



2018 Schedule 1299-D Instructions

What's new for 2018?

- Significant change to the layout of Schedule 1299-D.
- New Schedule 1299-I, Income Tax Credits Information and Worksheets, provides detailed information about the income tax credits, how to calculate them and where to report them.
- Public Act 100-587, commonly referred to as the FY2019 Budget Implementation Act, has
 - retroactively extended the **Hospital Credit** until tax years ending on or before December 31, 2022.
 - extended the **Natural Disaster Credit** through tax years beginning prior to January 1, 2019.

See Specific Instructions and Schedule 1299-I for more information about these credits.

General Information

Complete this schedule if you are filing Form IL-1120, Corporation Income and Replacement Tax Return, Form IL-1041, Fiduciary Income and Replacement Tax Return, or Form IL-990-T, Exempt Organization Income and Replacement Tax Return, and are entitled to any of the credits listed on Schedule 1299-I, Income Tax Credits Information and Worksheets.

This schedule must be completed if you earned or carried credits this year; even if you are not using the credits to offset current tax liability.

If you are filing an Illinois **combined unitary** return, complete one Illinois Schedule 1299-D for the entire unitary business group listing the credit by unitary member. See the specific instructions for more information.

See the **Department of Commerce and Economic Opportunity (DCEO) website** for a list of enterprise zones and DCEO contact information.

What must I attach?

ATTACH: Schedule K-1-P, Partner's or Shareholder's Share of Income, Deductions, Credits, and Recapture, if

- you are a partner in a partnership or a shareholder in an S corporation, and you received a Schedule K-1-P from the partnership or S corporation showing an amount of credit that you may claim on your Schedule 1299-D. In order to claim amounts reported to you on a Schedule K-1-P, the tax year ending listed on the Schedule K-1-P you received must fall within your tax year.

NOTE: All income tax credits are distributable by partnerships and S corporations and require Schedule K-1-P to support distributive share amounts, **except:**

- TECH-PREP Youth Vocational Programs
- Dependent Care Assistance Program Tax
- Employee Child Care
- High Impact Business Investment

ATTACH: Certificates issued by DCEO if

- you entered into an agreement with DCEO and DCEO issued a tax certificate to you indicating the name of the credit and the amount of the credit allowed in this taxable year; or

- you purchased or had credit transferred to you from another business and the credit purchase or transfer was approved by DCEO, who then issued you a tax certificate indicating the name of the credit and the amount of credit allowed in this taxable year.

NOTE: Any income tax credit administered by DCEO requires a copy of the certification to claim the credit. Those income tax credits **include:**

- Film Production Services
- Economic Development for a Growing Economy (EDGE)
- Angel Investment
- New Markets Development
- Live Theater Production

ATTACH: Any other documents required by the Illinois Department of Revenue and noted in these instructions or Schedule 1299-I.

- If you claim the **River Edge Historic Preservation** credit, you must attach a copy of the certificate issued by the Illinois Department of Natural Resources.
- If you claim the **Affordable Housing Donations** credit, you must attach a copy of proof of the credit issued by the Illinois Housing Development Authority or the city of Chicago.
- If you transferred the **Hospital** credit, attach a written notice of the transfer that you issued to the transferee. If you claim the **Hospital** credit because the credit was transferred to you, you must attach a copy of the written notice of the transfer that the seller or donor sent to the Illinois Department of Revenue. See the Schedule 1299-I specific instructions for the Hospital credit for the required written notice information.

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

What if I need additional assistance or forms?

- Visit our website, tax.illinois.gov, for assistance, forms or schedules.
- Write us at:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19001
SPRINGFIELD IL 62794-9001
- Call our Taxpayer Assistance Division at 1 800 732-8866 or 217 782-3336 (TDD, telecommunications device for the deaf, at 1 800 544-5304).
- Visit a taxpayer assistance office - 8:00 a.m. to 5:00 p.m. (Springfield office) and 8:30 a.m. to 5:00 p.m. (all other offices), Monday through Friday.

Specific Instructions

All figures should be rounded to whole dollars. To do this, you should drop any amount less than 50 cents and increase any amount of 50 cents or more to the next higher dollar.

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.

STEP 1 - Worksheet

Complete this step only if you earned this income tax credit during your current tax year.

■ Research and Development

Complete this step before entering any Research and Development credit earned in the current year in Step 2.

Complete the Research and Development Worksheet in Schedule 1299-I. Bring the corresponding amounts from Schedule 1299-I Worksheet, Line 6, Columns A and B, to Schedule 1299-D, Step 1, Line 1, Columns A and B. Follow the instructions on Schedule 1299-D to calculate the amount to list in Step 2, Column E on the line that you enter "5" in Column A and Credit Code 5340 in Column B.

STEP 2 - Figure your credits

You must list **all** credits that are available this year, including, all carried forward credits, new credits and distributive shares or transferred credits. This schedule must be completed if you earned or carried credits this year; even if you are not using the credits to offset current tax liability.

You may have more qualifying credits than space provided on Schedule 1299-D. Complete a separate schedule in the same format as Illinois Schedule 1299-D. Attach the additional schedule(s) to your Schedule 1299-D and enter the total credit you may claim on your original Schedule 1299-D, Step 2, Line 21. **Do not enter the total on your additional schedules.**

Additionally, if you received more than one Schedule K-1-P for any eligible credit, add the amounts from all Schedules K-1-P for that credit and enter the total in Step 2, Column F on the line with that credit code on your Schedule 1299-D.

Follow the instructions below to complete Schedule 1299-D, Step 2, Columns A through D and Columns F through J. To determine the correct amount to list in Schedule 1299-D, Step 2, Column E, use the Schedule 1299-I instructions and worksheets.

Lines 4 through 6 - Follow the instructions on the form.

Lines 7 through 20 - Enter your credits

Column A - Years Left to Carry

Write the number of years the credit has left to carry before it is fully used. For the first year the credit is claimed, enter 2, 5, or 10 depending on the number of years the credit can be carried forward. For the last year the credit is carried forward, enter 0.

Using the four-digit code identified in the Column B instructions below and starting on Line 7, list your credits in the following order:

Two-year credits in last year of carryforward
Five-year credits in last year of carryforward
Ten-year credits in last year of carryforward
These credits will have **0** in Column A

Two-year credits available to carry one more year
Five-year credits available to carry one more year
Ten-year credits available to carry one more year
These credits will have **1** in Column A

Two-year credits available to carry two more years
Five-year credits available to carry two more years
Ten-year credits available to carry two more years
These credits will have **2** in Column A

Five-year credits available to carry three more years
Ten-year credits available to carry three more years
These credits will have **3** in Column A

Five-year credits available to carry four more years
Ten-year credits available to carry four more years
These credits will have **4** in Column A

Five-year credits available to carry five more years
Ten-year credits available to carry five more years
These credits will have **5** in Column A

Ten-year credits available to carry six more years
These credits will have **6** in Column A

Ten-year credits available to carry seven more years
These credits will have **7** in Column A

Ten-year credits available to carry eight more years
These credits will have **8** in Column A

Ten-year credits available to carry nine more years
These credits will have **9** in Column A

Ten-year credits available to carry ten more years
These credits will have **10** in Column A

Column A should start with zero (or the lowest year of credit available for carryforward) and increase by year (if you have available credit in every year). If you have multiple credits with the same number of carryforward years, list them in ascending order by credit code within the two-year, then five-year and finally ten-year credits (see Column B instructions below for credit codes).

Applying the credits in this manner ensures that the credits are used in the correct order. Credits are applied based on the earliest expiration.

Column B - Credit Code

Credit Code Income Tax Credit Name

Active Credits

2000	TECH-PREP Youth Vocational Programs
2200	Dependent Care Assistance Program
5000	Film Production Services
5040	Employee Child Care (Form IL-1120 filers only)
5080	Enterprise Zone Investment
5220	High Impact Business Investment
5260	Affordable Housing Donations
5300	Economic Development for a Growing Economy (EDGE)
5340	Research and Development
5380	Wages Paid to Ex-Felons
5420	Student-Assistance Contributions
5460	Angel Investment
5500	New Markets Development
5540	River Edge Historic Preservation
5580	Live Theater Production
5620	Hospital
5660	Invest in Kids
5700	Natural Disaster
1030	Historic Preservation (effective for tax years beginning on or after January 1, 2019)

Credit Code Income Tax Credit Name

Expired Credits, but can still be carried forward

5390	Veterans Jobs (Credit earned in tax years beginning before January 1, 2015, for qualified veterans, and for tax years ending on or before December 31, 2016, for qualified unemployed veterans)
5530	River Edge Redevelopment Zone Investment (Credit earned in tax years beginning before July 12, 2016)
5550	River Edge Redevelopment Zone Remediation (Credit earned in tax years beginning before July 12, 2016)
1000	Historic Preservation (Credit earned in tax years ending on or before December 31, 2015)

Column C - IL Tax Year Credit Earned

Write the four-digit year and two-digit month of your Illinois tax year ending during which the credit was first earned. Separate the year and the month with a dash (YYYY-MM). For example, if you first earned and received a Department of Commerce and Economic Opportunity (DCEO) certificate for an EDGE credit in August of 2016 and you are a fiscal filer with a tax year beginning July 1, 2016 and ending June 30, 2017, you will enter "2017-06" for this credit.

NOTE:

- If you are a 52/53-week filer, use the calendar or fiscal year-end date closest to your tax year-end date. For example, a 52/53-week filer has a year ending 12/27/2018 or 1/2/2019, would use 2018-12 for their tax year end date.
- If you are a fiscal filer with a tax year ending 7/29/2019 or 8/2/2019, you would use 2019-07 as your tax year ending.
- If you are filing a short year return, use the last day of the month that your tax year end falls in to determine your Tax Year Credit Earned. For example, a short year return was filed for the period of 1/1/2019 - 2/15/2019 using a tax year end date of 2019-02.

Column D - Identifying Number

- For the **Invest in Kids** credit, enter the certificate number from the Certificate of Receipt (COR) you received from the Scholarship Granting Organization (SGO).
- For the **Natural Disaster** credit, enter the certificate number from the Natural Disaster Income Tax Credit Certificate issued by your Township Assessor or Chief County Assessment Officer.
- If you are a non-unitary filer claiming a credit for amounts **transferred** to you, write the FEIN of the entity that originally claimed the credit.
- If you are a unitary group and are claiming credits other than Invest in Kids or Natural Disaster, enter the FEIN of the unitary member that earned the credit. This includes credits transferred to you.
- All other credits leave this column blank.

See Example 1 at the end of these instructions.

Column E - Credit Earned or Carried

- Use the instructions and worksheets in Schedule 1299-I to determine the correct amount of credit to report in this column.
- If you are carrying credit forward from **past years**, use your 2017 (and prior years, if needed) Schedule 1299-D to determine the correct information to list on your 2018 Schedule 1299-D.

The amount in column A, Years Left to Carry, should be determined by subtracting "1" from the number of years available

to carry as indicated on the corresponding line of Step 3 of the 2017 Schedule.

For example, enter "0" in Column A for credits carried from Step 3, Lines 1 and 2 of the 2017 Schedule 1299-D, and enter "1" for credits carried over from Step 3, Lines 3 and 4 of the 2017 Schedule 1299-D.

In addition, if you are carrying a credit from Step 3 of the 2017 Schedule 1299-D, you must identify the particular credit or credits that are being carried. Use the codes provided on this schedule to identify the credit.

For example, if, in 2018, you received a New Markets Development Credit of \$750 and received \$175 in a distributive share and you are carrying a credit from Step 3, Line 2 of the 2017 Schedule 1299-D of \$125 earned in your 2013 tax year and from Step 3, Line 4, a \$750 credit earned in your 2014 tax year, then

- enter "0" in Column A, "5500" in Column B, "2013-12" in Column C and \$125 in Column E;*
- enter "1" in Column A, "5500" in Column B, "2014-12" in Column C, and \$750 in Column E; and*
- enter "5" in Column A, "5500" in Column B, "2018-12" in Column C, \$750 in Column E, \$175 in Column F and \$925 in Column G.*

See Examples 2 and 3 at the end of these instructions.

Keep a copy of Schedules 1299-I and 1299-D in your records. You may be asked to provide a copy of Schedule 1299-I as additional verification and you will use these schedules to complete your credit carryforward information on Schedule 1299-D next year.

Column F - Distributive Share or Transfer

Enter the sum of your distributive share of credits that were received from an S corporation or partnership on Schedule K-1-P **and** include any amount transferred to you by a taxpayer who earned the credit.

In order to claim the amount reported to you on a Schedule K-1-P the tax year ending listed on a Schedule K-1-P you received must fall within your tax year. If you report an amount in this column include:

- a copy of the Schedule(s) K-1-P you received,
- a copy of the written notice of the transfer that the seller or donor received from the Department of Commerce and Economic Opportunity, or
- a copy of the written notice of the transfer that the seller or donor sent to the Illinois Department of Revenue.

If you receive more than one Schedule K-1-P with a distributive share of the same eligible credit, you should add the amounts from all Schedules K-1-P for that credit and enter the total on the corresponding line on Schedule 1299-D, Step 2, Column F.

If you are a unitary group and you receive distributive shares from multiple unitary group members, each member's total distributive shares must be listed separately, by member, for each credit type. Write the FEIN of the unitary member earning the credit on your Schedule 1299-D, Step 2, Column D.

Amounts in this column should only contain Distributive Shares of Credit reported on Schedule K-1-P or transfers of credit received in the current tax year. Otherwise Column F should be blank. For subsequent years, the credit is carried forward and listed on Schedule 1299-D, Step 2, Column E.

NOTE: List **your** tax year ending as YYYY-MM in Column C. Do not list the tax year ending from Schedules K-1-P.

See Example 4 at the end of these instructions.

Column G - Total Credit

Add Columns E and F for each line and enter in Column G.

Column H - Calculation

In this step you are subtracting the income tax credit from the income tax due as follows:

- Subtract the amount on Line 7, Column G from the amount on Line 6 and enter the total on Line 7, Column H.
- Subtract the amount on Line 8, Column G from the amount on Line 7, Column H and enter the total on Line 8, Column H.
- Continue subtracting Column G of each line from Column H of the previous line and entering the amount in Column H until you have subtracted all available credits listed on this schedule (or additional schedules) or when the Column H amount becomes zero or a negative number.

STOP calculating when Column H becomes zero or negative. Do not enter any amounts in Column H below the line when Column H becomes zero or negative.

Column I - Credit Applied

- If the amount in Column H is zero or positive, transfer Column G to Column I.
- If the amount in Column H is negative, add the negative amount in Column H to Column G and enter the total in Column I.
- If there is no amount in Column H, write "0" in Column I.

Column J - Credit Carryforward

Figure your credit available to carryforward to next year.

- If the number in Column A is "0", write "0" in Column J. This is the final year that this credit may be used or carried regardless of any unused amount(s).
- If the number in Column A is "1" or greater, subtract Column I from Column G and enter the result in Column J. The amount in Column J is your credit available for carryforward to next year.

Line 21 -

Total Column I. If Step 2, Line 6 and the Column I total are the same, enter that amount here. Otherwise, enter the lesser of Step 2, Line 6 or the Column I total on Line 21 of your original Schedule 1299-D. **Do not enter the total on your additional pages.**

This is your Schedule 1299-D Credit. Enter this amount on your Form IL-1120, Line 48, Form IL-1041, Line 46, or Form IL-990-T, Line 22.

Keep a copy of Schedule 1299-D for your records and for use next year.

EXAMPLE 1 - How to report multiple credits for the same year with different certificate numbers.

A Years Left to Carry	B Credit Code	C IL Tax Year Credit Earned	D Identifying Number	E Credit Earned or Carried	F Distributive Share or Transfer	G Total Credit	H Calculation	I Credit Applied	J Credit Carryforward
5	5700	2018-12	1809954102673	750	0	750			
5	5700	2018-12	1809954198718	750	0	750			

EXAMPLE 2 - How to report credit carry forward from a previous year. All amounts will be reported in Column E. There will be no amounts in Column F.

A Years Left to Carry	B Credit Code	C IL Tax Year Credit Earned	D Identifying Number	E Credit Earned or Carried	F Distributive Share or Transfer	G Total Credit	H Calculation	I Credit Applied	J Credit Carryforward
2	5340	2015-12		500	0	500			
3	5340	2016-12		375	0	375			
4	5340	2017-12		895	0	895			

EXAMPLE 3 - How to report a credit carry forward, a current amount, and a distributive share (only listed in the current year) on the same credit.

A Years Left to Carry	B Credit Code	C IL Tax Year Credit Earned	D Identifying Number	E Credit Earned or Carried	F Distributive Share or Transfer	G Total Credit	H Calculation	I Credit Applied	J Credit Carryforward
0	5500	2013-12		125	0	125			
1	5500	2014-12		750	0	750			
5	5500	2018-12		750	175	925			

EXAMPLE 4 - How to report a distributive share received during your current tax year. Use **your** tax year ending information in Column C.

A Years Left to Carry	B Credit Code	C IL Tax Year Credit Earned	D Identifying Number	E Credit Earned or Carried	F Distributive Share or Transfer	G Total Credit	H Calculation	I Credit Applied	J Credit Carryforward
5	5700	2018-12			325	325			