**Section 100.2140 Credit Against Income Tax for Replacement Tax (IITA 201(i))**

a) Section 201(c) imposes the Personal Property Tax Replacement Income Tax. This tax is measured by net income of every corporation (including Sub-chapter S corporations), partnership and trust, for each taxable year. The tax is imposed on the privilege of earning or receiving income in this State. The tax is in addition to the income tax imposed under IITA Sections 201(a) and (b). IITA Section 201(d) lists the tax rates for the Personal Property Tax Replacement Income Tax.

b) For tax years ending prior to December 31, 2003, a credit is allowed against the Income Tax for Personal Property Tax Replacement Income Tax.

1) For tax years ending before January 1, 1989, the credit is computed by multiplying the tax imposed by IITA Sections 201(c) and (d) by the apportionment percentage (or by 1 if the entity is non-apportioning). The result is further multiplied by the tax rate imposed by IITA Sections 201(a) and (b).

2) For tax years ending on or after January 1, 1989, the credit is computed by multiplying the tax imposed by IITA Sections 201(c) and (d) by a fraction, the numerator of which is base income allocable to Illinois and the denominator of which is Illinois base income. The result is further multiplied by the tax rate imposed by IITA Sections 201(a) and (b).

c) Any credit earned on or after December 31, 1986, under this subsection which is unused in the year the credit is computed because it exceeds the tax liability imposed under IITA Sections 201(a) and (b) for that year (whether it exceeds the original liability or the liability as later amended) may be carried forward and applied to the tax liability imposed by IITA Sections 201(a) and (b) for the 5 taxable years following the excess credit year, provided that no credit may be carried forward to any year ending on or after December 31, 2003. The credit shall be applied first to the earliest year for which there is a liability. If there is a credit for more than one tax year that is available to offset a liability, the earliest credit shall be applied first.

d) If, during any taxable year, the tax imposed by IITA Sections 201(c) and (d) for which a taxpayer has claimed the credit is reduced, the amount of credit for such tax shall also be reduced. Such reduction shall be determined by recomputing the credit to take into account the reduced tax imposed by IITA Sections 201(c) and (d). If any portion of the reduced amount of credit has been carried forward to a different taxable year, an amended return shall be filed for such taxable year to reduce the amount of credit claimed.

(Source: Amended at 29 Ill. Reg. 20516, effective December 2, 2005)