



# Schedule 4255 Recapture of Investment Tax Credits

Attach this schedule to your return.

Write your name as shown on your return.

Write your Social Security number (SSN) or federal employer identification number (FEIN).

The property you are reporting on this schedule was placed in service during the tax year ending: \_\_\_\_\_  
Month Year

## Step 1: Figure your Enterprise Zone Investment Credit recapture

	A	B	C	D	E	F	
	Date property placed in service in Illinois Month Year	Date property became disqualified Month Year	Description of qualified property	Reason for disqualification	Original basis	Name of enterprise zone	
1a	___/___/___	___/___/___	_____	_____	_____	_____	
b	___/___/___	___/___/___	_____	_____	_____	_____	
c	___/___/___	___/___/___	_____	_____	_____	_____	
d	___/___/___	___/___/___	_____	_____	_____	_____	
e	___/___/___	___/___/___	_____	_____	_____	_____	
f	___/___/___	___/___/___	_____	_____	_____	_____	
2	Add Column E, Lines 1a through 1f and write here and on Step 4, Line 8, Column A.					2	_____

## Step 2: Figure your High Impact Business Investment Credit recapture

	A	B	C	D	E	F	
	Date property placed in service in Illinois Month Year	Date property became disqualified Month Year	Description of qualified property	Reason for disqualification	Original basis	Name of foreign trade zone/sub-zone	
3a	___/___/___	___/___/___	_____	_____	_____	_____	
b	___/___/___	___/___/___	_____	_____	_____	_____	
c	___/___/___	___/___/___	_____	_____	_____	_____	
d	___/___/___	___/___/___	_____	_____	_____	_____	
e	___/___/___	___/___/___	_____	_____	_____	_____	
f	___/___/___	___/___/___	_____	_____	_____	_____	
4	Add Column E, Lines 3a through 3f and write here and on Step 4, Line 8, Column B.					4	_____

## Step 3: Figure your Replacement Tax Investment Credit recapture

	A	B	C	D	E		
	Date property placed in service in Illinois Month Year	Date property became disqualified Month Year	Description of qualified property	Reason for disqualification	Original basis		
5a	___/___/___	___/___/___	_____	_____	_____		
b	___/___/___	___/___/___	_____	_____	_____		
c	___/___/___	___/___/___	_____	_____	_____		
d	___/___/___	___/___/___	_____	_____	_____		
e	___/___/___	___/___/___	_____	_____	_____		
f	___/___/___	___/___/___	_____	_____	_____		
6	Add Column E, Lines 5a through 5f and write here and on Step 4, Line 8, Column C.					6	_____

## Step 4: Figure your total recapture amount

	A	B	C
	Step 1 recapture	Step 2 recapture	Step 3 recapture
7	Write the amount of your total property (see instructions).	7	_____
8	Write the amount of your disqualified property (see instructions).	8	_____
9	Subtract Line 8 from Line 7. This is your net qualified property.	9	_____
10	Write your rate for Column C (see instructions).	10	_____
11	Multiply Line 9 by Line 10. This is your adjusted credit amount.	11	_____
12	Multiply Line 7 by Line 10. This is your original credit amount.	12	_____
13	Write your original tax amount (see instructions).	13	_____
14	Write the lesser of Line 12 or Line 13. This is the amount of credit you previously used.	14	_____
15	Subtract Line 11 from Line 14. If the result is negative, write zero.	15	_____
16	Write the amount of recapture from any other Schedule 4255 filed this year (see instructions).	16	_____
17	Distributive share of recapture from partnerships and S corporations from Schedule K-1-P.	17	_____
18	<b>Total recapture.</b> Add Lines 15, 16, and 17 (see instructions).	18	_____



# Schedule 4255 Instructions

## Who must file?

You **must** file Schedule 4255, Recapture of Investment Credits if you claimed an investment credit against your Illinois income or replacement tax liability in a previous year, and any of the property considered in the computation of that investment credit becomes disqualified.

You must recapture any such investment credit in the year in which the property becomes disqualified (to the extent the credit was actually used in any previous year). Use this form to figure the amount of recaptured credit that you must add to this year's tax liability. You **must** complete and file a **separate Schedule 4255** for each tax year in which the now disqualified property was placed in service, beginning with the earliest year. Each Schedule 4255 should report only items placed in service during the same tax year you wrote at the top of the form. You **cannot** amend a previous year's return in order to exclude the disqualified property. **Attach all completed 4255 schedules to your return.**

**Note** For tax years ending on or after December 31, 2000, investment credits earned by you and allocable to your partners and shareholders subject to replacement tax automatically flow through to those partners and shareholders. The amount allocable to other partners and shareholders remains with you.

Partners and shareholders **are required** to report any recapture on their respective returns. You **must** attach Schedule 4255 to your return and provide a copy to your partners or shareholders.

## When does property cease to qualify?

**Enterprise Zone Investment Credit** — Property ceases to qualify if, within 48 months of placing it into service, you dispose of the property, convert it to personal use, or move it outside an Illinois enterprise zone.

**Replacement Tax Investment Credit** — Property placed in service prior to January 1, 1994, ceases to qualify if, within 48 months of placing it into service, you dispose of the property or move it outside of Illinois. In addition, property becomes disqualified if it is used for purposes other than manufacturing, retailing, coal mining, or fluorite mining within 48 months after being placed in service. Property placed in service on or after January 1, 1994, also becomes disqualified if it is converted to personal use, or if you are no longer primarily engaged in manufacturing, retailing, coal mining, or fluorite mining.

**High Impact Business Investment Credit** — For tax years ending on or before December 31, 1996, property ceases to qualify if, within 48 months of placing it into service, you dispose of the property, convert it to personal use, or move it outside of Illinois. For tax years ending on or after January 1, 1997, if you entered into an agreement with a taxing district and were granted a tax abatement and you relocate your entire facility in violation of the terms and length of the contract under Section 18-183 of the Property Tax Code, you must recapture the amount of credit previously received under the agreement.

**Note** Property is "disposed of" if it is sold, exchanged, traded-in, abandoned, retired from use, destroyed by casualty, stolen, or transferred as a gift. Property is not "disposed of" if it is mortgaged or used as security for a loan, unless it is converted to a non-qualifying use.

## Steps 1, 2, and 3 Specific Instructions

**Step 1** — Complete Step 1 if your now disqualified property was considered in computing the Enterprise Zone Investment Credit on Schedule 1299-A, 1299-C, or 1299-D.

**Step 2** — Complete Step 2 if your now disqualified property was considered in computing the High Impact Business Investment Credit on Schedule 1299-C or 1299-D.

**Step 3** — Complete Step 3 if your now disqualified property was considered in computing the Replacement Tax Investment Credit on Form IL-477.

**Column A** — Write the date the now disqualified property was placed in service. All entries must be within the same tax year.

**Column B** — Write the date the property became disqualified. All entries must be within the tax year of the return to which you are attaching this form.

**Column C** — Describe the property exactly as it was described when you originally computed the investment credit.

**Column D** — Briefly describe the reason for the disqualification, such as removed from service, involuntarily converted, *etc.*

**Column E** — Write the basis that was shown when the investment credit was originally computed.

**Column F — Step 1** - Write the enterprise zone in which your property was used when the investment credit was originally computed.

**Column F — Step 2** - Write the foreign trade zone/sub-zone in which the property was used when the investment credit was originally computed. If your high impact business was designated after January 1, 1989, write "N/A."

## Step 4 Specific Instructions

**Column A** — Complete this column if you are reporting the disqualification of property for which you previously claimed an Enterprise Zone Investment Credit.

**Column B** — Complete this column if you are reporting the disqualification of property for which you previously claimed a High Impact Business Investment Credit.

**Column C** — Complete this column if you are reporting the disqualification of property for which you previously claimed a Replacement Tax Investment Credit.

**Line 7** — Write the total basis of **all** property for which you computed a credit in the tax year that the now disqualified property was originally placed in service.

### Line 8

**Column A** - Write the amount from Step 1, Line 2.

**Column B** - Write the amount from Step 2, Line 4.

**Column C** - Write the amount from Step 3, Line 6.

### Line 10

**Columns A and B** - The correct rate is printed on the form.

**Column C** - Write the sum of .005 and the rate you used on your original Form IL-477 to claim an additional credit based on an increase of employment in Illinois.

- If you did not claim an additional credit for an increase in employment on your original Form IL-477, write .005.
- If you reported an increase in employment on Form IL-477 of 1 percent or more, or if you claimed the credit as a new business in Illinois, write .01.
- If you reported an increase in employment of less than 1 percent, add .005 to the decimal shown on the original Form IL-477, Step 2, Line 6\*, and write the total here.

\* **Note** For tax years ending on or after December 31, 2003, refer to Form IL-477, Step 2, Line 18.

### Line 13

**Columns A and B** - Write the income tax shown on the return for the tax year in which the credit was originally computed.

**Column C** — Write the replacement tax shown on the return for the tax year in which the credit was originally computed.

**Note** If an eligible credit was carried forward to the succeeding tax year, you must also include the tax shown on the return for the tax year to which the credit was carried.

**Line 16** — Write the recapture from any other Schedule 4255 (Step 4, Line 18) you completed to recapture any investment credit originating in a tax year prior to the tax year that corresponds to the date shown in Column A of Steps 1, 2, or 3.

**Line 17 — Columns A and C** - Write your distributive share of recapture from partnerships and S corporations from Schedule K-1-P.

**Line 18** — Add Lines 15, 16, and 17. Carry this amount to any succeeding 4255 schedule, Step 4, Line 16, to be completed for this tax year. If you do not need to complete a succeeding Schedule 4255, carry this amount —

from Column A to	from Column B to	from Column C to
•IL-1040, Recapture Worksheet, Line 1	•IL-1040, Recapture Worksheet, Line 2	•IL-1120, Step 6, Line 41
•IL-1120, Step 7, Line 46	•IL-1120, Step 7, Line 46	•IL-1041, Part III, Line 4b
		•IL-1065, Part II, Line 6b
		or Schedule K-1-P, Line 44b
•IL-1041, Part IV, Line 2b	•IL-1041, Part IV, Line 2b	•IL-1120-ST, Part II, Line 2b
•Schedule K-1-P, Line 44a	•IL-990-T, Part IV, Line 1b	•IL-990-T, Part III, Line 2b
•IL-990-T, Part IV, Line 1b		