



# Illinois Department of Revenue Form IL-477 Instructions

## General Information

Complete this form if you are a corporation, S corporation, partnership, trust, or exempt organization subject to replacement tax and are entitled to a replacement tax investment credit.

If you are filing an Illinois combined unitary return, complete one Form IL-477, Replacement Tax Investment Credit, for the entire combined group.

**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.

## How do I qualify for a credit?

### You may take this credit if you

- placed qualified property in service in Illinois within the tax year,
- continue to use the qualified property on the last day of your tax year, and
- are primarily (more than 50 percent) engaged in manufacturing, mining coal or fluorite, or retailing.

### This credit includes

- an amount equal to .5 percent (.005) of the basis of qualified property placed in service in Illinois during your tax year, and
- an additional credit of up to .5 percent (.005) of the basis of qualified property placed in service during your tax year, if your Illinois base employment increased over the preceding year, or if your business is new to Illinois.

**Definitions** “Qualified property” is property that

- is tangible;
- is depreciable according to Internal Revenue Code (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 Replacement Tax Investment Credit if it was previously used in Illinois in a manner that qualified for that credit or for the Enterprise Zone or River Edge Redevelopment Zone Investment Credit on Illinois Schedule 1299-A or 1299-D. 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 after the property is placed in service is considered to be qualified property to the extent that the improvement or addition increases the adjusted basis of the property, and otherwise meets the requirements of qualified property.

## Should I round?

You must round the dollar amounts on Form IL-477 to whole-dollar amounts. 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.

## What if I need additional assistance or forms?

- Visit our website at [tax.illinois.gov](http://tax.illinois.gov) for assistance, forms, or schedules.
- Write us at:  
**ILLINOIS DEPARTMENT OF REVENUE**  
**PO BOX 19001**  
**SPRINGFIELD, IL 62794-9001**
- Call **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

### Step 1— Figure your Replacement Tax Investment Credit for qualified property placed in service during the tax year

**Lines 1a through 1c** — Follow the instructions for each column.

**Column A** — Describe each item of qualified property you placed in service in Illinois.

**Column B** — Enter the date, including 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 item is placed in service for purposes of the federal depreciation deduction. Improvements to a qualified property are placed in service, for purposes of this credit, on the date the improvements are placed in service for the federal depreciation deduction.

**Note** The date placed in service in Illinois must be entered in Column B or your basis in Column G will be reduced to zero.

**Column C** — If you are using the modified accelerated cost recovery system, (MACRS) to depreciate the property, enter the MACRS class assigned to each item of qualified property. Property assigned to a MACRS class of less than four years is not qualified property.

If you are not using the MACRS 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** — 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.

In addition, if the property was previously used in Illinois, but not in a manner that qualified for this credit or for the Enterprise Zone

or River Edge Redevelopment Zone Investment Credit on Illinois Schedule 1299-A or 1299-D, attach a statement to that effect. See the definition of “qualified property” in General Information above for assistance in determining if the used property qualifies for this credit.

**Column E** — Indicate your primary business activity. Enter the corresponding number of the following functions on the line.

- 1 — retailing
- 2 — manufacturing
- 3 — coal mining
- 4 — fluorite mining

**Column F** — Enter the municipality or county, if the area is unincorporated, where each item of qualified property was used.

**Column G** — 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 of the property, plus any capital expenditures, minus any rebates and IRC Section 179 expense. The basis is not reduced by depreciation, including bonus depreciation, except for depreciation you were allowed to claim on an asset you used in another state prior to bringing it to Illinois.

**Note** → Do not include costs incurred after December 31, 2018, except for costs incurred pursuant to a binding contract entered into on or before December 31, 2018, in Column G, Basis.

**Column H** — Multiply each entry by .5 percent (.005) and enter the result.

**Note** → If you have more qualified property than space provided on Form IL-477, attach a separate schedule listing the qualified property in the same format as Form IL-477, Lines 1a through 1c, Columns A through H. Include the applicable amounts from your attachment in the totals on Line 2. **Do not enter the total on your attachment pages.**

**Line 2** — Enter the total of Column G and the total of Column H from all attached pages of Form IL-477.

**Line 3** — If your business is **new** to Illinois, enter the amount from Line 2, Column H, and check the box above Line 15. **Do not** complete Lines 15 through 22.

If your business is **not new** to Illinois and your base employment

- did not increase over the preceding year, enter “0” and continue to Line 4; or
- increased from the preceding year, complete Step 2 before making an entry.

**Line 4** — Enter the distributive share of replacement tax investment credit distributed from partnerships and S corporations. **Attach copies of the Schedules K-1-P, Partner’s or Shareholder’s Share of Income, Deductions, Credits, and Recapture, you received from the partnerships and S corporations.**

**Note** → Complete Line 4 only if you are a partner in a partnership or a shareholder in an S corporation. All other filers, enter zero.

**Line 5** — Follow the instructions on the form.

**Line 6 — Partnerships or S corporations only** — To figure the percentage of total ownership in the partnership or S corporation attributable to partners or shareholders subject to replacement tax, divide the amount on your Form IL-1065 or IL-1120-ST, Schedule B, Section A, Line 3, by the sum of

- the amount from Schedule B, Section A, Line 3, plus
- your base income from Line 35 of your Form IL-1065 or Form IL-1120-ST.

Multiply this fraction by the amount on this Form IL-477, Line 5, and enter the result on Line 6.

**Line 7** — Follow the instructions on the form.

**Line 8** — Enter the amount of credit carryforward from your prior year Form IL-477. Do not include any excess credit earned that is more than 5 years old. For example, if your tax year ends December 31, 2019, do not include any excess credit earned in tax years ending prior to December 31, 2014.

**Line 9** — Follow the instructions on the form.

**Line 10** — Enter the total replacement tax (after recapture of the replacement tax investment credit) from your

- Form IL-1120, Line 42
- Form IL-1041, Line 36
- Form IL-1120-ST, Line 54
- Form IL-990-T, Line 17
- Form IL-1065, Line 56

**Line 11 — Trusts only** — Enter the amount of replacement tax credit for income tax paid to another state from Form IL-1041, Schedule CR, Line 60.

**Line 12** — Follow the instructions on the form.

**Note** → If you file Form IL-1120, Form IL-1065, Form IL-1120-ST, or Form IL-990-T, the amount entered on Line 12 should match the amount entered on Line 10.

**Line 13** — Enter the lesser of Line 9 or Line 12 here and on your

- Form IL-1120, Line 43
- Form IL-1041, Line 38
- Form IL-1120-ST, Line 55
- Form IL-990-T, Line 18
- Form IL-1065, Line 57

**Line 14** — Subtract Line 13 from Line 9. This is the amount of excess credit available to be carried forward five years.

## Step 2 — Figure your base employment calculation worksheet

**Lines 15 and 16** — Follow the instructions on the form.

**Line 17** — Columns A and B - Follow the instructions on the form. The amount on this line may not exceed “12”.

**Note** → For the purpose of completing this line, short-year filers may treat any partial month that begins or ends their taxable year as a whole month.

**Lines 18 through 22** — Follow the instructions on the form.