



Illinois Department of Commerce & Economic Opportunity

JB Pritzker, Governor

ILLINOIS APPRENTICESHIP EDUCATION EXPENSE TAX CREDIT PROGRAM FREQUENTLY ASKED QUESTIONS

How is "Underserved Area" Defined?

The statute stipulates that, "A taxpayer shall be entitled to an additional \$1,500 credit against the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act if (i) the qualifying apprentice resides in an underserved area as defined in Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act during the school year for which a credit is sought by an employer or (ii) the employer's principal place of business is located in an underserved area, as defined in Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act." (emphasis added).

Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act includes the following definition:

1. *the area has a poverty rate of at least 20% according to the latest American Community Survey;*
2. *35% or more of the families with children in the area are living below 130% of the poverty line, according to the latest American Community Survey;*
3. *at least 20% of the households in the area receive assistance under the Supplemental Nutrition Assistance Program (SNAP); or*
4. *the area has an average unemployment rate, as determined by the Illinois Department of Employment Security, that is more than 120% of the national unemployment average, as determined by the U.S. Department of Labor, for a period of at least 2 consecutive calendar years preceding the date of the application.*

The corresponding Administrative Code (Section 527.20) stipulates: "*Underserved area*" means a geographic area that meets one or more of the following conditions:

1. *the area has a poverty rate of at least 20% according to the latest federal decennial census, the most recent American Community Survey released by the U.S. Census Bureau, or other appropriate data source produced by the U.S. Census Bureau;*
2. *75% or more of the children in the area are eligible to participate in the federal free lunch or reduced-price meals program according to reported statistics from the State Board of Education;*
3. *at least 20% of the households in the area receive assistance under the Supplemental Nutrition Assistance Program (SNAP) according to data from the U.S. Census Bureau; or*
4. *the area has an average unemployment rate, as determined by the Illinois Department of Employment Security, that is more than 120% of the national unemployment average, as determining by the U.S. Department of Labor, for a period of at least two consecutive calendar years preceding the date of the application. [35 ILCS 10/5-5]*

DCEO includes an interactive map on the website to assist in identifying an underserved area.

How are Programs Registered with United States Department of Labor, Office of Apprenticeship?

To register a program with the USDOL, companies should contact the USDOL, Office of Apprenticeship.

Once expenses are certified by DCEO, how does an employer apply the tax credit?

The Illinois Department of Revenue annually publishes instructions and forms that guide taxpayers in applying the tax credit and submitting the certificate issued by DCEO. Refer to Form 1299-C (individual income tax), and Forms 1299-A, and 1299-D (business income tax).

For more information, please contact CEO.ApprenticeshipCredit@illinois.gov

217.782.7500 Springfield | 312.814.7179 Chicago | www.illinois.gov/dceo



Illinois Department of Commerce & Economic Opportunity

JB Pritzker, Governor

ILLINOIS APPRENTICESHIP EDUCATION EXPENSE TAX CREDIT PROGRAM FREQUENTLY ASKED QUESTIONS (continued)

Is the Apprenticeship Education Expense Tax Credit Scheduled to Sunset?

Yes, the Act was scheduled to sunset January 1, 2025. The program was extended until January 1, 2026. Until then, the employer of one or more qualifying apprentices is allowed a credit against income tax for qualified education expenses under the Illinois Apprenticeship Education Expense Tax Credit Program [Public Act 101-207 (35 ILCS 5/231)].

- Tax credits are earned and used in the current year (no carryforward).
- Tax credits are not transferable.

What is the Amount of the Tax Credit?

The tax credit is \$3,500 for qualified educational expenses (tuition, book fees, and lab fees). An additional tax credit of \$1,500 may be available for each apprentice if either:

1. the apprentice resides in an underserved area, or
2. the employer's principal place of business is located in an underserved area.

What is the Definition of a Qualifying Apprentice?

A qualifying apprentice must be:

1. an Illinois resident,
2. at least 16 at the close of the school year for which a credit is sought,
3. a full-time apprentice enrolled in an apprenticeship program registered with U.S. Department of Labor (USDOL), Office of Apprenticeship during the school year, and
4. employed by the taxpayer in Illinois.

What is a Qualifying Accredited Training Organization?

A qualifying "school" is:

- An Illinois institution of higher education providing a program that leads to an industry-recognized postsecondary credential or degree,
- An entity carrying out programs registered under the National Apprenticeship Act, or
- A public or private provider of a training services, which may include a joint labor-management organization.

How Does an Employer Obtain the Tax Credit Certificate from DCEO?

- The employer must submit an application electronically to DCEO for certification of the education expenses incurred.
- The certification process requires supporting information, including but not limited to:
 1. the name, age, and taxpayer identification number of each qualifying apprentice employed by the taxpayer,
 2. the amount of qualified education expenses incurred with respect to each qualifying apprentice, including supporting documentation; and
 3. the name of the school at which the qualifying apprentice is enrolled and the qualified education expenses are incurred.
- Once approved, DCEO will issue a certificate that the employer may use when filing the Illinois tax return; tax credits are earned and used in the current year (no carryforward).

For more information, please contact CEO.ApprenticeshipCredit@illinois.gov