



2016 Schedule 1299-C Instructions

What's new for 2016?

Public Act 100-0022 has retroactively restored the Research and Development Credit for tax years ending after December 31, 2015. Originally, the credit had sunset for these tax years and had therefore been removed from the original release of the 2016 Illinois Income Tax forms.

A supplemental Schedule 1299-C (R&D) has been designed to allow you to claim the Research and Development Credit for the 2016 tax year, if applicable. To claim the credit this year, you must use Schedule 1299-C (R&D) and include the Research and Development Credit calculated on that schedule in the amount you report on this Schedule 1299-C, Step 3, Section B, Line 52. If you have already filed your 2016 Form IL-1040, Individual Income Tax Return, and want to claim the Research and Development Credit, you will need to file Form IL-1040-X, Amended Individual Income Tax Return, and attach the supplemental Schedule 1299-C (R&D). See the Schedule 1299-C (R&D) Instructions for more information.

In addition, if you did not claim the Research and Development Credit on your 2015 return because your tax year ended after December 31, 2015, you may amend that return and the 2015 Schedule 1299-C to claim the credit, if applicable.

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 Credit
- Film Production Services Tax Credit
- High Impact Business Investment Credit
- Enterprise Zone Investment Credit
- 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
- New Markets Credit
- Angel Investment Credit
- River Edge Historic Preservation Credit
- Live Theater Production Tax Credit
- Hospital Credit

Note See 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

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 a river edge redevelopment zone or zones.

Line 1

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

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

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

Lines 2 and 3 - 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.

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 - 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.

Lines 5 and 6 - 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 7 - Add Lines 3 and 6. Enter the total here and on your Schedule M, Line 22. 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

- 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 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 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 - 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.

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. 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.

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.

Lines 7, 9, and 12

Column A

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

Enterprise Zone and River Edge Redevelopment Zone

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

Column B - All three credits

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 F will be reduced to zero.

Column C - All three credits

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 - All three credits

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

Column E

High Impact Business Investment Credit: Leave this column blank.

Enterprise Zone and River Edge Redevelopment Zone

Investment Credits: Enter the name of the enterprise zone or river edge redevelopment zone in which the property is used.

Column F - All three credits

For each item of 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 or river edge redevelopment zone.

Column G

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

Enterprise Zones: The rate for property you placed in service in an enterprise zone, is .005.

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

Column H

Enterprise Zone and River Edge Redevelopment Zone

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

Lines 8, 10, 11, 13, and 14 - 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 Lines 10 or 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.

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 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.

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.

Lines 15 through 17 – 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 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.

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 18 - 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 19 - Enter 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 and you enter an amount on Line 19. In order to claim amounts reported to you on Schedule K-1-P, the tax year ending listed on the Schedule K-1-P must fall within your tax year.

Line 20 - Add the amounts on Lines 18 and 19, and enter the result. This is your Tax Credit for Affordable Housing Donations.

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 21

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

Column B - Enter 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 22 - Enter the total of any River Edge Redevelopment Zone Remediation Credit that was transferred to you.



You must attach a copy of the written notice of the transfer that the seller sent to the Illinois Department of Revenue if you enter an amount on Line 22.

Line 23 - Add the amounts on Column D, Lines 21a through 21c (including the amounts on any additional schedule you attached) and Line 22, and enter 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-offender. The total credits for all tax years for wages paid to a particular ex-offender may not exceed \$1,500.



"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 24

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

Column H - Subtract the amount in Column G from Column F. If less than zero, enter zero.

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

If you have more than three qualified ex-offender 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 26.

Line 25 - 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 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 Column I, Lines 24a through 24c (including the amounts on any additional schedule you attached) and Line 25, and enter the result. This is your Ex-Felons Jobs Credit.

Veterans Jobs Credit

The Veterans Jobs Credit is 20 percent of qualified wages paid during the taxable year to an employee who is a "qualified unemployed veteran."

See the definitions below to determine if your employee is a "qualified unemployed veteran."

The credit **per year** for wages paid to a particular employee may not exceed \$5,000 for a “qualified unemployed veteran.”

Definitions

A “**qualified unemployed veteran**” means an Illinois resident 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 on or after September 11, 2001,
- has provided you with documentation showing that he or she was honorably discharged,
- was initially hired by you on or after June 1, 2012,
- was unemployed for a total of 4 weeks or more during the six week period ending on the Saturday immediately preceding the date he or she was hired by you, and
- was employed by you
 - at least 185 days; or
 - at least 31 days if that employee was unemployed for a total of six months or more during the one year period ending on the date he or she was hired.

These periods of employment may be completed after the end of the taxable year in which you hired the veteran.

Note An employee qualifies as unemployed for a week if he or she has received unemployment benefits for the week, or has not been employed since being honorably discharged.

Line 27

For each employee for whom you are claiming a credit:

Column A - Enter the name of the employee.

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

Column C - Enter the amount of qualified wages you paid this employee during the tax year.

Column D - Multiply the amount in Column C by 20% (.20) and enter it here.

Column F – Enter the lesser of Column D or Column E.

If you have more than three qualified unemployed 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 29.

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 F, Lines 27a through 27c (including the amounts on any additional schedule you attached) and Line 28, and enter 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 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 F - Enter 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 32.

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 schedule you attached) and Line 31, and enter 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 2017 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.

Contact DCEO for more information.

Line 33 - Enter the amount of credit from the tax credit certificate you received from DCEO.

Lines 34 and 35 - 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 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.

Angel Investment Credit

For tax years beginning on or after January 1, 2011, and ending on or before December 31, 2016, 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. Contact DCEO for more information.

Line 36 - Enter the amount of credit from the tax credit certificate you received from DCEO.

Lines 37 and 38 - 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 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.

■ River Edge Historic Preservation Credit

For tax years beginning on or after January 1, 2012, 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.

Contact DCEO for more information.

Line 39 – Enter the amount of credit from the tax credit certificate you received from DCEO.

Line 40 – Follow the instructions on the form.

Line 41 – Add Lines 39 and 40. This is your total River Edge Historic Preservation Credit.



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 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.

■ 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.

Contact DCEO for more information.

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.

Line 43 – Follow the instructions on the form.

Line 44 – Add Lines 42 and 43. This is your total Live Theater Production Tax Credit.



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 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.

■ 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
- is 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.

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

Line 48 - Enter the amount of credit on Line 47 you have transferred, or intend to transfer.



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

Line 49 - Follow the instructions on the form.

Line 50 - Enter your distributive share from an S corporation or partnership that was reported to you on Illinois Schedule K-1-P or any amount transferred to you.



You must attach 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. This is your total Hospital Credit.

Line 52 - Total credits that may be carried forward for five years.

Add Lines 6, 8, 11, 14, 17, 20, 23, 26, 29, 32, 35, 38, 41, 44, and 51. Also include the amount of 2016 Research and Development Credit you are claiming from your supplemental Schedule 1299-C (R&D), Line 9, if applicable. Enter this amount here and in Step 4, Line 20.

In order to claim the Research and Development Credit on your return and calculate your income tax credit and carryforward amounts correctly, you must include the amount from Line 9 of your Schedule 1299-C (R&D) on Schedule 1299-C, Line 52, regardless if you report any other credits on Schedule 1299-C.

You must also attach Schedule 1299-C (R&D) directly behind your 2016 Schedule 1299-C.

Example 1: You claim both a \$100 Research and Development Credit on Schedule 1299-C (R&D) and a \$500 Hospital Credit on Schedule 1299-C. You will report a total five-year credit amount on Schedule 1299-C, Line 52, of \$600. Complete the rest of Schedule 1299-C. Attach **both** Schedule 1299-C and Schedule 1299-C (R&D) to your return.

Example 2: You claim only a \$100 Research and Development Credit on Schedule 1299-C (R&D). You did not claim any other five-year credits on Schedule 1299-C. You will report a total five-year credit amount on Schedule 1299-C, Line 52, of \$100. Complete the rest of Schedule 1299-C. Attach **both** Schedule 1299-C and Schedule 1299-C (R&D) to your return.

Failure to follow these instructions may delay the processing of your return, result in the disallowance of your Research and Development Credit, or result in you receiving further correspondence from the Department. You may also be required to submit further information to support your filing.

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 Credit in 2014 in the amount of \$5,000, and you used \$2,000 credit on your 2014 tax return, you had \$3,000 left to carry forward for two years. On your 2015 tax return, you used \$1,500. You now have \$1,500 left to use on your 2016 tax return. **This is your unused credit carryforward.** If you are not able to use all \$1,500 on the 2016 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 11 - 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.

Base Employment Calculation Worksheet

Use this worksheet to figure the credit rate you must use for Step 3, Column G, Line 12 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 Enter 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 Enter the total of each column.

2 _____

3 Enter the number of months in your taxable year. May not exceed "12".

3 _____

4 For each column, divide the amount on Line 2 by the amount on Line 3. Round the result to six decimal places.

4 _____

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

5 _____

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

6 _____

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

7 _____

8 Add Line 7 plus .005. Enter the amount here and on Step 3, Column G, Line 12, for each item of property placed in service in a river edge redevelopment zone.

8 _____