



2010 Schedule 1299-C Instructions

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 enterprise zones or 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 Credit
- Film Production Services Tax Credit
- Jobs Tax Credit
- High Impact Business Investment Credit
- Enterprise Zone or River Edge Redevelopment Zone Investment Credit
- Economic Development for a Growing Economy (EDGE) Tax Credit
- Tax credit for Affordable Housing Donations
- Research and Development Credit
- River Edge Redevelopment Zone Remediation Credit
- Ex-Felons Jobs Credit
- Veterans Jobs Credit
- Student-Assistance Contribution Credit

Note See Illinois Schedule 1299-S, Enterprise Zones, Foreign Trade Zones, and Sub-Zones, for a listing of these zones in Illinois, as well as their definitions.

Step 1: Provide the following information

Follow the instructions on the form.

Step 2: Figure your subtractions

Enterprise Zone or 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 enterprise or river edge redevelopment zone or zones.

Line 1

Column A - Write the name of the corporation from which you received dividends.

Column B - Write the name of the zone in which the corporation is located.

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

Lines 2 and 3 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, to your Form IL-1040, if you enter an amount on Line 2.

High Impact Business Dividend Subtraction (within a Foreign Trade Zone or sub-zone)

You may claim a subtraction for dividends you received from a corporation that is designated by the Department of Commerce and Economic Opportunity (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 - Write the name of the corporation from which you received dividends.

Column B - Write the name of the foreign trade zone (or sub-zone) in which the corporation is operating.

Column C - Write 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 enterprise zone subtraction are not eligible for the foreign trade zone (or sub-zone) subtraction.

Lines 5 and 6 - 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.

Line 7 - Add Lines 3 and 6. Write the total here and on your Schedule M, Line 24. This is your total dividend subtraction.

Step 3: Figure your credits

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

- your tax year ending is on or after June 30, 1995,
- 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. Write the total amount on the line provided. Multiply this total amount by 20 percent (.20), and write 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 – Write the amount of your expenses, reported under IRC Section 129(d)(7), that were used for on-site dependent care. Multiply this amount by 5 percent (.05), and write the result. This is your Dependent Care Assistance Program Tax Credit.

Line 3 – Total credits which may be carried forward for two years. Add Lines 1 and 2. Write this amount here and in Step 4, Line 18.

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 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.

Contact DCEO for more information.

Line 4 - Write 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.

Lines 5 and 6 - Follow the instructions on the form.

Attach You must attach the tax credit certificate you received from DCEO and a copy of Schedule K-1-P to your Form IL-1040, if applicable.

■ Jobs Tax Credit

To qualify for the credit

- you must be an employer who increased the total number employed within the enterprise zone, river edge redevelopment zone, or foreign trade zone (or sub-zone) during your previous tax year by five or more full-time eligible employees beyond the total employed in the zone at the end of the base year,
- you must be an employer who employed eligible employees for 180 consecutive days during that tax year, and
- the number of employees in Column D and Column E must equal five or more.

Definitions “Base year” means the last tax year in which you properly claimed the Jobs Tax Credit or 1985, whichever is later.

“Eligible employee” is an employee who

- was certified by DCEO as “eligible for services,”
- was hired after the enterprise zone, river edge redevelopment zone, or foreign trade zone (or sub-zone) was designated or after the trade or business was located in the zone, whichever is later,
- was employed in the enterprise zone, river edge redevelopment zone, or foreign trade zone (or sub-zone), and
- was a full-time employee, working 30 or more hours per week.

“Employed” means that services were performed in the zone or that the zone was the base of operations for services performed.

Note You must be an employer in order to take this credit. The Jobs Tax Credit cannot be passed through to partners of partnerships or shareholders of S corporations.

Line 7

Column A – Write the name of the zone where employees were hired.

Column B – Write the total number of full-time persons you employed at the end of this tax year.

Column C – Write the total number of full-time persons you employed at the end of the base year.

Column D – Subtract Column C from Column B.

Column E – Write the total number of eligible employees included in Column D that you hired this year.

Attach You must attach a list of the Social Security numbers of those eligible employees.

Column F – Multiply the number in Column E by \$500, and write the result. This is your Jobs 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 property on the last day of your tax year.

You may not take this credit

- if the property is eligible for the Enterprise Zone or River Edge Redevelopment 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 or River Edge Redevelopment Zone Investment Credit

You may take this credit if you

- placed qualified property in service in an Illinois enterprise zone or river edge redevelopment 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 or river edge redevelopment 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 River Edge Redevelopment Zone Investment Credit if it was previously used in Illinois in a manner that qualified for that credit or for the credit on Form IL-477, Replacement Tax Investment Credit. Such 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 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 8 and Line 10**Column A**

High Impact Business Investment Credit: Describe each item of qualified property placed in service in Illinois.

Enterprise Zone or River Edge Redevelopment Zone Investment

Credit: Describe each item of qualified property you placed in service in an Illinois enterprise zone or river edge redevelopment zone.

Column B - Both credits

Write 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 written in Column B or your basis in Column F will be reduced to zero.

Column C - Both credits

If you are using the federal accelerated cost recovery system (ACRS) to depreciate the property, write 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, write 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 - Both credits

Indicate whether each item of qualified property is new or used. If the property was previously used, write the abbreviation of the state where the property was located.

Column E

High Impact Business Investment Credit: Leave this column blank.

Enterprise Zone or River Edge Redevelopment Zone Investment

Credit: Write the name of the enterprise zone or river edge redevelopment zone in which the property is used.

Column F - Both credits

For each item of property, write the basis used to figure the depreciation deduction for federal income tax purposes. If you used the property prior to placing it in service in Illinois or in an Illinois enterprise zone or river edge redevelopment zone, write the adjusted basis as of the date you placed it in service in Illinois or in an Illinois enterprise zone or river edge redevelopment zone.

Column G

High Impact Business Investment Credit: Multiply each entry in Column F by .5 percent (.005), and write the result.

Enterprise Zones: If you placed property in service in an enterprise zone, write .005 in Column G.

River Edge Redevelopment Zones: If your business is new to Illinois, write .01. Otherwise, use the Base Employment Calculation Worksheet on the last page of these instructions to figure the rate to write in Column G.

Column H**Enterprise Zone or River Edge Redevelopment Zone Investment**

Credit: Multiply each entry in Column F by the amount in Column G, and write the result.

Lines 9, 11, and 12 - 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 11.

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,
- you meet the conditions stated in your agreement with DCEO, and
- your business is engaged in interstate or intrastate commerce.

The EDGE 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 no 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.

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.

For more information regarding the EDGE Program, applications, and tax credit, you may call DCEO at 1 800 252-2923, or write to Illinois Department of Commerce and Economic Opportunity, First Stop Business Information Center of Illinois, 620 East Adams, Third Floor, Springfield, Illinois 62701.


Lines 13 through 15 – Follow the instructions on the form.

 You must attach a copy of Schedule K-1-P to your Form IL-1040, if you enter an amount on Line 14.

■ 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).

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

Line 16 - Write the total amount of your donation to eligible sponsors on the line provided. Multiply this amount by 50 percent (.50) and write the result.

Line 17 - Write any distributive share of Tax Credit for Affordable Housing Donations that was distributed to you from partnerships and S corporations or transferred to you by the donor.

 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.

Line 18 - Add the amounts on Lines 16 and 17, and write 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).

 **“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 determination 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 19 through 22

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

Column A – Write the average of the base period qualified expenses resulting from activities that were conducted in the state of Illinois and were included in the comparable lines on U.S. Form 6765, either Section A, Lines 1 and 2, and Lines 5 through 8, or Section B, Lines 18 and 19 and Lines 23 through 26.

Column B – Write the current year qualified expenses resulting from activities that were conducted in the state of Illinois and were included in the comparable lines on U.S. Form 6765, either Section A, Lines 1 and 2, and Lines 5 through 8, or Section B, Lines 18 and 19 and Lines 23 through 26.

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.


 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 19 through 22) must be annualized as follows:

qualified expenses X 365 ÷ number of days taxable by Illinois

Lines 23 and 24 – Follow the instructions on the form.

Line 25 – Multiply Line 24 by 6.5 percent (.065), and write the result.

Lines 26 and 27 – Follow the instructions on the form.


 You must attach a copy of Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, to your Form IL-1040, if you enter an amount on Line 26.

■ River Edge Redevelopment Zone Remediation Credit

The River Edge Redevelopment Zone Remediation Credit allows a credit for tax years ending on or after December 31, 2006, for unreimbursed eligible remediation costs incurred in a Site Remediation Program under the Environmental Protection Act in a river edge redevelopment zone. You may claim the credit for costs deducted on your federal income tax return.

The credit cannot be taken by any taxpayer if the taxpayer or any related party caused or contributed to a release of regulated substances on, in, or under the site at which the otherwise eligible remediation costs were incurred.

To qualify for this credit, you must have received approval of the eligible remediation costs from IEPA on the forms IEPA will provide.

 You must attach a copy of the approval form to your return.

The credit is 25 percent (.25) of the amount of unreimbursed eligible remediation costs that were

- in excess of \$100,000,
- approved by IEPA, and
- incurred in performing environmental remediation at a Site Remediation Program site located within a river edge redevelopment zone for which a “No Further Remediation” (NFR) letter was issued by IEPA during the tax year and recorded by the recipient.

The credit cannot be passed through by a partnership to its partners or by a S corporation to its shareholders.

You may carry any excess credit forward for five years. Any unused

credit and remaining carryforward period may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The seller must record the transfer in the chain of title and notify the director of the Illinois Department of Revenue, in writing, of the intent to sell the remediation site and of the amount of tax credit that will be transferred as a portion of the sale. Our address is Illinois Department of Revenue, 101 West Jefferson Street, Springfield, Illinois 62702.

Line 28

Column A - Write the name of the river edge redevelopment zone in which the remediation site is located.

Column B - Write the total unreimbursed remediation costs approved by IEPA for the site, minus \$100,000. If the total amount approved by IEPA for the site is \$100,000 or less, you are not entitled to a credit for the site.

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

Line 29 - Write the total of any River Edge Redevelopment Zone Remediation Credit that was transferred to you.

Attach You must attach a copy of the written notice of the transfer that the seller sent to the Department of Revenue.

Line 30 - Add the amounts on Column D, Lines 28a through 28c and Line 29, and write the result. This is your River Edge Redevelopment Zone Remediation Credit.

Ex-Felons Jobs Credit

For tax years beginning on or after January 1, 2007, the Ex-Felons Jobs Credit is 5 percent of qualified wages paid during the tax year to an employee who is a qualified ex-felon. The total credits for all tax years for wages paid to a particular ex-felon may not exceed \$600.

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

A “**qualified ex-felon**” means a person

- who has been convicted of a felony other than a crime of violence as defined in Section 2 of the Crime Victims Compensation Act, a Class X felony, an offense for which probation is not allowed, a sex offense, or a crime of bodily harm, and
- who was sentenced to a period of incarceration in an Illinois adult correctional center, and
- who was hired by you within one year after being released from the adult correctional facility.

A person who has been convicted more than twice of a felony is **not** a qualified felon.

Line 31

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

Column A - Write the name of the qualified ex-felon.

Column B - Write the Social Security number of the qualified ex-felon.

Column C - Write the date you hired the qualified ex-felon.

Column D - Write the amount of qualified wages you paid to this ex-felon 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 G - If you claimed an Ex-Felons Jobs Credit for this ex-felon in any prior year, write the total amount of credit claimed.

Column H - Subtract the amount in Column G from \$600. If less than zero, write zero.

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

If you have more than three qualified ex-felon employees, attach a separate schedule in the same format as Schedule 1299-C. However, the total amount of credit from multiple schedules must be included on Line 33.

Line 32 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, to your Form IL-1040, if you enter an amount on Line 32.

Line 33 - Add the amounts on Column I, Lines 31a through 31c (including the amounts on any additional schedule you attached) and Line 32, and write the result. This is your Ex-Felons Jobs Credit.

Veterans Jobs Credit

For tax years beginning on or after January 1, 2010, the Veterans Jobs Credit is 10 percent of qualified wages paid during the tax year to an employee who is a qualified veteran. The credit for wages paid to a particular veteran may not exceed \$1,200 for the tax year.

Note For tax years beginning on or after January 1, 2007, and ending before January 1, 2010, the Veterans Jobs Credit is 5 percent of qualified wages and may not exceed \$600 per year for any veteran.

Definitions A “**Qualified veteran**” means a person who

- was a member of the Armed Forces of the United States (including any reserve component) or of the Illinois National Guard,
- served on active duty in connection with Operation Desert Storm, Operation Enduring Freedom, or Operation Iraqi Freedom,
- has provided you with documentation showing that he or she was honorably discharged,
- was initially hired by you on or after January 1, 2007, and
- was employed by you at least 185 days during the tax year.

Line 34

For each veteran for whom you are claiming a credit:

Column A - Write the name of the qualified veteran.

Column B - Write the Social Security number of the qualified veteran.

Column C - Write the amount of qualified wages you paid this veteran during the tax year.

Column D - Multiply the amount in Column C by 10 percent (.10).

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

If you have more than three qualified veteran employees, attach a separate schedule in the same format as Schedule 1299-C. However, the total amount of credit from multiple schedules must be included on Line 36.

Line 35 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, to your Form IL-1040, if you enter an amount on Line 35.

Line 36 - Add the amounts on Column F, Lines 34a through 34c (including the amounts on any additional schedule you attached) and Line 35, and write the result. This is your Veterans 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 37

For each employee for whom you made a matching contribution:

Column A - Write the name of the employee.

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

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

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

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

If you have more than three qualified employees for whom you made matching contributions, attach a separate schedule in the same format as Schedule 1299-C. However, the total amount of credit from multiple schedules must be included on Line 37.

Line 38 - Follow the instructions on the form.

Attach You must attach a copy of Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, to your Form IL-1040, if you enter an amount on Line 38.

Line 39 - Add Lines 37a through 37c (including the amounts on any additional schedule you attached) and Line 38, and write the result. This is your Student-Assistance Contribution Credit.

■ New Markets Credit

The New Markets Credit is allowed for qualified investments made between 2008 and 2012 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, or
- received a certificate from DCEO showing that a credit was transferred to you.

Contact DCEO for more information.

Line 40 - Write 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.

Lines 41 and 42 - Follow the instructions on the form.

Attach You must attach the tax credit certificate you received from DCEO and a copy of Schedule K-1-P to your Form IL-1040, if applicable.

Line 43 - Total credits that may be carried forward for five years. Add Lines 6, 7, 9, 12, 15, 18, 27, 30, 33, 36, 39, and 42. Write this amount in Step 4, Line 20.

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 oldest credit. Credits earned in the current tax year that may be carried for two or five years are used last, beginning with the two-year credits and ending with the five-year credits.

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 Credit in 2008 in the amount of \$5,000, and you used \$2,000 credit on your 2008 tax return, you had \$3,000 left to carry forward for two years. On your 2009 tax return, you used \$1,500. You now have \$1,500 left to use on your 2010 tax return. **This is your unused credit carryforward.** If you are not able to use all \$1,500 on the 2010 return, you will forfeit the excess credit.

Lines 1 through 22i - Follow the instructions on the form.

Line 22 - Add Lines 22a through 22i. This is the amount of credit you may use this year. Write the amount here and on your Form IL-1040 Line 19.

Step 5: Figure your credit available to be carried forward

Lines 1 through 7 - Follow the instructions on the form. However, effective for tax years ending on or after January 1, 2011, no Research and Development Credit may be earned, and no carryforward of those credits from prior years may be taken. Therefore, you may not include any amount of Research and Development Credit that you show as a credit carryforward from any Schedule 1299-C (current year or prior years) on Line 2 or Lines 4 through 7.

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.

Base Employment Calculation Worksheet

Use this worksheet to figure the credit rate you must use for Step 3, Column G, Line 10 if you placed qualifying property in a river edge redevelopment zone. Keep this worksheet with your income tax records. You must send us a copy if we request it.

1 Write the number of covered workers from Line 1 of the Illinois Department of Employment Security Form UI-3/40, Employer's Contribution and Wage Report, you filed for each month.

Month	A Current Year	B Preceding Year
1st	_____	_____
2nd	_____	_____
3rd	_____	_____
4th	_____	_____
5th	_____	_____
6th	_____	_____
7th	_____	_____
8th	_____	_____
9th	_____	_____
10th	_____	_____
11th	_____	_____
12th	_____	_____

2 Write the total of each column.

2 _____

3 Divide the amount on Line 2 by the number of months used in that column. Round the result to six decimal places.

3 _____

4 Subtract Column B, Line 3 from Column A, Line 3. If the result is zero or negative, write zero.

4 _____

5 Divide Column B, Line 4 by Column B, Line 3. If the result is greater than .01, write .01. Otherwise, round the result to six decimal places, and write that amount here.

5 _____

6 Multiply Line 5 by 0.5. Round to six decimal places, and write the result here.

6 _____

7 Add Line 6 plus .005. Write the amount here and on Step 3, Column G, Line 10, for each item of property placed in service in a river edge redevelopment zone.

7 _____