



# Schedule 1299-B Instructions

## What's New for 2012?

The following subtractions have been modified:

- *Enterprise Zone Dividend Subtraction*
- *Enterprise Zone Interest Subtraction*

If you are eligible to take these subtractions, do not include any dividends or interest received or accrued on or after August 7, 2012. See the specific instructions for each subtraction.

## General Information

Complete this schedule if you are filing Form IL-1041, Fiduciary Income and Replacement Tax Return, or Form IL-1120, Corporation Income and Replacement Tax Return, and are entitled to the following **subtractions**:

- Dividends from enterprise zones and river edge redevelopment zones
- Dividends from foreign trade zones (or sub-zones)
- Contribution to a zone organization (Form IL-1120 filers only)
- Interest income from a loan secured by enterprise zone, river edge redevelopment zone, or high impact business property (Form IL-1120 financial organizations only)

If you are filing an Illinois combined unitary return, complete one Illinois Schedule 1299-B for the entire combined group.

**Note** See Illinois Schedule 1299-S, Enterprise Zones, Foreign Trade Zones, and Sub-Zones, for a listing of these zones in Illinois, as well as their definitions. See the DCEO website for a list of River Edge Redevelopment Zones and DCEO contact information.

- For several subtractions, you may have more qualifying credits than space provides on Schedule 1299-B. For any of these subtractions in which you exceed the allotted space on the schedule, attach a separate schedule in the same format as Illinois Schedule 1299-B. Include the individual amounts from multiple schedules in the total line for each credit on Schedule 1299-B. Do not write the total on your attachment pages.

For example, if you have more than three corporations from whom you received qualifying dividends for the Enterprise Zone Dividend subtraction, attach an additional sheet in the same format provided on the Schedule 1299-B. Add the totals from the 1299-B and the attachment and write the total on Schedule 1299-B, Line 3.

- If you receive multiple Schedules 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, for a specific subtraction, you should add the amounts from all Schedules K-1-P or K-1-T for that subtraction and write the total on the corresponding line item on Schedule 1299-B.

## What must I attach?



*Schedule K-1-P or Schedule K-1-T 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 or K-1-T from the partnership, S corporation, or trust showing an amount of deduction that you may claim on your Schedule 1299-B.

## Step 1: Figure your subtractions

### ◆ Form IL-1041 filers only

#### ■ Enterprise 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 enterprise zone. You may not include any dividends you received on or after August 7, 2012.

**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** — Write the name of the corporation from which you received dividends.

**Column B** — Write the name of the enterprise zone in which the corporation is located.

**Column C** — Write the amount of dividends you received from the corporation and included in your Illinois base income. Do not include any dividends received on or after August 7, 2012.

**Lines 2 and 3** — Follow the instructions on the Form.

#### ■ 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 4 —

**Column A** — Write the name of the corporation from which you received dividends.

**Column B** — Write the name of the river edge redevelopment zone in which the corporation is located.

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

**Lines 5 and 6** — Follow the instructions on the form.

**Line 7** — Add Lines 3 and 6. Write the total here and on Form IL-1041, Line 17b.

#### ■ 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 the Department of Commerce and Economic Opportunity (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 Enterprise or River Edge Redevelopment Zones.

## Line 8 —

**Column A** — Write the name of the corporation from which you received dividends.

**Column B** — Write the name of the foreign trade zone (or sub-zone) in which the corporation is located.

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

**Lines 9 and 10** — Follow the instructions on the form.

## Step 2: Figure your subtractions

### ◆ Form IL-1120 filers only (U.S. Forms 1120, 1120F, 1120L, and 1120PC)

**Line 11a** — Write the amount from

- U.S. Form 1120, Schedule C, Line 9,
- U.S. Form 1120F, Schedule C, Line 8,
- U.S. Form 1120L, Schedule A, Line 10, or
- U.S. Form 1120PC, Schedule C, Line 25.

**Line 11b** — Write the total of

- U.S. Form 1120, Schedule C, Column (c), Lines 1 through 8,
- U.S. Form 1120F, Schedule C, Column (c), Lines 1 through 7,
- U.S. Form 1120L, Schedule A, Column (c), Lines 1 through 9, or
- U.S. Form 1120PC, Schedule C, Column (b), Line 23.

**Line 12** — Divide Line 11a by Line 11b and carry to six decimal places. This is your **limitation ratio**.

### ■ Enterprise 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 enterprise zone. You may not include any dividends you received on or after August 7, 2012.

**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 13 —

**Column B** — Write the portion of

- U.S. Form 1120, or 1120F, Schedule C, Column (a), Lines 1, 2, and 3,
  - U.S. Form 1120L, Schedule A, Column (a), Lines 1, 2, and 3, or
  - U.S. Form 1120PC, Schedule C, Column (b), Lines 1, 2, and 3,
- received from a corporation that conducts substantially all of its business operations in an Illinois enterprise zone or river edge redevelopment zone. Do not include any amounts received on or after August 7, 2012. Do not include any amount from high impact businesses operating in a foreign trade zone (or sub-zone). Do not include any amount subtracted on Illinois Schedule J, Foreign Dividends.

**Column C** — Multiply each entry in Column B by the percentage used in

- U.S. Form 1120, or 1120F, Schedule C, Column (b), Lines 1, 2, and 3,
- U.S. Form 1120L, Schedule A, Column (b), Lines 1, 2, and 3, or
- U.S. Form 1120PC, Schedule C, Lines 15, 16, and 17.

Multiply that amount by the limitation ratio from Line 12, and write the result in Column C.

**Column E** — Write the portion of

- U.S. Form 1120, or 1120F, Schedule C, Column (a), Lines 4 and 5,
  - U.S. Form 1120L, Schedule A, Column (a), Lines 4 and 5, or
  - U.S. Form 1120PC, Schedule C, Column (b), Lines 4 and 5,
- received from a corporation that conducts substantially all of its business in an Illinois enterprise zone or river edge redevelopment

zone. Do not include any amounts received on or after August 7, 2012. Do not include any amount from high impact businesses operating in a foreign trade zone (or sub-zone).

**Column F** — Multiply each entry in Col. E by the percentage used in

- U.S. Form 1120, or 1120F, Schedule C, Column (b), Lines 4 and 5,
- U.S. Form 1120L, Schedule A, Column (b), Lines 4 and 5, or
- U.S. Form 1120PC, Schedule C, Lines 18 and 19.

Multiply that amount by the limitation ratio from Line 12, and write the result in Column F.

**Column H** — Write the portion of

- U.S. Form 1120, Schedule C, Line 17,
- U.S. Form 1120F, Schedule C, Line 12,
- U.S. Form 1120L, Schedule A, Line 14, or
- U.S. Form 1120PC, Schedule C, Line 13,

received from a corporation that conducts substantially all of its business in an Illinois enterprise zone or river edge redevelopment zone. Do not include any amounts received on or after August 7, 2012. Do not include any amount from high impact businesses operating in a foreign trade zone (or sub-zone).

**Lines 14 and 15** — Follow the instructions on the form.

### ■ 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 16 —

**Column B** — Write the portion of

- U.S. Form 1120, or 1120F, Schedule C, Column (a), Lines 1, 2, and 3,
  - U.S. Form 1120L, Schedule A, Column (a), Lines 1, 2, and 3, or
  - U.S. Form 1120PC, Schedule C, Column (b), Lines 1, 2, and 3,
- received from a corporation that conducts substantially all of its business operations in an Illinois enterprise zone or river edge redevelopment zone. Do not include any amount from high impact businesses operating in a foreign trade zone (or sub-zone). Do not include any amount subtracted on Illinois Schedule J, Foreign Dividends.

**Column C** — Multiply each entry in Column B by the percentage used in

- U.S. Form 1120, or 1120F, Schedule C, Column (b), Lines 1, 2, and 3,
- U.S. Form 1120L, Schedule A, Column (b), Lines 1, 2, and 3, or
- U.S. Form 1120PC, Schedule C, Lines 15, 16, and 17.

Multiply that amount by the limitation ratio from Line 12, and write the result in Column C.

**Column E** — Write the portion of

- U.S. Form 1120, or 1120F, Schedule C, Column (a), Lines 4 and 5,
  - U.S. Form 1120L, Schedule A, Column (a), Lines 4 and 5, or
  - U.S. Form 1120PC, Schedule C, Column (b), Lines 4 and 5,
- received from a corporation that conducts substantially all of its business in an Illinois enterprise zone or river edge redevelopment zone. Do not include any amount from high impact businesses operating in a foreign trade zone (or sub-zone).

**Column F** — Multiply each entry in Col. E by the percentage used in

- U.S. Form 1120, or 1120F, Schedule C, Column (b), Lines 4 and 5,
- U.S. Form 1120L, Schedule A, Column (b), Lines 4 and 5, or
- U.S. Form 1120PC, Schedule C, Lines 18 and 19.

Multiply that amount by the limitation ratio from Line 12, and write the result in Column F.

**Column H** – Write the portion of

- U.S. Form 1120, Schedule C, Line 17,
- U.S. Form 1120F, Schedule C, Line 12,
- U.S. Form 1120L, Schedule A, Line 14, or
- U.S. Form 1120PC, Schedule C, Line 13,

received from a corporation that conducts substantially all of its business in an Illinois enterprise zone or river edge redevelopment zone. Do not include any amount from high impact businesses operating in a foreign trade zone (or sub-zone).

**Lines 17 and 18** — Follow the instructions on the form.

**Line 19** — Add Lines 15 and 18. Write the total here and on Form IL-1120, Line 11.

### ■ 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 the Department of Commerce and Economic Opportunity (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.

**Line 20** —

**Column B** – Write the portion of

- U.S. Form 1120, or 1120F, Schedule C, Column (a), Lines 1, 2, and 3,
  - U.S. Form 1120L, Schedule A, Column (a), Lines 1, 2, and 3, or
  - U.S. Form 1120PC, Schedule C, Column (b), Lines 1, 2, and 3,
- received from an Illinois high impact business operating in a foreign trade zone (or sub-zone). Do not include any amount subtracted on Illinois Schedule J.

**Column C** – Multiply each entry in Col. B by the percentage used in

- U.S. Form 1120, or 1120F, Schedule C, Column (b), Lines 1, 2, and 3,
- U.S. Form 1120L, Schedule A, Column (b), Lines 1, 2, and 3, or
- U.S. Form 1120PC, Schedule C, Lines 15, 16, and 17.

Multiply that amount by the limitation ratio from Line 12, and write the result in Column C.

**Column E** – Write the portion of

- U.S. Form 1120, or 1120F, Schedule C, Column (a), Lines 4 and 5,
  - U.S. Form 1120L, Schedule A, Column (a), Lines 4 and 5, or
  - U.S. Form 1120PC, Schedule C, Column (b), Lines 4 and 5,
- received from an Illinois high impact business operating in a foreign trade zone (or sub-zone).

**Column F** – Multiply each entry in Col. E by the percentage used in

- U.S. Form 1120, or 1120F, Schedule C, Column (b), Lines 4 and 5,
- U.S. Form 1120L, Schedule A, Column (b), Lines 4 and 5, or
- U.S. Form 1120PC, Schedule C, Lines 18 and 19.

Multiply that amount by the limitation ratio from Line 12, and write the result in Column F.

**Column H** – Write the portion of

- U.S. Form 1120, Schedule C, Line 17,
- U.S. Form 1120F, Schedule C, Line 12,
- U.S. Form 1120L, Schedule A, Line 14, or
- U.S. Form 1120PC, Schedule C, Line 13,

received from an Illinois high impact business operating in a foreign trade zone (or sub-zone).

**Lines 21 and 22** – Follow the instructions on the form.

### ■ Contribution Subtraction

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 (IRC) Section 170(c).

**Line 23** —

**Column A** – Write 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** – Write the name of the designated zone organization to which the contribution was made.

**Column C** – Write the amount of contribution.

**Column D** – Multiply each entry in Column C by 2.

**Lines 24 and 25** – Follow the instructions on the form.

### ■ Interest Subtractions for Form IL-1120 financial organizations only

- Enterprise Zones - 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 before August 7, 2012, 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 enterprise zone investment credit.
- River Edge Redevelopment Zones or High Impact Business within a Foreign Trade Zone (or sub-zone) - 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 credits.

**“Qualified property”** is property that is tangible, depreciable according to 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 Enterprise Zone or River Edge Redevelopment Zone Investment Credit if it was previously used in Illinois in a manner that qualified for that credit or for the Replacement Tax Investment Credit on Form IL-477. Qualified 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 on or after the date the enterprise zone or river edge redevelopment zone was designated or the business was designated as a high impact business is considered to be qualified property to the extent that the improvement or addition which increases the adjusted basis of the property previously placed in service in Illinois and otherwise meets the requirements of qualified property.

- **Enterprise Zones**

**Note** → When determining your Enterprise Zone Interest Subtraction do not include any interest received or accrued on or after August 7, 2012.

**Line 26** —

**Column A** – Write the name of the borrower eligible to claim the Enterprise Zone Investment Credit.

**Column B** – Write a description of each item of qualified property used to secure the loan.

**Column C** – Write the year the borrower claimed or will claim the credit on the qualified property.

**Column D** – Write the name of the enterprise zone in which the property used as security is located.

**Column E** – Write 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** – Write the amount of the loan.

**Column G** – Write the interest received or accrued for the loan during the year. Do not include any amounts received or accrued on or after August 7, 2012.

**Column H** – Divide each entry in Column E by Column F (cannot exceed “1”), and multiply the result by Column G.

**Lines 27 and 28** — Follow the instructions on the form.

- **River Edge Redevelopment Zones**

**Line 29** —

**Column A** – Write the name of the borrower eligible to claim the River Edge Redevelopment Zone Investment Credit.

**Column B** – Write a description of each item of qualified property used to secure the loan.

**Column C** – Write the year the borrower claimed or will claim the credit on the qualified property.

**Column D** – Write the name of the river edge redevelopment zone in which the property used as security is located.

**Column E** – Write 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** – Write the amount of the loan.

**Column G** – Write 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.

**Lines 30 and 31** — Follow the instructions on the form.

**Line 32** — Add Lines 28 and 31. Write the total here and on Form IL-1120, Line 12.

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

**Line 33** —

**Column A** – Write the name of the borrower eligible to claim the high impact business investment credit.

**Column B** – Write a description of each item of qualified property used to secure the loan.

**Column C** – Write the year the borrower claimed or will claim the credit on the qualified property.

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

**Column E** – Write 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** – Write the amount of the loan.

**Column G** – Write 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.

**Lines 34 and 35** — Follow the instructions on the form.