Use your mouse or Tab key to move through the fields. Use your mouse or space bar to enable check boxes.

Illinois Department of Revenue

Schedule 4255

Attach this schedule to your return.

Recapture of Investment Tax Credits

IL Attachment No. 5

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 or River Edge Redevelopment Zone Investment Credit recapture

	A Date property placed in service in Illinois Month Year	B Date property became disqualified Month Year	C Description of qualified property	D Reason for disqualification	E Original basis	F Name of enterprise zone	G Credit rate	H Disqualified credit amount (Col. E x Col. G)
1 a	___ / ___	___ / ___						
b	___ / ___	___ / ___						
c	___ / ___	___ / ___						
d	___ / ___	___ / ___						
e	___ / ___	___ / ___						
f	___ / ___	___ / ___						

2 Add Columns H, Lines 1a through 1f. Write the Column H total on Line 9, Column A. 2 ______

Step 2: Figure your High Impact Business Investment Credit recapture

	A Date property placed in service in Illinois Month Year	B Date property became disqualified Month Year	C Description of qualified property	D Reason for disqualification	E Original basis	F Name of the foreign trade zone/ subzone	G Credit rate	H Disqualified credit amount (Col. E x Col. G)
3 a	___ / ___	___ / ___					.005	
b	___ / ___	___ / ___					.005	
c	___ / ___	___ / ___					.005	
d	___ / ___	___ / ___					.005	
e	___ / ___	___ / ___					.005	
f	___ / ___	___ / ___					.005	

4 Add Column H, Lines 3a through 3f. Write the Column H total on Line 9, Column B. 4 ______

Step 3: Figure your Replacement Tax Investment Credit recapture

	A Date property placed in service in Illinois Month Year	B Date property became disqualified Month Year	C Description of qualified property	D Reason for disqualification	E Original basis	F Credit rate	G Disqualified credit amount (Col. E x Col. F)
5 a	___ / ___	___ / ___					
b	___ / ___	___ / ___					
c	___ / ___	___ / ___					
d	___ / ___	___ / ___					
e	___ / ___	___ / ___					

6 Add Column G, Lines 5a through 5e. Write the Column G total on Line 9, Column C. 6 ______

Step 4: Figure your total recapture amount

		A Step 1 recapture	B Step 2 recapture	C Step 3 recapture
7	Write the amount of your total property (see instructions).	7		
8	Write the amount of your original credit (see instructions).	8		
9	Write the total disqualified credit amounts from Steps 1, 2, and 3.	9		
10	Subtract Line 9 from Line 8. This is your adjusted credit.	10		
11	Write your original tax amount (see instructions).	11		
12	Write the lesser of Line 8 or Line 11. This is the amount of credit you previously used.	12		
13	Subtract Line 10 from Line 12. If the result is negative, write zero.	13		
14	Write the amount of recapture from any other Schedule 4255 filed this year (see instructions).	14		
15	Distributive share of recapture from partnerships and S corporations from Schedule(s) K-1-P.	15		
16	**Total recapture**. Add Lines 13, 14, and 15 (see instructions).	16		

Reset Print

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 or River Edge Redevelopment 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 or river edge redevelopment zone.

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.

Replacement Tax Investment Credit — Property 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 placed in service prior to January 1, 1994, 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.

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 or River Edge Redevelopment 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.

Use the following instructions to complete Columns A through E in Steps 1 through 3.

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 (e.g., removed from service, involuntarily converted, *etc.*).

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

Use the following instructions to complete Columns F through H in each step.

Step 1

Column F — Write the enterprise zone or river edge redevelopment zone in which your property was used when the investment credit was originally computed.

Column G —

- For property placed in service in an enterprise zone, write .005.
- For property placed in service in a river edge redevelopment zone, write the percentage from the original Schedule 1299-D, Step 1, Section B, Column G, Line 11 for the year you claimed the credit for that property.

Column H — For each item of property that is now disqualified, multiply Column E by Column G, and write the result here.

Step 2

Column F — 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."

Column G — The correct rate is printed on the form.

Column H — For each item of property that is now disqualified, multiply Column E by Column G, and write the result here.

Step 3

Column F — Write the sum of .005 and the rate you used on your original Schedule or 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 one 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*.

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

Column G — For each item of property that is now disqualified, multiply Column E by Column F, and write the result here.

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 or River Edge Redevelopment 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 from the original Schedule 1299-D or Form IL-477, for which you computed a credit in the tax year that the now disqualified property was originally placed in service.

Line 8 — Write the amount of your total credit as shown on the original Schedule 1299-D or Form IL-477.

Line 9 — Enter the following amounts:

Column A — Write the amount from Line 2.

Column B — Write the amount from Line 4.

Column C — Write the amount from Line 6.

Line 11

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 14 — Write the recapture from any other Schedule 4255 (Step 4, Line 16) 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 15 — Columns A and C — Write your distributive share of recapture from partnerships and S corporations from Schedule K-1-P.

Line 16 — Add Lines 13, 14, and 15. Carry this amount to any succeeding Schedule 4255, Step 4, Line 11, 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

- IL-1040, Line 14,
- IL-1120, Line 46,
- IL-1041, Line 41,
- IL-990-T, Line 20,
- IL-1023-C, Line 5, or
- Schedule K-1-P, Line 53a.

from Column B to

- IL-1040, Line 14,
- IL-1120, Line 46,
- IL-1041, Line 41,
- IL-990-T, Line 20, or
- IL-1023-C, Line 5.

from Column C to

- IL-1120, Line 41,
- IL-1041, Line 35,
- IL-1065, Line 55,
- IL-1120-ST, Line 53,
- IL-990-T, Line 14,
- IL-1023-C, Line 11, or
- Schedule K-1-P, Line 53b.