Certificate to the front of your 2017 IL-1040 return.

Column C – Enter the amount of the Other Credits which may be carried forward for five years.

Line 55 – Follow the instructions on the form.



You must attach a copy of your Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 55. In order to claim amounts reported to you on an Illinois Schedule K-1-P, the tax year ending listed on the Illinois Schedule K-1-P you received must fall within your tax year.

Line 56 – Add Column C, Lines 54a through 54c, and Line 55, and enter the result. This is your total Other Credits which may be carried forward for five years.

Total Five-year Credits

Line 57 - Total credits which may be carried forward for five years. Add Step 3, Lines 6, 8, 11, 14, 17, 26, 29, 32, 35, 38, 41, 44, 51, 53, and 56. Enter the amount here and in Step 4, Line 22.

Step 4: Figure your credit

This step allows you to figure the amount of credit you may use this year. Unused credit carryforward available from previous years is used first, beginning with the credit that will expire first.

Definitions “**Unused credit carryforward**” is any credit amount that you earned in a previous year, less any credit that you applied to unpaid tax in following tax years, less any credit that has expired. For example, if you earned a Dependent Care Assistance Program Tax Credit in 2015 in the amount of \$5,000, and you used \$2,000 credit on your 2015 tax return, you had \$3,000 left to carry forward for two years. On your 2016 tax return, you used \$1,500. You now have \$1,500 left to use on your 2017 tax return. **This is your unused credit carryforward.** On your 2017 Illinois Schedule 1299-C, Step 4, Line 4, you would enter \$1,500. If you are not able to use all \$1,500 on the 2017 return, you will forfeit the excess credit.

Lines 1 through 31 - Follow the instructions on the form.

Line 32 - Add Lines 32a through 32n. This is the amount of credit you may use this year. Enter the amount here and on your Form IL-1040, Line 18.

Step 5: Figure your credit available to be carried forward

Lines 1 through 12 - Follow the instructions on the form.

Note Please keep a copy of this schedule with your tax records. You will use your completed Step 5 of this schedule to complete next year's Schedule 1299-C.