



Step 1: Provide the following information

Write your name as shown on your return.

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

Special Note You must read the instructions before completing Form IL-4562

Step 2: Figure your Illinois special depreciation addition

- 1 Write the total amount claimed as a special depreciation allowance on federal Form 4562, Depreciation and Amortization, Line 14 or Line 25, for property acquired after September 10, 2001.
2 Individuals only: Write the total amount claimed as a special depreciation allowance from federal Form 2106, Employee Business Expenses.
3 Last year of regular depreciation: Write the total amount of all Illinois depreciation subtractions claimed on prior year IL-4562 forms, Step 3, Line 8, for this property.
4 Add Lines 1 through 3. This is your Illinois special depreciation addition. Write the total here and see instructions for the list of Illinois form and line references to report this addition.

Step 3: Figure your Illinois depreciation subtraction

- 5a Write the portion of depreciation allowance claimed on federal Form 4562, Line 17, plus Line 19, Column g, plus Line 26, Column h, only for property for which you reported an addition modification for this tax year or any prior tax year on Form IL-4562, Step 2, Line 1, for bonus depreciation equal to 30 percent of your basis in the property.
5b Individuals only: If you completed a federal Form 2106 for this tax year, write the portion of any depreciation deductions included in Lines 4 and 38 for which you reported an addition modification for this tax year or any prior tax year on Form IL-4562, Step 2, Line 2, for bonus depreciation equal to 30 percent of your basis in the property.
5c Add Lines 5a and 5b.
6 Multiply Line 5c by 42.9% (0.429).
7a Write the portion of depreciation allowance claimed on federal Form 4562, Line 17, plus Line 19, Column g, plus Line 26, Column h, only for property for which you reported an addition modification for this tax year or any prior tax year on Form IL-4562, Step 2, Line 1, for bonus depreciation equal to 50 percent of your basis in the property.
7b Individuals only: If you completed a federal Form 2106 for this tax year, write the portion of any depreciation deductions included in Lines 4 and 38 only for property for which you reported an addition modification for this tax year or any prior tax year on Form IL-4562, Step 2, Line 2, for bonus depreciation equal to 50 percent of your basis in the property.
7c Add Lines 7a and 7b.
7d For tax years ending on or before December 31, 2005, multiply Line 7c by 42.9% (0.429). For tax years ending after December 31, 2005, write the amount from Line 7c.
8 Add Lines 6 and 7d.
9 Last year of regular depreciation: Write the Illinois special depreciation addition reported on any prior year Form IL-4562, Step 2, Line 1 plus Line 2, for that asset.
10 Add Lines 8 and 9. This is your Illinois depreciation subtraction for this year. Write the total here and see instructions for the list of Illinois form and line references to report this subtraction.

Attach this form to your Illinois return.





# Form IL-4562 Instructions

For tax years ending on or after September 11, 2001.

**Note** Form IL-4562, Special Depreciation, should be filed by taxpayers who file an income or replacement tax return and report special depreciation on their federal Form 4562, Depreciation and Amortization, or Form 2106, Employee Business Expenses.

## General Information

### What is the purpose of this form?

The purpose of Form IL-4562 is to reverse the effects of the 30 percent or 50 percent "bonus depreciation" allowed by IRC Section 168(k) for depreciable property placed in service after September 10, 2001, and before January 1, 2005 (or, in the case of certain property acquired under a contract that was binding as of January 1, 2005, and before January 1, 2006), or during 2008 through 2010 under the federal Economic Stimulus Act of 2008, and the American Recovery and Reinvestment Act of 2009.

Step 2 of this form figures your Illinois special depreciation addition as required by the Illinois Income Tax Act (IITA). When you sell or transfer property, this step also reverses the Illinois depreciation subtractions you claimed on prior year IL-4562 forms.

Step 3 of this form figures your Illinois depreciation subtraction as required by the IITA. When you sell or transfer property, this step also reverses the "bonus depreciation" add back you reported on any prior year Form IL-4562.

**Note** If you filed more than one federal Form 4562, be sure to add the amounts from all federal Forms 4562 and write the total amounts on this form.

### Who must use Form IL-4562?

You must use Form IL-4562 if you are filing an Illinois income or replacement tax return and you reported the special depreciation on federal Form 4562. Individuals may also report special depreciation on federal Form 2106.

Step 2, Line 4, of this form instructs you as to which line on your Illinois return to report the Illinois special depreciation addition. Step 3, Line 10, of this form instructs you as to which line on your Illinois return to report the Illinois depreciation subtraction.

**Unitary groups:** If you are filing an Illinois combined return, complete one Form IL-4562 for the entire unitary business group.

**Form IL-1023-C filers:** If you are filing Form IL-1023-C, Composite Income and Replacement Tax Return, report the amounts on Form IL-4562 on your pro forma Form IL-1065, or Form IL-1120-ST, whichever is applicable.

**Note** If you receive any amount of depreciation additions or subtractions from a partnership or S corporation on Schedule K-1-P, do not include those amounts on Schedule 4562.

### When must I file this form?

You must file this form if you acquired new depreciable property after September 10, 2001, and you claimed additional first year depreciation of 30 percent or 50 percent of the basis of that property on your federal return.

### What if I need additional assistance?

If you need assistance,

- visit our web site at [tax.illinois.gov](http://tax.illinois.gov);
- write to us at P.O. Box 19044, Springfield, Illinois 62794-9044;
- call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**; or
- call our TDD (telecommunications device for the deaf) at **1 800 544-5304**;

Our office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.

## Specific Instructions

### Step 1: Provide the following information

Write your name and identification number as shown on your Illinois return.

### Step 2: Figure your Illinois special depreciation addition

**Line 1** — Write the total amount you claimed as a special depreciation allowance on your federal Form 4562, Line 14 or Line 25, for property you acquired after September 10, 2001. This is the 30 percent or 50 percent "bonus depreciation" you were allowed to claim on your federal return for this tax year.

**Note** Do not include any special depreciation on Line 1

- for property that you sold, traded, abandoned, or otherwise disposed of in this tax year, or
- that you claimed on Gulf Opportunity Zone or Liberty Zone property, or cellulosic plant property, reuse and recycling property, disaster assistance property, or recovery assistance property.

**Line 2 — Individuals only:** You may have reported "bonus depreciation" on federal Form 2106. That form instructs you to enter IRC Section 179 deductions and special allowances. Depending on the type of expenses you are claiming, you will show these amounts on Lines 4 or 31, or both. Illinois Form IL-4562 requires you to report only the special depreciation allowance.

Do not include any amount from federal Form 2106 that you reported on federal Schedule A, Itemized Deductions.

Write the total amount you claimed as a special depreciation allowance on your federal Form 2106, Lines 4 and 31, for property you acquired after September 10, 2001. This is the 30 percent or 50 percent "bonus depreciation" you were allowed to claim on your federal return for this tax year.

**Note** Do not include any special depreciation on Line 2

- for property that you sold, traded, abandoned, or otherwise disposed of in this tax year, or
- that you claimed on Gulf Opportunity Zone or Liberty Zone property, or cellulosic plant property, reuse and recycling property, disaster assistance property, or recovery assistance property.

**Line 3 — Last year of regular depreciation:** Lines 3 and 9 allow you to claim the same total Illinois depreciation deductions and federal depreciation deductions over the period for which you can claim federal depreciation deductions for an asset.

If this is the final year for which you can claim regular federal income tax depreciation deductions for an asset, because the asset was sold, traded, abandoned, or otherwise disposed of, or because it has reached the end of its depreciable life, you must reverse all the subtractions claimed for that asset.

Write the total amount of all Illinois depreciation subtractions you claimed on any prior year Forms IL-4562, Step 3, Line 8 for this property.

**Line 4** — Follow the instructions on the form.

Use the following list of Illinois form and line references for reporting this addition.

**If you are an individual, report it on**

- Schedule M, Step 2, Line 6

### If you are a business, report it on

- Form IL-1120, or Form IL-1120-X, Line 5;
- Form IL-1120-ST, Part I, Line 2c, and you must identify the addition as “depreciation addition” (for tax years ending **after December 31, 2005, and on or before December 30, 2006**);
- Form IL-1120-ST or Form IL-1120-ST-X, Line 17 (for tax years ending **on or after December 31, 2006**);
- Form IL-1065, Part I, Line 2d, and you must identify the addition as “depreciation addition” (for tax years ending **after December 31, 2005, and on or before December 30, 2006**);
- Form IL-1065 or Form IL-1065-X, Line 17 (for tax years ending **on or after December 31, 2006**); or
- Form IL-1041, Part I, Line 2d, and you must identify the addition as “depreciation addition” (for tax years ending **after December 31, 2005, and on or before December 30, 2007**);
- Form IL-1041 or Form IL-1041-X, Line 7 (for tax years ending **on or after December 31, 2007**).

**Note** Partnerships, S corporations, trusts, and estates pass this modification through to their owners in the same manner as income. See 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 more information. **Partners and shareholders do not include any amount of pass-through additions from Schedule K-1-P on Form IL-4562.**

### Step 3: Figure your Illinois depreciation subtraction

**Note** Use Lines 5a through 6 for items of depreciation claimed on property for which you claimed **30 percent bonus depreciation**. Use Lines 7a through 8 for items of depreciation claimed on property for which you claimed **50 percent bonus depreciation**.

**Line 5a and 5b** — Follow the instructions on the form.

**Note** If this is the final year for which you can claim regular federal income tax depreciation deductions for an asset, because the asset was sold, traded, abandoned, or otherwise disposed of, or because it has reached the end of its depreciable life, do not include any regular depreciation claimed on that property on Lines 5a and 5b.

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

**Line 7a and 7b** — Follow the instructions on the form.

**Note** If this is the final year for which you can claim regular federal income tax depreciation deductions for an asset, because the asset was sold, traded, abandoned, or otherwise disposed of, or because it has reached the end of its depreciable life, do not include any regular depreciation claimed on that property on Lines 7a and 7b.

**Lines 7c through 8** — Follow the instructions on the form.

**Line 9 — Last year of regular depreciation:** This line and Line 3 allow you to claim the same total Illinois depreciation deductions and federal depreciation deductions over the period for which you claim federal depreciation deductions for an asset.

If this is the final year for which you can claim regular federal income tax depreciation deductions for an asset, because the asset was sold, traded, abandoned, or otherwise disposed of, or because it has reached the end of its depreciable life, you must reverse the addition reported for that asset.

Write the Illinois special depreciation addition you reported on any prior year Form IL-4562, Line 1 plus Line 2, for this property.

**Line 10** — Follow the instructions on the form.

See the list below of Illinois form and line references for reporting this subtraction.

**If you are an individual, report it on**

- Schedule M, Step 3, Line 17

**If you are a business, report it on**

- Form IL-1120 or Form IL-1120-X, Line 20;
- Form IL-1120-ST, Part I, Line 5e and you must identify the subtraction as “depreciation subtraction” (for tax years ending **after December 31, 2005, and on or before December 30, 2006**);
- Form IL-1120-ST or Form IL-1120-ST-X, Line 31 (for tax years ending **on or after December 31, 2006**);
- Form IL-1065, Part I, Line 5g and you must identify the subtraction as “depreciation subtraction” (for tax years ending **after December 31, 2005, and on or before December 30, 2006**);
- **Form IL-1065 or Form IL-1065-X, Line 31** (for tax years ending **on or after December 31, 2006**); or
- Form IL-1041, Part I, Line 4g and you must identify the subtraction as “depreciation subtraction” (for tax years ending **after December 31, 2005, and on or before December 30, 2007**);
- Form IL-1041 or Form IL-1041-X, Line 21 (for tax years ending **on or after December 31, 2007**).

**Note** Partnerships, S corporations, trusts, and estates pass this modification through to their owners in the same manner as income. See Schedule K-1-P or Schedule K-1-T for more information. **Partners and shareholders do not include any amount of pass-through subtractions from Schedule K-1-P on Form IL-4562.**

### A Special Note regarding Bonus Depreciation on Luxury Automobiles:

Federal income tax law imposes a “cap” on the depreciation deduction allowed for a luxury automobile. In many cases, the “bonus depreciation” allowed by IRC Section 168(k) will be greater than the cap. In those cases, you are allowed a bonus depreciation deduction equal to the cap, and regular depreciation of zero.

Under Illinois law, if you claim a bonus depreciation deduction on an asset on your federal return, you are required to add the bonus depreciation back to your Illinois net income. You are also allowed to subtract a percentage of regular depreciation on that asset, both in the year you claimed the bonus depreciation and in subsequent years.

Therefore, if bonus depreciation on a luxury automobile exceeds the cap, no subtraction is allowed, because no regular depreciation deduction is allowed. In subsequent tax years, you will be allowed a subtraction equal to the percentage of the regular depreciation claimed on the automobile, even if that causes your total depreciation to exceed the cap.

When the vehicle is disposed of or at the end of its depreciable life, all of the Illinois additions and subtractions will be reversed, so that you will receive the same total depreciation for Illinois purposes as you received for federal purposes over the life of the car.