**Section 100.7385 Live Theater Production Tax Credit (IITA Section 704A(k))**

a) *An employer may claim a* Live Theater Production Tax Credit *against* withholding *payments due under* IITA Section 704A(c) *for a non-profit theater production*. (IITA Section 704A(k))

b) For purposes of the Live Theater Production Tax Credit, the term "non-profit theater production" shall have the same meaning as when used in Section 10-10 of the Live Theater Production Tax Credit Act [35 ILCS 17].

c) The amount of the credit shall be determined by the Department of Commerce and Economic Opportunity (DCEO) and shall be the amount shown on the tax credit certificate issued by DCEO to the taxpayer.

d) The credit may be taken against payments due for withholding *reporting periods beginning on or after January 1, 2025, and* ending *before January 1, 2027.* (IITA Section 704A(k))

1) For purposes of this Section, "reporting period" means the quarter for which a withholding tax return is required to be filed under IITA Section 704A(b).

2) *The credit shall be applied to the first* quarterly *reporting period* beginning after the end of the quarterly reporting period in which the *tax credit certificate is issued* by DCEO and begins on or after January 1, 2025*.* (IITA Section 704A(k))

EXAMPLE: The taxpayer is issued a tax credit certificate by DCEO in the amount of $25,000. The tax credit certificate is dated March 17, 2025. The taxpayer is allowed a credit of $25,000 against withholding payments due under IITA Section 704A(c) in its first quarterly reporting period that begins after the end of the quarterly reporting period in which the tax credit certificate is issued to the taxpayer. Since the tax credit certificate was issued to the taxpayer during the first withholding quarter of 2025, the taxpayer may claim the credit against any payments due in the second withholding quarter of 2025.

e) A copy of the tax credit certificate shall be attached to the taxpayer's quarterly withholding tax return.

f) The credit may not be transferred or sold.

g) A taxpayer who has been issued a tax credit certificate by DCEO for a non-profit theater production shall not be allowed to claim that credit amount against the tax imposed under IITA Section 201(a) and (b).

h) *The credit may not reduce the taxpayer's obligation for any payment due under* IITA Section 704A *to less than zero. If the amount of the credit exceeds the total amount due under* IITA Section 704A *with respect to amounts withheld during the quarterly reporting period, the excess may be carried forward and applied against the taxpayer's liability under* IITA Section 704A *in succeeding* quarterly *reporting periods* for the 20 quarterly *reporting periods* following the initial excess credit period, or until it has been fully utilized, whichever occurs first. *The credit shall be applied to the earliest quarterly reporting period for which there is a payment due under* IITA Section 704A. *If there are credits from more than one quarterly reporting period that are available to offset a liability, the earlier credit shall be applied first.* (IITA Section 704A(k))

EXAMPLE: The taxpayer is issued a tax credit certificate by DCEO in the amount of $25,000 during its withholding quarterly reporting period ending June 30, 2025. Under IITA Section 704A(k) and this Section, the taxpayer is allowed a credit of $25,000 against withholding payments due under IITA Section 704A(c) in its quarterly reporting period ending September 30, 2025. The taxpayer withheld tax during its withholding quarter ending September 30, 2025, of $4,000. Under IITA Section 704A(k) and this Section, the taxpayer's credit may not exceed $4,000. The taxpayer is allowed to carry forward the $21,000 excess credit for application against its withholding liability in the succeeding quarterly reporting periods for 20 quarterly reporting periods following the initial excess credit period, or until the first succeeding quarterly reporting period that utilizes the remaining excess credit, whichever occurs first. If the taxpayer withheld tax during its withholding quarter ending December 31, 2025, of $1,000, then the taxpayer is allowed to carry forward the $20,000 excess credit to its withholding liability for the March 31, 2026, reporting period.

(Source: Added at 49 Ill. Reg. 1861, effective January 31, 2025)