



2018 Schedule 1299-C Instructions

What's new for 2018?

- Significant change to the layout of Schedule 1299-C.
- New Schedule 1299-I, Income Tax Credits Information and Worksheets, provides detailed information about the income tax credits, how to calculate the credits, and where to report the credits.
- Public Act 100-587, commonly referred to as the FY2019 Budget Implementation Act, has
 - retroactively restored the **Hospital Credit** and extended it to tax years ending on or before December 31, 2022;
 - extended the **Natural Disaster Credit** through tax years ending prior to January 1, 2019 (this credit has been given its own lines); and
 - created the **Adoption Credit** which can be carried forward five years. This credit has been added to Schedule 1299-C.
- The **Invest in Kids Credit** can be claimed for tax years beginning on or after January 1, 2018.

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

General Information

Complete this schedule if you are filing Form IL-1040, Individual Income Tax Return, and are entitled to any of the credits listed on Schedule 1299-I, or any of the following **subtractions**:

- Dividends from river edge redevelopment zones
- Dividends from a high impact business (within a foreign trade zone or sub-zone)

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.

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, or Schedule K-1-T, Beneficiary's Share of Income and Deductions, if

- you are a partner in a partnership, a shareholder in an S corporation, or a beneficiary in a trust or estate, and you received a Schedule K-1-P or K-1-T from the partnership, S corporation, trust, or estate showing an amount of deductions or credits that you may claim on your Schedule 1299-C. 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.

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

- TECH-PREP Youth Vocational Programs
- Dependent Care Assistance Program
- High Impact Business Investment
- Instructional Materials and Supplies
- Adoption

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, and DCEO issued a tax certificate to you 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)
- New Markets Development
- Angel Investment
- 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, you must 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 Department. See the Schedule 1299-I specific instructions for the Hospital credit for the required written notice information.
- If you claim the **Adoption Credit**, you must attach federal Form 8839, Qualified Adoption Expenses.

Failure to follow these instructions and attach required documentation will delay the processing of your return, result in the disallowance of the subtraction or 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 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.

Step 1: Figure your subtractions

You may have more qualifying subtractions than space provided on Schedule 1299-C. For any of the subtractions in which you exceed the allotted space on the schedule, complete and attach a separate schedule in the same format as Illinois Schedule 1299-C. Include the individual amounts from additional schedules in the total line for each subtraction on your original Schedule 1299-C. **Do not enter the total on your additional schedules.**

For example, if you have more than three corporations from whom you received qualifying dividends for the River Edge Redevelopment Zone Dividend subtraction, add the amounts from the original Schedule 1299-C, Step 1, Line 1, and the additional schedules, and include that total on your original Schedule 1299-C, Line 3.

Additionally, if you receive more than one Schedule K-1-P or K-1-T for any eligible subtraction, you should add the amounts from all Schedules K-1-P or K-1-T for that subtraction and enter the total in Step 1 on the corresponding line item of your original Schedule 1299-C.

■ 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 river edge redevelopment zone.

NOTE: You may deduct only the portion of these dividends that is included in your Illinois base income. Do not include any dividends from high impact businesses operating in a foreign trade zone (or sub-zone).

Line 1

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

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

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

Line 2 - Follow the instructions on the form.

Line 3 - Add the amounts on Column C, Lines 1a through 1c (including the amounts on any additional schedules you attached) and Line 2, and enter the total on your original Schedule 1299-C.

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

You may claim a subtraction for dividends you received from a corporation that is designated by 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.

Line 5 - Follow the instructions on the form.

Line 6 - Add the amounts on Column C, Lines 4a through 4c (including the amounts on any additional schedules you attached) and Line 5, and enter the result on your original Schedule 1299-C.

Line 7 - Add Step 1, Lines 3 and 6. Enter the total here and on your Schedule M, Line 24. This is your total dividend subtraction.

Step 2: Worksheets

Complete this step only if you earned any of these income tax credits 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 3.

Complete the Research and Development Worksheet on Schedule 1299-I. Bring the corresponding amounts from the Schedule 1299-I Worksheet, Line 6, Columns A and B, to Schedule 1299-C, Step 2, Line 8, Columns A and B. Follow the instructions on Schedule 1299-C to calculate the amount to list in Step 3, Column E on the line that you enter "5" in Column A and Credit Code 5340 in Column B.

■ Instructional Materials and Supplies

Complete this step before entering any Instructional Materials and Supplies credit earned in the current year in Step 3.

Follow the instructions in Schedule 1299-I and any line instructions on Schedule 1299-C to calculate the amount to list in Step 3, Column E on the line that you enter "5" in Column A and Credit Code 5740 in Column B.

■ Adoption

Complete this step before entering any Adoption credit earned in the current year in Step 3.

Follow the instructions in Schedule 1299-I to calculate the amount to list in Step 3, Column E on the line that you enter "5" in Column A and Credit Code 5780 in Column B.

Step 3: Figure your Income Tax credit

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-C. Complete a separate schedule in the same format as Illinois Schedule 1299-C. Attach the additional schedule(s) to your Schedule 1299-C and enter the total credit you may claim on your original Schedule 1299-C, Step 3, Line 43. **Do not enter the total on your additional pages.**

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 3, Column F on the line with that credit code on your Schedule 1299-C.

Follow the instructions below to complete Schedule 1299-C, Step 3, Columns A through D and Columns F through J. To determine the correct amount to list in Schedule 1299-C, Step 3, Column E, use the Schedule 1299-I instructions and worksheets.

Lines 17 through 20 - Follow the instructions on the form.

Lines 21 through 41 - 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 21, 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 0 (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
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
5740	Instructional Materials and Supplies
5780	Adoption
1030	Historic Preservation (effective for tax years beginning on or after January 1, 2019)

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.

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 claiming a credit for amounts **transferred** to you, write the FEIN of the entity that originally claimed the credit.
- 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-C to determine the correct information to list on your 2018 Schedule 1299-C.

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 5 of the 2017 Schedule.

For example, enter "0" in Column A for credits carried from Step 5, Lines 1 and 2 of the 2017 Schedule 1299-C, and enter "1" for credits carried over from Step 5, Lines 3 and 4 of the 2017 Schedule 1299-C.

In addition, if you are carrying a credit from Step 5 of the 2017 Schedule 1299-C, 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 5, Line 2 of the 2017 Schedule 1299-C of \$125 earned in your 2013 tax year and from Step 5, 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-C 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 next year's Schedule 1299-C.

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 (new certificate) 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-C, Step 3, Column F.

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 in Schedule 1299-C, Step 3, 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 21, Column G from the amount on Line 20 and enter the total on Line 21, Column H.
- Subtract the amount on Line 22, Column G from the amount on Line 21, Column H and enter the total on Line 22, 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 42

Add the amounts on Column I, Lines 21 through 41 (including the amounts on any additional schedules you attached), and enter the result on your original Schedule 1299-C.

Line 43

If Step 3, Lines 20 and 42 amounts are the same, enter that amount here. Otherwise, enter the lesser of Step 3, Line 20 or Line 42 on Line 43 of your original Schedule 1299-C. **Do not enter the total on your additional pages.**

This is your Schedule 1299-C Credit. Enter this amount on your Form IL-1040, Line 17.

Keep a copy of Schedule 1299-C 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			