

**Illinois Department of Revenue  
Regulations**

**Title 86 Part 100 Section 2175 Invest in Kids Credit (IITA 224)**

**Section 100.2175 Invest in Kids Credit (IITA 224)**

- a) For taxable years beginning on and after January 1, 2018, and ending before January 1, 2023, a taxpayer may claim a credit against the income tax imposed under IITA Section 201(a) and (b) in an amount equal to 75% of the qualified contribution amount awarded under the Invest in Kids Act that is shown on the Certificate of Receipt issued by an approved scholarship granting organization under 86 Ill. Adm. Code 1000.500. The credit may not be applied against the personal property replacement tax imposed under IITA Section 201(c) and (d).
- b) The credit allowed under this Section may be taken in the taxable year that includes the date of the Certificate of Receipt issued by an approved scholarship granting organization under 86 Ill. Adm. Code 1000.500. The credit may not be transferred. *The credit may not be carried back and may not reduce the taxpayer's liability to less than zero. If the amount of the credit exceeds the tax liability for the year, the 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 tax liability. If there are credits from more than one tax year that are available to offset a liability, the earlier credit shall be applied first.* (IITA Section 224(c))
- c) In the case of a credit earned by a partnership or subchapter S corporation, the credit passes through to the owners as provided in the partnership agreement under IRC section 704(a) or in proportion to their ownership of the stock of the subchapter S corporation under IRC section 1366(a). The credit earned by a partnership or 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 Certificate of Receipt is issued by an approved scholarship granting organization under 86 Ill. Adm. Code 1000.500, and shall be allowed to each owner in the taxable year of the owner in which the taxable year of the partnership or subchapter S corporation ends.
- d) *A credit awarded under the Invest in Kids Act may not be claimed for any qualified contribution for which the taxpayer claims a federal income tax deduction.* (IITA Section 224(d))
- e) A taxpayer shall retain and provide at the request of the Department the Certificate of Receipt issued by an approved scholarship granting organization and, in the case of a partner in a partnership or shareholder of a subchapter S corporation that earned the credit, a Schedule K-1-P or other written statement from the partnership or subchapter S corporation stating the portion of the total credit shown on the Certificate of Receipt that is allowed to that partner or shareholder and the taxable year of the partnership or subchapter S corporation in which the Certificate of Receipt was issued.
- f) **EXAMPLE 1:** Individual A contributes \$5,000 to an approved scholarship granting organization on January 25, 2018. Individual A receives a Certificate of Receipt in the amount of \$5,000. On April 1, 2019, Individual A files a 2018 U.S. Form 1040 with Schedule A Itemized Deductions. Individual A does not include any part of the \$5,000

contribution under Gifts to Charity on Schedule A. Individual A is entitled to claim an Invest in Kids tax credit in the amount of \$3,750 on Individual A's 2018 Form IL-1040, Schedule 1299-C.

EXAMPLE 2: Individual B contributes \$5,000 to an approved scholarship granting organization on January 25, 2018. Individual B receives a Certificate of Receipt in the amount of \$5,000. On April 1, 2019, Individual B files a 2018 U.S. Form 1040 with Schedule A Itemized Deductions. Individual B includes \$1,250 (25% of the qualified contribution) under Gifts to Charity on Schedule A. Individual B is not entitled to claim any Invest in Kids tax credit on Individual B's 2018 Form IL-1040, Schedule 1299-C.

EXAMPLE 3: Corporation C contributes \$1 million to an approved scholarship granting organization on January 5, 2018. Corporation C receives a Certificate of Receipt in the amount of \$1 million. On October 15, 2019, Corporation C files a 2018 U.S. Form 1120 and excludes the \$1 million from the charitable contributions line of the return. Corporation C is entitled to claim an Invest in Kids tax credit in the amount of \$750,000 on Corporation C's 2018 Form IL-1120, Schedule 1299-D.

EXAMPLE 4: Corporation D contributes \$5 million to an approved scholarship granting organization on January 5, 2018. Corporation D receives a Certificate of Receipt in the amount of \$1,333,333 (the maximum qualified contribution). On October 15, 2019, Corporation D files a 2018 U.S. Form 1120 and includes \$3,666,667 (\$5 million less the maximum qualified contribution) on the charitable contributions line of the return. Corporation D is entitled to claim an Invest in Kids tax credit in the amount of \$1 million on Corporation D's 2018 Form IL-1120, Schedule 1299-D.

(Source: Added at 42 Ill. Reg. 4953, effective March 2018)