



# *i*nformational

## Bulletin

Constance Beard, Director

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This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

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For information visit our website:  
[tax.illinois.gov](http://tax.illinois.gov), or  
[investinkids.illinois.gov](http://investinkids.illinois.gov)

To apply for an Invest in Kids  
income tax credit, visit:  
[mytax.illinois.gov](http://mytax.illinois.gov)

For assistance setting up your  
MyTax Illinois account, call us:  
1 800 732-8866  
217 785-3707

## Invest in Kids Act - Income Tax Credit for Illinois Taxpayers

**To: All Illinois taxpayers**

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Public Act 100-0465 created the Invest in Kids Act (35 ILCS 40/1). This Act allows income tax credits for taxpayers who make authorized contributions to a Scholarship Granting Organization (SGO). The SGOs, in turn, provide scholarships for eligible Illinois students to attend non-public schools in Illinois.

The Department can issue up to \$75 million in income tax credits per calendar year. Income tax credits shall be awarded on a first-come, first-served basis in a manner that is geographically proportionate to enrollment in recognized non-public schools in Illinois. For the purpose of awarding income tax credits, Illinois will be divided into five regions.

### What are the benefits for taxpayers?

Beginning with tax year 2018, Illinois taxpayers who are approved to participate in the Invest in Kids program can receive a state income tax credit in the amount of 75 percent of their total qualified contributions made to one or more Scholarship Granting Organizations (SGOs) during a taxable year. Income tax credits cannot exceed \$1 million per taxpayer, per year.

### Are there limitations on the income tax credit?

Yes. You cannot take an income tax credit under this Act if you claimed any portion of the contribution as a federal income tax deduction.

### My spouse and I file a joint income tax return. How do we claim the income tax credit?

Two individuals filing a joint return in Illinois shall be considered one taxpayer for purposes of making qualified contributions.

**Example:** If two married individuals each contribute \$1,333,333 intending at the time of the contribution to file separate returns but subsequently file a joint return, the maximum income tax credit allowed is \$1,000,000 on the joint return.

### If I don't use all my income tax credit, can I get a refund or can I carry forward the extra amount to another year?

You cannot receive a refund for any unused tax credits. Any income tax credit amount that exceeds your tax liability for the year may be carried forward and applied to your tax liability in the subsequent five taxable years. Income tax credits are applied to the earliest year for which there is a tax liability. Income tax credits cannot be carried back to a tax year prior to the issue date of the Contribution Authorization Certificate (CAC).

**Please note:** You must apply beginning in January of each year to be approved for a new Invest in Kids income tax credit. If you have unused income tax credits from a prior year, approval for use of these income tax credits is not required.

## How do I get approved for the Invest in Kids income tax credit?

You must apply online to the Department for approval to make contributions through MyTax Illinois, our free online tax management system, at [mytax.illinois.gov](http://mytax.illinois.gov). Approval is granted automatically as long as the regional and statewide thresholds have not been met. Beginning June 1, approval is granted automatically as long as the statewide threshold has not been met.

## When can I submit an application to be approved for the income tax credit?

The Invest in Kids income tax credit application for individual and business taxpayers will be available through MyTax Illinois on January 2, 2018. Income tax credits are awarded on a first-come, first-served basis.

**Remember:** You must have a MyTax Illinois account, for filing either an individual income tax or business income tax return, in order to apply for the income tax credit. Approved income tax credits may be taken beginning with the filing of your 2018 income tax return. See the information below on how to create a MyTax Illinois account.

## When should I make the approved contribution to the SGO?

Your contribution must be made to the SGO within 60 days

after the issuance date on your Contribution Authorization Certificate (CAC). The CAC is issued to you by the Department within three business days of approving your application for the income tax credit. Be sure to provide a copy of the CAC to the SGO when you make your contribution.

Within 30 days of receiving your contribution, the SGO will issue you a Certificate of Receipt (COR) that you will need to retain in your books and records to support any income tax credit you take on your income tax return for the 2018 tax year.

## What are regions?

For the purpose of awarding income tax credits, Illinois has been divided into five regions whose boundaries are the same as the Illinois Appellate Court districts. The five regions and their proportionate share of tax credits for 2018 are:

- Region 1, Cook County, 51.22%
- Region 2, Northern Counties, 23.09%
- Region 3, North Central Counties, 9.97%
- Region 4, Central Counties, 7.50%
- Region 5, Southern Counties, 8.22%

For a listing of counties within each region, visit [illinoiscourts.gov](http://illinoiscourts.gov).

## Important - Create Your MyTax Illinois Account Today!

You must have a MyTax Illinois account, for filing either an individual income tax or business income tax return, in order to apply for the Invest in Kids income tax credit. Create a MyTax Illinois account as soon as possible to avoid any processing delays when the Invest in Kids tax credit application becomes available on January 2, 2018. To create a MyTax Illinois account, visit [mytax.illinois.gov](http://mytax.illinois.gov). See specific information below for individuals and businesses to create a MyTax Illinois account and apply for the Invest in Kids income tax credit.

### Individuals

You must have filed an Illinois income tax return in the past to create a MyTax account. Creating an individual MyTax account is a two-part process.

1. Go to [mytax.illinois.gov](http://mytax.illinois.gov) and click on the "Individuals" button.
2. Under the "Miscellaneous" section, click "Request a Letter ID" and follow the steps. Enter your Social Security Number and one of the following items to complete this step:
  - Illinois Driver's License number or State Identification number
  - Illinois Personal Identification Number (IL-PIN)
  - Prior year's adjusted gross income
3. Within 7-10 days, you will receive a letter via mail from the Department with your letter ID; you can now complete your MyTax account logon.
4. Return to [mytax.illinois.gov](http://mytax.illinois.gov).
5. Click on the "Sign up Now!" button.
6. Follow the steps to complete your MyTax Illinois account creation. You will receive an activation email. Use this to complete the process and login to your MyTax Illinois account for the first time.

If you have never filed taxes in Illinois, please call 1 800 732-8866 for assistance.

### Businesses

You must be a business registered with the Department to create a MyTax Illinois account.

1. Go to [mytax.illinois.gov](http://mytax.illinois.gov) and click on the "Sign up Now!" button.
2. Follow the steps to complete your MyTax Illinois account creation. You will receive an activation email. Use this to complete the process and login to your MyTax account for the first time.

If you are not registered as a business in Illinois, please call 217 785-3707 for assistance.

## Apply for the Invest in Kids Tax Credit

You must have access to your individual or business income tax account to request to contribute to Invest in Kids.

1. Go to [mytax.illinois.gov](http://mytax.illinois.gov) and login to your MyTax Illinois account.
2. Once you are in your MyTax account, click on your income tax account.
3. Beginning on January 2, 2018, under the "I Want To" section, click on the "Contribute to Invest in Kids" hyperlink to request the income tax credit.