

TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 100
INCOME TAX

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404 AUTHORITY: Implementing Section 239 as authorized by Section 1401 of the Illinois Income
 405 Tax Act [35 ILCS 5] and Section 2505-795 of the Department of Revenue Law [20 ILCS
 406 2505/2505-795].
 407

408 SOURCE: Filed July 14, 1971, effective July 24, 1971; amended at 2 Ill. Reg. 49, p. 84,
 409 effective November 29, 1978; amended at 5 Ill. Reg. 813, effective January 7, 1981; amended at
 410 5 Ill. Reg. 4617, effective April 14, 1981; amended at 5 Ill. Reg. 4624, effective April 14, 1981;
 411 amended at 5 Ill. Reg. 5537, effective May 7, 1981; amended at 5 Ill. Reg. 5705, effective May
 412 20, 1981; amended at 5 Ill. Reg. 5883, effective May 20, 1981; amended at 5 Ill. Reg. 6843,
 413 effective June 16, 1981; amended at 5 Ill. Reg. 13244, effective November 13, 1981; amended at
 414 5 Ill. Reg. 13724, effective November 30, 1981; amended at 6 Ill. Reg. 579, effective December
 415 29, 1981; amended at 6 Ill. Reg. 9701, effective July 26, 1982; amended at 7 Ill. Reg. 399,
 416 effective December 28, 1982; amended at 8 Ill. Reg. 6184, effective April 24, 1984; codified at 8
 417 Ill. Reg. 19574; amended at 9 Ill. Reg. 16986, effective October 21, 1985; amended at 9 Ill. Reg.
 418 685, effective December 31, 1985; amended at 10 Ill. Reg. 7913, effective April 28, 1986;
 419 amended at 10 Ill. Reg. 19512, effective November 3, 1986; amended at 10 Ill. Reg. 21941,
 420 effective December 15, 1986; amended at 11 Ill. Reg. 831, effective December 24, 1986;
 421 amended at 11 Ill. Reg. 2450, effective January 20, 1987; amended at 11 Ill. Reg. 12410,
 422 effective July 8, 1987; amended at 11 Ill. Reg. 17782, effective October 16, 1987; amended at 12
 423 Ill. Reg. 4865, effective February 25, 1988; amended at 12 Ill. Reg. 6748, effective March 25,
 424 1988; amended at 12 Ill. Reg. 11766, effective July 1, 1988; amended at 12 Ill. Reg. 14307,
 425 effective August 29, 1988; amended at 13 Ill. Reg. 8917, effective May 30, 1989; amended at 13
 426 Ill. Reg. 10952, effective June 26, 1989; amended at 14 Ill. Reg. 4558, effective March 8, 1990;
 427 amended at 14 Ill. Reg. 6810, effective April 19, 1990; amended at 14 Ill. Reg. 10082, effective
 428 June 7, 1990; amended at 14 Ill. Reg. 16012, effective September 17, 1990; emergency
 429 amendment at 17 Ill. Reg. 473, effective December 22, 1992, for a maximum of 150 days;
 430 amended at 17 Ill. Reg. 8869, effective June 2, 1993; amended at 17 Ill. Reg. 13776, effective

431 August 9, 1993; recodified at 17 Ill. Reg. 14189; amended at 17 Ill. Reg. 19632, effective
 432 November 1, 1993; amended at 17 Ill. Reg. 19966, effective November 9, 1993; amended at 18
 433 Ill. Reg. 1510, effective January 13, 1994; amended at 18 Ill. Reg. 2494, effective January 28,
 434 1994; amended at 18 Ill. Reg. 7768, effective May 4, 1994; amended at 19 Ill. Reg. 1839,
 435 effective February 6, 1995; amended at 19 Ill. Reg. 5824, effective March 31, 1995; emergency
 436 amendment at 20 Ill. Reg. 1616, effective January 9, 1996, for a maximum of 150 days; amended
 437 at 20 Ill. Reg. 6981, effective May 7, 1996; amended at 20 Ill. Reg. 10706, effective July 29,
 438 1996; amended at 20 Ill. Reg. 13365, effective September 27, 1996; amended at 20 Ill. Reg.
 439 14617, effective October 29, 1996; amended at 21 Ill. Reg. 958, effective January 6, 1997;
 440 emergency amendment at 21 Ill. Reg. 2969, effective February 24, 1997, for a maximum of 150
 441 days; emergency expired July 24, 1997; amended at 22 Ill. Reg. 2234, effective January 9, 1998;
 442 amended at 22 Ill. Reg. 19033, effective October 1, 1998; amended at 22 Ill. Reg. 21623,
 443 effective December 15, 1998; amended at 23 Ill. Reg. 3808, effective March 11, 1999; amended
 444 at 24 Ill. Reg. 10593, effective July 7, 2000; amended at 24 Ill. Reg. 12068, effective July 26,
 445 2000; emergency amendment at 24 Ill. Reg. 17585, effective November 17, 2000, for a
 446 maximum of 150 days; amended at 24 Ill. Reg. 18731, effective December 11, 2000; amended at
 447 25 Ill. Reg. 4640, effective March 15, 2001; amended at 25 Ill. Reg. 4929, effective March 23,
 448 2001; amended at 25 Ill. Reg. 5374, effective April 2, 2001; amended at 25 Ill. Reg. 6687,
 449 effective May 9, 2001; amended at 25 Ill. Reg. 7250, effective May 25, 2001; amended at 25 Ill.
 450 Reg. 8333, effective June 22, 2001; amended at 26 Ill. Reg. 192, effective December 20, 2001;
 451 amended at 26 Ill. Reg. 1274, effective January 15, 2002; amended at 26 Ill. Reg. 9854, effective
 452 June 20, 2002; amended at 26 Ill. Reg. 13237, effective August 23, 2002; amended at 26 Ill. Reg.
 453 15304, effective October 9, 2002; amended at 26 Ill. Reg. 17250, effective November 18, 2002;
 454 amended at 27 Ill. Reg. 13536, effective July 28, 2003; amended at 27 Ill. Reg. 18225, effective
 455 November 17, 2003; emergency amendment at 27 Ill. Reg. 18464, effective November 20, 2003,
 456 for a maximum of 150 days; emergency expired April 17, 2004; amended at 28 Ill. Reg. 1378,
 457 effective January 12, 2004; amended at 28 Ill. Reg. 5694, effective March 17, 2004; amended at
 458 28 Ill. Reg. 7125, effective April 29, 2004; amended at 28 Ill. Reg. 8881, effective June 11,
 459 2004; emergency amendment at 28 Ill. Reg. 14271, effective October 18, 2004, for a maximum
 460 of 150 days; amended at 28 Ill. Reg. 14868, effective October 26, 2004; emergency amendment
 461 at 28 Ill. Reg. 15858, effective November 29, 2004, for a maximum of 150 days; amended at 29
 462 Ill. Reg. 2420, effective January 28, 2005; amended at 29 Ill. Reg. 6986, effective April 26,
 463 2005; amended at 29 Ill. Reg. 13211, effective August 15, 2005; amended at 29 Ill. Reg. 20516,
 464 effective December 2, 2005; amended at 30 Ill. Reg. 6389, effective March 30, 2006; amended at
 465 30 Ill. Reg. 10473, effective May 23, 2006; amended by 30 Ill. Reg. 13890, effective August 1,
 466 2006; amended at 30 Ill. Reg. 18739, effective November 20, 2006; amended at 31 Ill. Reg.
 467 16240, effective November 26, 2007; amended at 32 Ill. Reg. 872, effective January 7, 2008;
 468 amended at 32 Ill. Reg. 1407, effective January 17, 2008; amended at 32 Ill. Reg. 3400, effective
 469 February 25, 2008; amended at 32 Ill. Reg. 6055, effective March 25, 2008; amended at 32 Ill.
 470 Reg. 10170, effective June 30, 2008; amended at 32 Ill. Reg. 13223, effective July 24, 2008;
 471 amended at 32 Ill. Reg. 17492, effective October 24, 2008; amended at 33 Ill. Reg. 1195,
 472 effective December 31, 2008; amended at 33 Ill. Reg. 2306, effective January 23, 2009; amended
 473 at 33 Ill. Reg. 14168, effective September 28, 2009; amended at 33 Ill. Reg. 15044, effective

474 October 26, 2009; amended at 34 Ill. Reg. 550, effective December 22, 2009; amended at 34 Ill.
 475 Reg. 3886, effective March 12, 2010; amended at 34 Ill. Reg. 12891, effective August 19, 2010;
 476 amended at 35 Ill. Reg. 4223, effective February 25, 2011; amended at 35 Ill. Reg. 15092,
 477 effective August 24, 2011; amended at 36 Ill. Reg. 2363, effective January 25, 2012; amended at
 478 36 Ill. Reg. 9247, effective June 5, 2012; amended at 37 Ill. Reg. 5823, effective April 19, 2013;
 479 amended at 37 Ill. Reg. 20751, effective December 13, 2013; recodified at 38 Ill. Reg. 4527;
 480 amended at 38 Ill. Reg. 9550, effective April 21, 2014; amended at 38 Ill. Reg. 13941, effective
 481 June 19, 2014; amended at 38 Ill. Reg. 15994, effective July 9, 2014; amended at 38 Ill. Reg.
 482 17043, effective July 23, 2014; amended at 38 Ill. Reg. 18568, effective August 20, 2014;
 483 amended at 38 Ill. Reg. 23158, effective November 21, 2014; emergency amendment at 39 Ill.
 484 Reg. 483, effective December 23, 2014, for a maximum of 150 days; amended at 39 Ill. Reg.
 485 1768, effective January 7, 2015; amended at 39 Ill. Reg. 5057, effective March 17, 2015;
 486 amended at 39 Ill. Reg. 6884, effective April 29, 2015; amended at 39 Ill. Reg. 15594, effective
 487 November 18, 2015; amended at 40 Ill. Reg. 1848, effective January 5, 2016; amended at 40 Ill.
 488 Reg. 10925, effective July 29, 2016; amended at 40 Ill. Reg. 13432, effective September 7, 2016;
 489 amended at 40 Ill. Reg. 14762, effective October 12, 2016; amended at 40 Ill. Reg. 15575,
 490 effective November 2, 2016; amended at 41 Ill. Reg. 4193, effective March 27, 2017; amended
 491 at 41 Ill. Reg. 6379, effective May 22, 2017; amended at 41 Ill. Reg. 10662, effective August 3,
 492 2017; amended at 41 Ill. Reg. 12608, effective September 21, 2017; amended at 41 Ill. Reg.
 493 14217, effective November 7, 2017; emergency amendment at 41 Ill. Reg. 15097, effective
 494 November 30, 2017, for a maximum of 150 days; amended at 42 Ill. Reg. 4953, effective
 495 February 28, 2018; amended at 42 Ill. Reg. 6451, effective March 21, 2018; recodified Subpart H
 496 to Subpart G at 42 Ill. Reg. 7980; amended at 42 Ill. Reg. 17852, effective September 24, 2018;
 497 amended at 42 Ill. Reg. 19190, effective October 12, 2018; amended at 43 Ill. Reg. 727, effective
 498 December 18, 2018; amended at 43 Ill. Reg. 10124, effective August 27, 2019; amended at 44
 499 Ill. Reg. 2363, effective January 17, 2020; amended at 44 Ill. Reg. 2845, effective January 30,
 500 2020; emergency amendment at 44 Ill. Reg. 4700, effective March 4, 2020, for a maximum of
 501 150 days; emergency expired July 31, 2020; amended at 44 Ill. Reg. 10907, effective June 10,
 502 2020; emergency amendment at 44 Ill. Reg. 11208, effective June 17, 2020, for a maximum of
 503 150 days; emergency expired November 13, 2020; amended at 44 Ill. Reg. 17414, effective
 504 October 13, 2020; amended at 45 Ill. Reg. 2006, effective January 29, 2021; amended at 45 Ill.
 505 Reg. 5523, effective April 15, 2021; amended at 46 Ill. Reg. 13312, effective July 12, 2022;
 506 amended at 46 Ill. Reg. 14550, effective August 2, 2022; amended at 46 Ill. Reg. 15317,
 507 effective August 24, 2022; amended at 46 Ill. Reg. 18102, effective October 26, 2022; amended
 508 at 47 Ill. Reg. 1402, effective January 10, 2023; amended at 47 Ill. Reg. 2093, effective January
 509 24, 2023; amended at 47 Ill. Reg. 5726, effective April 4, 2023; amended at 47 Ill. Reg. 6030,
 510 effective April 12, 2023; amended at 47 Ill. Reg. 13669, effective September 11, 2023;
 511 emergency amendment at 47 Ill. Reg. 17214, effective November 6, 2023, for a maximum of 150
 512 days; amended at 48 Ill. Reg. 1677, effective January 10, 2024; amended at 48 Ill. Reg. 2243,
 513 effective January 29, 2024; amended at 48 Ill. Reg. 4433, effective March 11, 2024; amended at
 514 48 Ill. Reg. _____, effective _____.

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SUBPART B: CREDITS

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Section 100.2136 MICRO Investment Tax Credit (IITA Section 239)

- a) For tax years beginning on or after January 1, 2025, a taxpayer shall be allowed a credit against the tax imposed by IITA Section 201(a) and (b) for investment in qualified property which is placed in service at the site of a project that is subject to an agreement between the taxpayer and the Department of Commerce and Economic Opportunity (DCEO) pursuant to the Manufacturing Illinois Chips for Real Opportunity (MICRO) Act [35 ILCS 45] (MICRO Act). (IITA Section 239(a))

- b) For the purposes of the MICRO Investment Tax Credit, "Project" or "MICRO Illinois Project" shall have the same meaning as when used in Section 110-10 of the MICRO Act.

- c) The credit shall be 0.5% of the basis for such property. (IITA Section 239(a))

- d) The credit shall be available only in the taxable year in which the property is placed in service and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by IITA Section 201(a) and (b) to less than zero. The credit shall be allowed for the tax year in which the property is placed in service, or if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the earlier credit shall be applied first. (IITA Section 239(a))

- e) The credit allowed under this Section shall be taken in the taxable year that includes the date of the tax credit certificate issued by DCEO under Section 110-100 of the MICRO Act.

- f) The term "qualified property" means property which:
 - 1) is tangible, whether new or used;
 - A) Tangible property includes objects or things that are physically capable of being touched and seen and over which a person may assert rights of ownership.

- 558 B) Tangible property consists of personal or real property and
559 includes such items as *buildings, structural components of*
560 *buildings*, machinery, equipment, and vehicles.
561
- 562 C) Items such as stock certificates, bonds, notes and the like are not
563 tangible personal property. While the certificate or paper may be
564 tangible, the item itself, the share of ownership of a corporation or
565 the promise to pay, is an intangible that is memorialized by the
566 paper.
567
- 568 D) The terms "new or used" shall have their commonly ascribed
569 meanings.
570
- 571 2) *is depreciable pursuant to Internal Revenue Code (IRC) Section 167,*
572 *except that "3-year property" as defined in IRC Section 168 is not eligible*
573 *for the credit provided by IITA Section 239;*
574
- 575 A) Depreciable property is property used in the trade or business of a
576 taxpayer, or held for production of income, which is subject to
577 wear and tear, exhaustion, or obsolescence.
578
- 579 B) Property that is depreciated under the Modified Accelerated Cost
580 Recovery System (MACRS), as provided by IRC Section 168, is
581 considered depreciable pursuant to IRC Section 167 for purposes
582 of this credit.
583
- 584 C) Examples of tangible property that is not depreciable include land,
585 inventories or stock-in-trade, natural resources, and coin or
586 currency.
587
- 588 D) The provisions of Internal Revenue Service (IRS) Regulation
589 Section 1.167(a)-4 will be utilized in making determinations as to
590 whether particular leasehold improvements are depreciable.
591
- 592 E) IRC Section 179 allows taxpayers, under certain circumstances, to
593 expense a designated dollar amount of equipment purchased in a
594 single tax year. Based on this provision, if the total cost of the
595 property was equal to or less than the amount specified under IRC
596 Section 179, the taxpayer has the option of expensing the cost all
597 in one year as a depreciation expense. While the property does
598 have a useful life of four or more years, since the election was
599 made to completely expense the cost of the property in one year,
600 the property has no federal depreciable basis and does not have a

601 basis upon which to compute the MICRO Investment Tax Credit.
602 Property not fully expensed under IRC Section 179 would qualify
603 for the credit based on the cost of the depreciable property reduced
604 by the IRC Section 179 deduction.

605
606 3) is acquired by purchase as defined in IRC Section 179(d);
607

608 A) A purchase is any acquisition of property except:
609

610 i) an acquisition from a person whose relationship to the
611 acquiring person is such that a resulting loss would be
612 disallowed under IRC Sections 267 or 707(b);
613

614 ii) an acquisition by one component member of a controlled
615 group from another component member of the same
616 controlled group;
617

618 iii) an acquisition of property if the basis of the property in the
619 hands of the person acquiring it is determined in whole or
620 in part by its adjusted basis in the hands of the person from
621 whom the property was acquired; or
622

623 iv) an acquisition of property, the basis of which is determined
624 under IRC Section 1014(a). IRC Section 1014(a) covers
625 property received from a decedent. Property acquired by
626 bequest or demise is not acquired by purchase.
627

628 B) For purposes of determining whether property is acquired by
629 purchase as defined by IRC Section 179(d), the family of an
630 individual includes only the individual's spouse and the ancestral
631 and lineal descendants of the individual and the individual's
632 spouse.
633

634 C) For purposes of determining whether property is acquired by
635 purchase only, a controlled group has the same meaning as in IRC
636 Section 1563(a), except stock ownership of only 50% or more is
637 required (also see 26 C.F.R. 1.179-4).
638

639 D) Property that the taxpayer constructs, reconstructs or erects is
640 generally considered acquired by purchase.
641

642 E) A lessee of tangible property may never claim the credit because a
643 lessee has not acquired the property by purchase.

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- 4) is used at the site of the MICRO Illinois Project by the taxpayer; and
- A) The term "used at the site of the MICRO Illinois Project" means that the property for which the credit is being claimed is physically located within the boundaries of a MICRO Illinois Project site certified by DCEO. Storage of property in a MICRO Illinois Project site will not constitute use. The taxpayer must make use of, convert to its service, avail itself of, or employ the property in the MICRO Illinois Project site in order to demonstrate use of the property.
 - B) Mobile property, such as vehicles, must be used predominantly at the MICRO Illinois Project site in order to qualify for the credit.
 - i) Removal of such property from the MICRO Illinois Project site for a temporary or transitory purpose will not disqualify the property so long as it continues to be used predominantly in the Illinois operation of the taxpayer at the MICRO Illinois Project site.
 - ii) Mobile property is considered to be predominantly used at the MICRO Illinois Project site if usage at the site exceeds usage outside the site. For example, if a taxpayer sometimes uses its trucks based at a MICRO Illinois Project site to deliver goods both in Illinois and out-of-state, then the temporary absence of its trucks from the MICRO Illinois Project site does not disqualify them as qualified property used at the site by the taxpayer.
 - C) A lessor may claim the credit for otherwise qualified property if the property is physically located in a MICRO Illinois Project site from the time it is placed in service and all other conditions of eligibility for the credit are met.
- 5) has not been previously used in Illinois in such a manner and by such a person as would qualify for the credit provided by this Section. (IITA Section 239(b))
- A) Generally, used property will not qualify for the credit if it was previously used in Illinois in such a manner and by such a person that it could have qualified for the credit.

687 B) However, property that would otherwise qualify for the credit will
688 not be disqualified because it was previously used in Illinois in
689 such a manner and by such a person that it could have qualified for
690 the credit, if that use pre-dated the effective date of the law that
691 established the credit.

692
693 EXAMPLE 1: Corporation A purchases a used pickup truck for use at its
694 MICRO Illinois Project site from an Illinois resident who used the truck
695 for personal purposes in Illinois. If the truck meets all other requirements
696 for the credit, it will not be disqualified because it has been previously
697 used in Illinois for a non-qualifying purpose.

698
699 EXAMPLE 2: Corporation A purchases a used pickup truck from
700 Corporation B. Corporation B used the truck in its business in a qualifying
701 manner and could have claimed the credit for the truck, but did not.
702 Corporation A may not claim the credit for the truck because the truck has
703 been previously used in Illinois in such a manner that it could have
704 qualified for the credit.

705
706 g) The basis of qualified property shall be the basis used to compute the
707 depreciation deduction for federal income tax purposes. (IITA Section 239(c))

708
709 1) In computing the amount of credit available for a taxable year, the credit
710 rate will be applied to the total basis of all qualified property that is placed
711 in service at the site of the MICRO Illinois Project during the taxable year,
712 provided the property continues to qualify on the last day of the taxable
713 year.

714
715 2) If the basis of the property for federal income tax depreciation purposes is
716 increased after it has been placed in service at the site of the project by
717 the taxpayer, the amount of such increase shall be deemed property placed
718 in service on the date of such increase in basis. (IITA Section 239(d))

719
720 3) Property that has been fully expensed under IRC Section 179 has no
721 federal depreciable basis with which to compute the credit. Property not
722 fully expensed under IRC Section 179 can still qualify for the credit.

723
724 h) The term "placed in service" shall have the same meaning as under IRC Section
725 46 (also see IRS Regulation Section 1.46-3). (IITA Section 239(e)) Property is
726 placed in service for purposes of the credit in the earlier of the following taxable
727 years:

728

- 729 1) The taxable year in which, under the taxpayer's depreciation practice, the
730 period for depreciation with respect to such property begins, or
731
- 732 2) The taxable year in which the property is placed in a condition or state of
733 readiness and availability for a specifically assigned function.
734
- 735 i) If during any taxable year, any property ceases to be qualified property in the
736 hands of the taxpayer within 48 months after being placed in service, or the situs
737 of any qualified property is moved from the project site within 48 months after
738 being placed in service, the tax imposed under IITA Section 201(a) and (b) for
739 such taxable year shall be increased.
740
- 741 1) Any property disposed of by the taxpayer within 48 months after being
742 placed in service ceases to qualify for the credit.
743
- 744 A) A taxpayer disposes of property when the taxpayer sells the
745 property, exchanges or trades-in worn-out property for new
746 property, abandons the property or retires it from use.
747
- 748 B) Property destroyed by casualty, stolen, or transferred as a gift is
749 disposed of property.
750
- 751 C) Property that is mortgaged or used as security for a loan is not
752 disposed of property, provided that the taxpayer continues to use
753 the property in its business at the MICRO Illinois Project site.
754
- 755 D) Property transferred to a trustee in bankruptcy is considered
756 disposed of property in the year the property is transferred to the
757 trustee.
758
- 759 E) A transfer of property by foreclosure is a disposition of property.
760
- 761 F) A reduction of the basis of qualified property resulting from a
762 redetermination of the purchase price of the property is a
763 disposition of qualified property to the extent of such reduction in
764 basis in the year in which the reduction takes place. (IITA Section
765 239(f)) For example, this would occur when property is purchased
766 and placed in service in one year, and in a later year the taxpayer
767 receives a refund of a portion of the original purchase price.
768
- 769 2) Any property converted to personal use ceases to qualify for the credit.
770
- 771 3) The increase in tax shall be determined by:

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- A) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation; and
- B) subtracting such recomputed credit from the amount of credit previously allowed. (IITA Section 239(f)) The difference between the recomputed credit and the credit actually claimed is added to the income tax for the year in which the property ceased to qualify.

EXAMPLE: In 2025, taxpayer places qualifying property with a basis of \$65,000 into service at the site of a MICRO Illinois Project and computes a credit for the year of \$325 (\$65,000 x 0.5%). Taxpayer's 2025 income tax is \$325. After application of the credit, taxpayer has no remaining income tax liability. In the following year, taxpayer moved a qualifying asset having a basis of \$5,000 from Illinois to Missouri and is required to recapture a portion of the credit applied against its 2025 income tax liability. The credit applied against taxpayer's income tax must be recaptured because the property was moved outside of Illinois and no longer qualifies for the credit. In order to determine its additional income tax for 2026, taxpayer must recompute its 2025 credit by eliminating the disqualified property $((\$65,000 - \$5,000) \times 0.5\% = \$300)$. This recomputed credit is subtracted from the credit actually used in 2025 against the income tax $(\$325 - \$300 = \$25)$ and the difference is added to taxpayer's 2026 income tax.

j) Partnerships and Subchapter S Corporations

- 1) If the taxpayer is a partnership or a Subchapter S corporation, the credit shall be allowed to the partners or shareholders in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the IRC, or as otherwise agreed by the partners or shareholders, provided that such agreement shall be executed in writing prior to the due date of the return for the taxable year and meet such other requirements as the Department may establish by rule. Partnership has the meaning prescribed in IITA Section 1501(a)(16). (IITA Section 239(a))
- 2) The credit earned by a partnership or a subchapter S corporation will be treated as earned by its owners as of the last day of the taxable year of the partnership or subchapter S corporation in which the tax credit certificate is issued by DCEO under Section 110-100 of the MICRO Act.

815 3) The credit shall be allowed to each owner in the taxable year of the owner
816 in which the taxable year of the partnership or subchapter S corporation
817 ends and may be carried forward to the 5 succeeding taxable years of the
818 owner until used.

819
820 4) Any credit passed through to a partnership or subchapter S corporation
821 under this subsection shall pass through to its partners or shareholders in
822 the same manner as a credit earned by the partnership or subchapter S
823 corporation.

824
825 k) To claim the credit, a taxpayer shall attach to its Illinois income tax return:

826
827 1) a copy of the tax credit certificate and annual certification (if any) issued
828 by DCEO; and

829
830 2) in the case of a partner in a partnership or shareholder of a subchapter S
831 corporation that earned the credit, a Schedule K-1-P or other written
832 statement from the partnership or subchapter S corporation stating:

833
834 A) the portion of the total credit shown on the tax credit certificate
835 that is allowed to that partner or shareholder; and

836
837 B) the taxable year of the partnership or subchapter S corporation in
838 which the tax credit certificate was issued.

839
840 l) Any taxpayer qualifying for the MICRO Investment Tax Credit shall not be
841 eligible for the investment tax credits in Section 201(e), (f), or (h) of the IITA. (35
842 ILCS 45/110-100)

843
844 (Source: Added at 48 Ill. Reg. _____, effective _____)