



2020 Schedule 1299-A Instructions

What's New

Step 3 of Schedule 1299-A has been redesigned to provide better information about income tax credits.

General Information

Complete this schedule if you are filing Form IL-1065, Partnership Replacement Tax Return or Form IL-1120-ST, Small Business Corporation Replacement 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 foreign trade zones (or sub-zones)
- Contribution to a zone organization (Form IL-1120-ST filers only)
- Interest income from a loan secured by river edge redevelopment zone or high impact business property (Form IL-1120-ST financial organizations only)

If you are filing an Illinois combined unitary return, complete one Illinois Schedule 1299-A for the entire group. For each credit, you will need to complete at least one row on Schedule 1299-A, Step 3 for each unitary group member who received the credit. If a specific unitary member has received multiple, separate amounts of the same type of credit repeatedly over multiple tax years, complete multiple rows for that member and that credit on Schedule 1299-A, Step 3, one row for each tax year in which a separate amount was received.

For example, unitary group member A (FEIN 12-3456789) earned \$300 of Film Production Services Credit during the tax year ending 12/31/20. Member B (FEIN 98-7654321) earned \$400 of Film Production Services Credit during the year ending 12/31/20. Complete Schedule 1299-A, Step 3 as follows:

- enter "5000" in Column A, "2020-12" in Column B, "12-3456789" in Column C, and "300" in Columns E and H
- enter "5000" in Column A, "2020-12" in Column B, "98-7654321" in Column C, and "400" in Columns E and H

See Example 1 below.

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

Note: K-1-Ps are required as support for any credit being claimed that was distributed to the claiming entity by a partnership or S corporation. All income tax credits on Schedule 1299-A are distributable by partnerships and S corporations and require Schedule K-1-P to support distributive share amounts.

ATTACH: Certificates issued by the Department of Commerce and Economic Opportunity (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
- Data Center Construction Employment
- Apprenticeship Education Expense (effective 01/01/2020)

See the **DCEO website** for a list of incentives (credits) and DCEO contact information.

ATTACH: Certificates issued by the Illinois Department of Natural Resources (DNR) if

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

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

- River Edge Historic Preservation
- Historic Preservation

See the **DNR website** for a list of credits and contact information.

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

- 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 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 result in one or more of the following: a delay in the processing of your return, the disallowance of the

EXAMPLE 1 -

| A Credit Code | B Credit Earned YYYY-MM | C Unitary Member FEIN | D Certificate Number | E Credit Amount Earned | F Distributive Share Credit from K-1-P | G Transferred Credit Amount | H Total Credit (E+F+G) |
|------------------|-------------------------------|-----------------------------|-------------------------|---------------------------|---|--------------------------------|---------------------------|
| 5000 | 2020-12 | 12-3456789 | | \$300 | 0 | 0 | \$300 |
| 5000 | 2020-12 | 98-7654321 | | \$400 | 0 | 0 | \$400 |

EXAMPLE

credit, or the receipt of correspondence from the Department. You also may be required to submit further information to support your filing.

Should I round?

You must round the dollar amounts on Schedule 1299-A 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, 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

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: Figure your subtractions

If you have more qualifying subtractions than space provided on Schedule 1299-A, attach additional Schedule(s) 1299-A to your original Schedule 1299-A. Enter the total subtractions you may claim on your original Schedule 1299-A. **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-A, Step 1, Line 1, and the additional schedules, and include that total on your original Schedule 1299-A, Line 3.

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

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 and included in your Illinois base income.

Line 2 — Follow the instructions on the form.

Line 3 — Add Column C, Lines 1a through 1c, (including the amounts on any additional schedules you have attached) and Line 2.

- Enter the total on your original Schedule 1299-A and on Form IL-1065, Line 28, or IL-1120-ST, Line 25.
- Enter any portion of this amount that will be distributed to a partner or shareholder on Illinois Schedule K-1-P, Line 39.

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.

Note: You may deduct only the portion of these dividends that is included in your Illinois base income. Do not include any dividends from businesses operating in a river edge redevelopment zone.

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 located.

Column C — Enter the amount of dividends you received from the corporation and included in your Illinois base income.

Line 5 — Follow the instructions on the form.

Line 6 — Add Column C, Lines 4a through 4c, (including the amounts on any additional schedules you have attached) and Line 5.

- Enter the total on your original Schedule 1299-A and on Form IL-1065, Line 29, or IL-1120-ST, Line 27.
- Enter any portion of this amount that will be distributed to a partner or shareholder on Illinois Schedule K-1-P, Line 40.

Contribution Subtraction (Form IL-1120-ST filers only)

You may deduct twice the amount of any contribution made during your tax year to a designated zone organization to be used for an enterprise zone or river edge redevelopment zone project approved by DCEO, provided that the contribution qualifies as a charitable contribution under Internal Revenue Code Section 170(c).

Line 7 —

Column A — Enter the name of the enterprise zone or river edge redevelopment zone that is the site of the project for which the contribution was made.

Column B — Enter the name of the designated zone organization to which the contribution was made.

Column C — Enter the amount of contribution.

Column D — Multiply each entry in Column C by 2.

Line 8 — Follow the instructions on the form.

Line 9 — Add Column D, Lines 7a through 7c, (including the amounts on any additional schedules you have attached) and Line 8.

- Enter the total amount on your original 1299-A and on Form IL-1120-ST, Line 29.
- Enter any portion of this amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 41.

Interest Subtractions (Form IL-1120-ST financial organizations only)

If you are a **financial organization**, as defined in the Illinois Income Tax Act (IITA), Section 1501(a)(8), you may subtract any interest income received during the tax year from a loan made to a borrower, to the extent the loan is secured by qualified property that is eligible for the River Edge Redevelopment Zone or High Impact Business Investment Credit.

River Edge Redevelopment Zones

Line 10 —

Column A — Enter the name of the borrower eligible to claim the River Edge Redevelopment Zone Investment Credit.

Column B — Enter a description of each item of qualified property used to secure the loan.

Column C — Enter the year the borrower claimed or will claim the credit on the qualified property.

Column D — Enter the name of the river edge redevelopment zone in which the property used as security is located.

Column E — Enter the basis of each item of property listed in Column B that was used to compute the depreciation deduction for federal income tax purposes.

Column F — Enter the amount of the loan.

Column G — Enter the interest received or accrued for the loan during the year.

Column H — Divide each entry in Column E by Column F (cannot exceed "1"), and multiply the result by Column G.

Line 11 — Follow the instructions on the form.

Line 12 — Add Column H, Lines 10a through 10c, (including the amounts on any additional schedules you have attached) and Line 11.

- Enter the total on your original Schedule 1299-A and on Form IL-1120-ST, Line 26.
- Enter any portion of this amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 42.

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

Complete this section in the same manner as Lines 10 through 12, **except**:

Line 13 —

Column A — Enter the name of the borrower eligible to claim the High Impact Business Investment Credit.

Column D — Enter the name of the foreign trade zone (or sub-zone) in which the property used as security is located.

Line 14 — Follow the instructions on the form.

Line 15 — Add Column H, Lines 13a through 13c, (including the amounts on any additional schedules you have attached) and Line 14.

- Enter the total on your original Schedule 1299-A and on Form IL-1120-ST, Line 28.
- Enter any portion of the amount that will be distributed to a shareholder on Illinois Schedule K-1-P, Line 43.

Step 2: Worksheet

Complete this step only if you earned the Research and Development 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 3.

Complete the Research and Development Worksheet in Schedule 1299-I. Bring the corresponding amounts from the Schedule 1299-I Worksheet, Line 6, Columns A and B, to Schedule 1299-A, Step 2, Line 16, Columns A and B. Follow the instructions on Schedule 1299-A to calculate the amount to list in Step 3, Column E on the line that you enter Credit Code 5340 in Column A of your Schedule 1299-A.

Step 3: Figure your credits

If you have more qualifying credits than space provided on Schedule 1299-A, attach additional Schedule(s) 1299-A to your original Schedule 1299-A.

Additionally, if you receive 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 Column F on the line with that credit code of your Schedule 1299-A.

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

Lines 19 through 30 - Enter your credits

Column A - Credit Code

Each credit has a four-digit code used to identify it. The first digit of the code indicates how many years the credit can be carried forward. For example, all credits that can be carried forward two years start with "2". The remaining three digits are the unique indicator for that specific code. Ten year carry forwards will use two digits for the year and two digits as the unique indicator. Credit codes that start with "0" cannot be carried forward.

| Credit Code | Income Tax Credit Name |
|-------------|---|
| 0160 | Apprenticeship Education Expense |
| 5000 | Film Production Services |
| 5080 | Enterprise Zone Investment |
| 5120 | Enterprise Zone Construction Jobs |
| 5160 | High Impact Business Construction Jobs |
| 5260 | Affordable Housing Donations |
| 5300 | Economic Development for a Growing Economy (EDGE) |
| 5320 | New Construction 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 |
| 5560 | River Edge New Construction Jobs |
| 5580 | Live Theater Production |
| 5620 | Hospital |
| 5660 | Invest in Kids |
| 5820 | Data Center Construction Employment |
| 1030 | Historic Preservation |

Column B - Credit Year Earned (YYYY-MM)

Write the four-digit year and two-digit month of your Illinois tax year ending during which the credit was first earned. For S corporations and partnerships, this should always be your current tax year. 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 a Film Production Services credit in August of 2020 and you are a fiscal filer with a tax year beginning July 1, 2020 and ending June 30, 2021, you will enter "2021-06" 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 12/27/2020 or 1/2/2021, would use 2020-12 for their tax year end date.
- 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 1/1/21 - 2/15/21 using a tax year end date of 2021-02.

Column C - Unitary Member FEIN

Enter the FEIN of the unitary member that earned the credit. If you are non-unitary filer, this column should be left blank.

Column D - Certificate Number

If you **earn** the Invest in Kids credit, enter the certificate number from the Certificate of Receipt (COR) you received from the Scholarship Granting Organization (SGO).

If you receive a **distributive share** of the Invest in Kids credit, do not enter anything in Column E.

All other credits leave this column blank.

Column E - Credit Amount Earned

Use the instructions and worksheets in Schedule 1299-I to determine the correct amount to list in this column. Every year, S corporations and partnerships distribute all their income tax credits to their members; therefore, S corporations and partnerships will not have income tax credits carried from the previous year or any credit to carry to the next year. If the distributive share is from an expired credit, enter on a separate line and list the expired credit code in Column A.

Keep a copy of Schedule 1299-I in your records. You may be asked to provide a copy as additional verification.

Column F - Distributive Share Credit from K-1-P

For each credit, enter the sum of your distributive share of credits that were received from S corporations and partnerships on Schedule(s) K-1-P during your tax year.

In order to claim the amount 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. If you report an amount in this column, include a copy of the Schedule(s) K-1-P you received.

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

For non-unitary filers, 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-A, Step 3, Column F.

If you are a unitary group and you are claiming distributive shares received by multiple unitary group members, complete a separate row on Schedule 1299-A, Step 3 for each credit type and for each unitary group member that received the distributive shares. On each row, list that member's FEIN in Column C, and enter the total sum of all distributive shares that the member received for the specific credit identified in Column F.

For example, unitary group member A (FEIN 12-3456789) received \$300 in distributive shares for the Angel Investment Credit during the tax year ending 12/31/20. Member B (FEIN 98-7654321) received \$500 in distributive shares for the Angel Investment Credit during the tax year ending 12/31/20. Member C (FEIN 99-1188227) received \$300 in distributive shares for the Film Production Services Credit on one Schedule K-1-P and \$250 in distributive shares for the Film Production Services Credit on another Schedule K-1-P, during the tax year ending 12/31/20. Complete Schedule 1299-A, Step 3 as follows:

- enter "5000" in Column A, "2020-12" in Column B, "99-1188227" in Column C, and "550" in Columns F and H
- enter "5460" in Column A, "2020-12" in Column B, "12-3456789" in Column C, and "300" in Columns F and H
- enter "5460" in Column A, "2020-12" in Column B, "98-7654321" in Column C, and "500" in Columns F and H

See Example 2 on Page 4.

Note: In this example, you will need to attach **both** Schedules K-1-P from Member C, as well as the Schedules K-1-P from Members A and B.

Amounts in this column should only contain Distributive Shares of Credit reported on Schedule K-1-P received in the current tax year.

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

Column G - Transferred Credit Amount

Enter the amount of any credit transferred to you.

If you report an amount in this column, include:

- a copy of the written notice of the transfer that the seller or donor received from the Department of Commerce and Economic Opportunity or Department of Natural Resources, or
- a copy of the written notice of the transfer that the seller or donor sent to the Illinois Department of Revenue.

If you are a non-unitary filer and you receive more than one transfer of the same eligible credit code with the same expiration date, you should add the amounts from all transfers for that credit code and enter the total on the corresponding line on Schedule 1299-A, Step 3, Column G.

If you are a unitary group and you are claiming credit transfers received by multiple unitary group members, complete a separate row on Schedule 1299-A, Step 3 for each credit type and each unitary group member that received the transfer. On each row, list that member's FEIN in Column C, and enter the total sum of all transfers that member received for the specific credit identified in Column G.

EXAMPLE 2 -

| A Credit Code | B Credit Earned YYYY-MM | C Unitary Member FEIN | D Certificate Number | E Credit Amount Earned | F Distributive Share Credit from K-1-P | G Transferred Credit Amount | H Total Credit (E+F+G) |
|------------------|-------------------------------|--------------------------|-------------------------|---------------------------|---|--------------------------------|---------------------------|
| 5000 | 2020-12 | 99-1188227 | | 0 | \$550 | 0 | \$550 |
| 5460 | 2020-12 | 12-3456789 | | 0 | \$300 | 0 | \$300 |
| 5460 | 2020-12 | 98-7654321 | | 0 | \$500 | 0 | \$500 |

For example, unitary group member A (FEIN 12-3456789) received a transfer of \$8,000 of the Affordable Housing Credit during the tax year ending 12/31/20. Member B (FEIN 98-7654321) received a transfer of \$3,500 of the Film Production Services Credit and a transfer of \$11,000 of the Hospital Credit during the tax year ending 12/31/20. Member C (FEIN 99-1188227) received two transfers from different entities of the Hospital credit, one for \$30,000 and one for \$15,000 during the tax year ending 12/31/20. Complete Schedule 1299-A, Step 3 as follows:

- enter "5260" in Column A, "2020-12" in Column B, "12-3456789" in Column C, and "\$8,000" in Columns G and H
- enter "5000" in Column A, "2020-12" in Column B, "98-7654321" in Column D, and "\$3,500" in Columns G and H
- enter "5620" in Column A, "2020-12" in Column B, "98-7654321" in Column C, and "\$11,000" in Columns G and H
- enter "5620" in Column A, "2020-12" in Column B, "99-1188227" in Column C, and "\$45,000" in Columns G and H

See Example 3 on Page 5.

Column H - Total Credit (E+F+G)

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

Enter each owner's share of Column H for

| Credit | on Schedule K-1-P, Line |
|--|-------------------------|
| Film Production Services | 52a |
| Enterprise Zone Investment | 52b |
| Enterprise Zone Construction Jobs | 52c |
| High Impact Business Construction Jobs | 52d |
| Affordable Housing Donations | 52e |
| EDGE | 52f |
| New Construction EDGE | 52g |
| Research and Development | 52h |
| Wages Paid to Ex-Felons | 52i |
| Student-Assistance Contributions | 52j |
| Angel Investment | 52k |
| New Markets Development | 52l |
| River Edge Historic Preservation | 52m |
| River Edge Construction Jobs | 52n |
| Live Theater Production | 52o |
| Hospital | 52p |
| Invest in Kids | 52q |
| Data Center Construction Employment | 52r |
| Apprenticeship Education Expense | 52s |
| Historic Preservation | 52t |
| Other Credits | 52u |

Keep a copy of Schedule 1299-A for your records.

Example 3

| A Credit Code | B Credit Earned YYYY-MM | C Unitary Member FEIN | D Certificate Number | E Credit Amount Earned | F Distributive Share Credit from K-1-P | G Transferred Credit Amount | H Total Credits (E+F+G) |
|---------------------|----------------------------------|--------------------------------|----------------------------|---------------------------------|---|--------------------------------------|----------------------------------|
| 5260 | 2020-12 | 12-3456789 | | 0 | 0 | \$8,000 | \$8,000 |
| 5000 | 2020-12 | 98-7654321 | | 0 | 0 | \$3,500 | \$3,500 |
| 5620 | 2020-12 | 98-7654321 | | 0 | 0 | \$11,000 | \$11,000 |
| 5620 | 2020-12 | 99-1188227 | | 0 | 0 | \$45,000 | \$45,000 |

EXAMPLE