

1 AN ACT concerning revenue.

2 WHEREAS, the changes made by this Act are made under
3 subsection (a) of Section 3 of Article IX of the Illinois
4 Constitution. If there are future changes made to subsection
5 (a) of Section 3 of Article IX of the Illinois Constitution,
6 then it may result in evaluating the taxes on income imposed by
7 this Act; therefore

8 **Be it enacted by the People of the State of Illinois,**
9 **represented in the General Assembly:**

10 ARTICLE 5. BUDGET ECONOMIC STABILIZATION FUND ACT

11 Section 5-1. Short title. This Act may be cited as the
12 Budget Economic Stabilization Fund Act.

13 Section 5-5. Legislative intent.

14 The General Assembly finds that, in order to restore
15 Illinois' fiscal health, retaining a share of above-trend State
16 revenues for future needs and for reducing the need for new
17 taxes or increasing any rate of tax or otherwise modifying the
18 tax structure, including the elimination or modification of
19 deductions, exclusions, or exemptions, is a priority.

20 Section 5-10. Definitions. As used in this Act:

1 "Above-trend revenues" means general funds revenue
2 collections that exceed 2.4% of the prior fiscal year's general
3 funds revenue collections.

4 "General funds" means the General Revenue Fund, the Common
5 School Fund, the Education Assistance Fund, and the General
6 Revenue Common School Special Account Fund.

7 "General funds revenue collections" means, for each fiscal
8 year, all gross personal and corporate income taxes, other
9 taxes, fees, and other revenues expected to be deposited into
10 the State's general funds and recurring transfers into general
11 funds from the State Lottery and gaming, but does not include
12 other transfers and federal funds.

13 "Unpaid bills" means: pending vouchers approved for
14 payment but not paid as of December 31st for each fiscal year
15 by the Office of the Comptroller; pending transfers required by
16 State statute that have been recorded but have not been paid
17 from the General Revenue Fund, Common School Fund, or Education
18 Assistance Fund; and all vouchers for invoices that have been
19 certified as a proper bill, as defined by the State Prompt
20 Payment Act, by the Departments of Healthcare and Family
21 Services, Central Management Services, Human Services,
22 Revenue, and Aging but not yet approved by the Comptroller as
23 of December 31st of each fiscal year from the General Revenue
24 Fund, Common School Fund, Education Assistance Fund, Health
25 Insurance Fund, Income Tax Refund Fund, and Healthcare Provider
26 Relief Fund.

1 Section 5-15. Certification of the backlog of bills. The
2 amount of unpaid bills shall be reported by the Comptroller and
3 the Departments of Healthcare and Family Services, Central
4 Management Services, Human Services, Revenue, and Aging to the
5 Governor's Office of Management and Budget no later than
6 January 10th of each year. By January 15th of each year, the
7 Governor's Office of Management and Budget shall notify the
8 Comptroller, Treasurer, the Speaker and Minority Leader of the
9 House, and the President and Minority Leader of the Senate of
10 the total amount of unpaid bills as of the preceding December
11 31st.

12 Section 5-20. Payment of unpaid bills. If unpaid bills
13 total more than \$1,000,000,000, the Governor shall include in
14 his or her budget for the next fiscal year an amount to pay
15 unpaid bills equal to the lesser of (i) 50% of above-trend
16 revenues that the Governor projects to be received by the State
17 in the next fiscal year or (ii) the amount of above-trend
18 revenues needed to reduce the unpaid bills to \$1,000,000,000.
19 This amount to pay off unpaid bills shall be included in the
20 Governor's budget as an appropriation to the Bill Backlog
21 Payment Fund from the General Revenue Fund. Nothing in this Act
22 prohibits the Governor from including in his or her budget, or
23 the General Assembly from appropriating, additional moneys for
24 the payment of unpaid bills. If for any reason the

1 appropriations enacted are insufficient to meet the payment of
2 unpaid bills required to be included in the Governor's budget
3 under this Section, then there is hereby appropriated, on a
4 continuing annual basis in each fiscal year, from the General
5 Revenue Fund, the amounts necessary for this payment.

6 Section 5-25. Transfers into the Budget Economic
7 Stabilization Fund.

8 (a) If unpaid bills total less than \$1,000,000,000 the
9 Governor shall include in his or her budget for the next fiscal
10 year at least 50% of any above-trend revenues that the Governor
11 projects to be received in the next fiscal year for deposit to
12 the Budget Economic Stabilization Fund as an appropriation from
13 the General Revenue Fund. Except as provided in subsection (b)
14 of this Section, if for any reason the appropriations enacted
15 are insufficient to make the deposit required by this Section,
16 then this Section shall constitute a continuing appropriation
17 from the General Revenue Fund of all amounts necessary for this
18 deposit.

19 (b) If the balance of the Budget Economic Stabilization
20 Fund at the beginning of the next fiscal year is projected by
21 the Governor to exceed 5% of the general funds revenue
22 collections estimated for the next fiscal year, transfers into
23 the Budget Economic Stabilization Fund are not required for
24 that fiscal year.

1 Section 5-30. Withdrawal from Budget Economic
2 Stabilization Fund.

3 (a) Upon the direction of the Governor at any time within a
4 fiscal year and within the limitations set forth in this
5 Section, the Comptroller and the Treasurer shall transfer the
6 amounts designated by the Governor from the Budget Economic
7 Stabilization Fund to general funds as specified by the
8 Governor. The transfer shall be made as soon as practicable on
9 or after the 30th day after the Governor has provided written
10 notice of his or her direction to transfer to the Clerk of the
11 House of Representatives, the Secretary of the Senate, and the
12 Index Department of the Office of the Secretary of State, with
13 copies of the notice provided to the Comptroller and Treasurer.
14 The notice shall be published on the website of the Governor's
15 Office of Management and Budget. The amount directed to be
16 transferred may not exceed the limits set forth in subsection
17 (c) of this Section. The Governor may direct a transfer from
18 the Budget Economic Stabilization Fund to any of the general
19 funds only if: he or she estimates that general funds revenue
20 collections for the current fiscal year will be less than the
21 general funds revenue collections as estimated at the time of
22 enactment of appropriations for the current fiscal year; the
23 transfer is necessary to provide for the health, safety, and
24 welfare of the people of the State of Illinois; and the funds
25 transferred are to be spent within previously enacted
26 appropriations.

1 (b) In addition to transfers directed by the Governor
2 within a fiscal year, transfers or appropriations from the
3 Budget Economic Stabilization Fund for the current or next
4 fiscal year may be made by vote of the General Assembly if:

5 (1) the General Assembly projects that general funds
6 revenue collections for the current or next fiscal year are
7 less than the general funds revenue collections as
8 estimated at the time of enactment of appropriations for
9 the current fiscal year for the preceding year;

10 (2) the General Assembly finds that general funds
11 revenue collections have remained stagnant or dropped
12 during 2 consecutive fiscal quarters within the preceding
13 12 months as compared to the corresponding 2 fiscal
14 quarters of the prior fiscal year; or

15 (3) that the State Coincident Index for the State of
16 Illinois has remained stagnant or dropped over 2
17 consecutive quarters within the preceding 12 months, as
18 published in the Federal Reserve Bank of Philadelphia's
19 publication entitled "State Coincident Indexes" or its
20 successor publication.

21 (c) Transfers or appropriations from the Budget Economic
22 Stabilization Fund may not, during any fiscal year, exceed the
23 lesser of:

24 (1) 50% of the Budget Economic Stabilization Fund's
25 balance;

26 (2) in the case of appropriation enacted by the General

1 Assembly, 50% of the difference between (i) general funds
2 revenue collections, as projected by the Commission on
3 Government Forecasting and Accountability to be received
4 in the next fiscal year, and (ii) a revised general fund
5 revenue collections projection for the current fiscal year
6 presented to the General Assembly by the Commission on
7 Government Forecasting and Accountability; or

8 (3) in the case of transfers to be directed by the
9 Governor within a fiscal year, 50% of the difference
10 between (i) general funds revenue collections, to be
11 received in the next fiscal year as projected by the
12 Governor, and (ii) a revised general fund revenue
13 collections projection for the current fiscal year as
14 projected by the Governor.

15 Section 5-35. Fund creation.

16 (a) There is created the Budget Economic Stabilization Fund
17 as a special fund in the State Treasury consisting of moneys
18 appropriated or transferred to that Fund as provided in Section
19 5-30 of this Act and as otherwise provided by law. All earnings
20 on Budget Economic Stabilization Fund investments shall be
21 deposited into that Fund.

22 (b) There is created the Bill Backlog Payment Fund as a
23 special fund in the State Treasury consisting of moneys
24 appropriated or transferred to that Fund as provided in Section
25 -25 of this Act and as otherwise provided by law. All earnings

1 on Bill Backlog Payment Fund investments shall be deposited
2 into that Fund.

3 ARTICLE 10. VIDEO SERVICE TAX MODERNIZATION

4 Section 10-1. Short title. This Act may be cited as the
5 Video Service Tax Modernization Act.

6 Section 10-5. Application. This Act applies to the
7 provision of direct-to-home satellite service, direct
8 broadcast satellite service, and digital audio-visual works on
9 or after the effective date of this Act.

10 This Act does not apply to: (1) satellite radio service or
11 subscription radio service whereby a digital radio signal is
12 broadcast without any corresponding or related video
13 programming or services; or (2) a satellite television
14 transmission of simulcast horse races broadcast from or
15 received at locations operated by an organization licensee, an
16 inter-track wagering licensee, or an inter-track wagering
17 location licensee licensed under the Illinois Horse Racing Act
18 of 1975.

19 Section 10-10. Definitions. As used in this Act:

20 "Department" means the Department of Revenue.

21 "Digital audio-visual works" means a series of related
22 images that, when shown in succession, impart an impression of

1 motion, together with accompanying sounds, if any, sold to an
2 end user with rights of less than permanent use. "Digital
3 audio-visual works" does not include cable service provided by
4 a cable operator, as those terms are defined in 47 U.S.C. 522,
5 and does not include video service provided by a holder, as
6 those terms are defined in Article 21 of the Public Utilities
7 Act.

8 "Direct broadcast satellite service" means video services
9 transmitted or broadcast by satellite directly to the
10 subscriber's premises with the use of or accompanied by ground
11 receiving or distribution equipment, including, but not
12 limited to, infrastructure to provide Internet access used in
13 the transmission or broadcast of such video services, at the
14 subscriber's premises, but not in the uplink process to the
15 satellite, and includes, but is not limited to, the
16 retransmission of local broadcast television, the provision of
17 premium channels, other recurring monthly services, service
18 and pay-per-view, video-on-demand, and other event-based
19 services.

20 "Direct-to-home satellite service" has the meaning given
21 to that term in Public Law No. 104-104, Title VI, Section
22 602(a), February 8, 1996, 110 Stat. 144 (reprinted at 47 U.S.C.
23 152).

24 "End user" means any person other than a person who
25 receives by contract a product transferred electronically for
26 further commercial broadcast, rebroadcast, transmission,

1 retransmission, licensing, relicensing, distribution,
2 redistribution, or exhibition of the product, in whole or in
3 part, to another person or persons.

4 "Gross revenue" means all consideration of any kind or
5 nature received by a provider, or an affiliate of the provider,
6 in connection with the provision of direct-to-home satellite
7 service, direct broadcast satellite service, or digital
8 audio-visual works to subscribers. "Gross revenue" does not
9 include:

10 (1) charges for the rental of equipment related to the
11 provision of direct-to-home satellite service, direct
12 broadcast satellite service, or digital audiovisual works;

13 (2) activation, installation, repair, or maintenance
14 charges or similar service charges related to the provision
15 of direct-to-home satellite service, direct broadcast
16 satellite service, or digital audio-visual works;

17 (3) service order charges, service termination
18 charges, or any other administrative charges related to the
19 provision of direct-to-home satellite service, direct
20 broadcast satellite service, or digital audiovisual works;

21 (4) revenue not actually received, regardless of
22 whether it is billed, including, but not limited to, bad
23 debts;

24 (5) revenue received by an affiliate or other person in
25 exchange for supplying goods and services used by a
26 provider;

1 (6) the amount of any refunds, rebates, or discounts
2 made to subscribers, advertisers, or other persons;

3 (7) revenue from any service that is subject to tax
4 under the Service Occupation Tax Act, Retailers'
5 Occupation Tax Act, Service Use Tax Act, or Use Tax Act;

6 (8) the tax imposed by this Act or any other tax of
7 general applicability imposed on a provider or a purchaser
8 of direct-to-home satellite service, direct broadcast
9 satellite service, or digital audio-visual works by a
10 federal, State, or local governmental entity and required
11 to be collected by a person and remitted to the taxing
12 entity;

13 (9) late payment fees collected from subscribers;

14 (10) charges, other than those charges specifically
15 described in this Act, that are aggregated or bundled with
16 such specifically-described charges on a subscriber's
17 bill, if the provider can reasonably identify the charges
18 in its books and records kept in the regular course of
19 business;

20 (11) revenue from advertising services; or

21 (12) charges that may not be taxed pursuant to the
22 federal Internet Tax Freedom Act.

23 "Permanent" means perpetual or for an indefinite or
24 unspecified length of time.

25 "Person" means a natural individual, firm, trust, estate,
26 partnership, association, joint stock company, joint venture,

1 corporation, or limited liability company, or a receiver,
2 trustee, guardian, or other representative appointed by order
3 of any court, and includes the federal and State governments,
4 including State universities created by statute, and
5 municipalities, counties, and other political subdivisions of
6 this State.

7 "Premises" means a residence or place of business of a
8 subscriber in this State.

9 "Provider" means a person who transmits, broadcasts,
10 sells, or distributes direct-to-home satellite service, direct
11 broadcast satellite service, or digital audio-visual works to
12 subscribers in the State.

13 "Subscriber" means a member of the general public who
14 receives direct-to-home satellite service, direct broadcast
15 satellite service, or digital audio-visual works from a
16 provider and does not further distribute the service in the
17 ordinary course of business.

18 Section 10-15. Imposition of tax.

19 (a) A tax is imposed upon the act or privilege of providing
20 direct-to-home satellite service, direct broadcast satellite
21 service, or digital audio-visual works to a subscriber in this
22 State by any provider at the rate of 5% of the provider's gross
23 revenues derived from or attributable to that subscriber.

24 (b) For purposes of the tax imposed by subsection (a), a
25 subscriber is in this State if the subscriber's street address

1 representative of where the subscriber's use or access of the
2 direct-to-home satellite service, direct broadcast satellite
3 service, or digital audio visual work primarily occurs, which
4 must be the street address of the subscriber based on such
5 other information kept by the provider in the regular course of
6 its business.

7 (c) The tax imposed by subsection (a) may be passed through
8 to, and collected from, the provider's subscribers in Illinois.
9 To the extent allowed under federal or State law, a provider
10 may identify as a separate line item on each regular bill
11 issued to a subscriber the amount of the total bill assessed as
12 a tax under this Act.

13 (d) To prevent actual multi-state taxation upon the act or
14 privilege that is subject to taxation under this Act, any
15 taxpayer, upon proof that that taxpayer has paid a tax in
16 another state on such event, shall be allowed a credit against
17 the tax imposed in this Act to the extent of the amount of such
18 tax properly due and paid in such other state. However, such
19 tax is not imposed on the act or privilege to the extent such
20 act or privilege may not, under the Constitution and statutes
21 of the United States, be made the subject of taxation by the
22 State.

23 Section 10-20. Remittances.

24 (a) On or before the twentieth day of each calendar month,
25 every provider of direct-to-home satellite service, direct

1 broadcast satellite service, or digital audio-visual works
2 that provides such service or services to a subscriber in this
3 State during the preceding calendar month shall file a return
4 with the Department, in a form prescribed by the Department,
5 stating:

6 (1) the name of the provider;

7 (2) the address of the provider's principal place of
8 business;

9 (3) the total amount of gross revenues received by the
10 provider during the preceding calendar month, quarter, or
11 year, as the case may be, from the provision of
12 direct-to-home satellite service, direct broadcast
13 satellite service, or digital audio-visual works during
14 that preceding calendar month, quarter, or year and upon
15 the basis of which the tax is imposed;

16 (4) the amount of tax due;

17 (5) the signature of the taxpayer; and

18 (6) such other reasonable information as the
19 Department may require.

20 (b) If a taxpayer fails to sign a return within 30 days
21 after the proper notice and demand for signature by the
22 Department is received by the taxpayer, then the return shall
23 be considered valid and any amount shown to be due on the
24 return shall be deemed assessed.

25 (c) If the provider is otherwise required to file a monthly
26 return, and if the provider's average monthly tax liability to

1 the Department under this Act does not exceed \$200, the
2 Department may authorize the provider's returns to be filed on
3 a quarter annual basis, with the return for January, February,
4 and March of a given year being due by April 20 of that year;
5 with the return for April, May, and June of a given year being
6 due by July 20 of that year; with the return for July, August,
7 and September of a given year being due by October 20 of that
8 year, and with the return for October, November, and December
9 of a given year being due by January 20 of the following year.

10 (d) If the provider is otherwise required to file a monthly
11 or quarterly return, and if the provider's average monthly tax
12 liability with the Department under this Act does not exceed
13 \$50, the Department may authorize the provider's returns to be
14 filed on an annual basis, with the return for a given year
15 being due by January 20 of the following year.

16 (e) Those quarterly and annual returns shall be subject to
17 the same requirements as to form and substance as monthly
18 returns.

19 (f) A taxpayer who has an annual tax liability in the
20 amount set forth in subsection (b) of Section 2505-210 of the
21 Department of Revenue Law shall make all payments required by
22 rules of the Department by electronic funds transfer.

23 Any taxpayer not required to make payments by electronic
24 funds transfer may make payments by electronic funds transfer
25 with the permission of the Department.

26 All taxpayers required to make payment by electronic funds

1 transfer and any taxpayers authorized to voluntarily make
2 payments by electronic funds transfer shall make those payments
3 in the manner authorized by the Department.

4 Section 10-25. Records.

5 (a) A provider on whom the tax is imposed by this Act shall
6 maintain the necessary records, and any other information
7 required by the Department, to determine the amount of the tax
8 that the provider is required to remit and any credit that the
9 provider is entitled to claim under this Act.

10 (b) The records shall be open at all times to inspection by
11 the Department.

12 Section 10-30. Rules. The Department is authorized to adopt
13 and enforce any reasonable rules and to prescribe such forms
14 relating to the administration and enforcement of this Act as
15 it may deem appropriate.

16 Section 10-35. Incorporation of Retailers' Occupation Tax
17 Act and Uniform Penalty and Interest Act. All of the provisions
18 of Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, and 5j of the
19 Retailers' Occupation Tax Act, which are not inconsistent with
20 this Act, and the Uniform Penalty and Interest Act, shall
21 apply, as far as practicable, to the subject matter of this Act
22 to the same extent as if such provisions were included herein.
23 References in those incorporated Sections to taxpayers and to

1 persons engaged in the business of selling tangible personal
2 property at retail mean providers of direct-to-home satellite
3 service, direct broadcast satellite service, or digital
4 audio-visual works when used in this Act.

5 ARTICLE 15. ENTERTAINMENT TAX FAIRNESS ACT

6 Section 15-1. Short title. This Act may be cited as the
7 Entertainment Tax Fairness Act.

8 Section 15-5. Application. This Act applies to all
9 subscribers of entertainment in this State for the privilege to
10 witness, view, or otherwise enjoy the entertainment.

11 This Act does not apply to: (1) satellite radio service or
12 subscription radio service whereby a digital radio signal is
13 broadcast without any corresponding or related video
14 programming or services; or (2) a satellite television
15 transmission of simulcast horse races broadcast from or
16 received at locations operated by an organization licensee, an
17 inter-track wagering licensee, or an inter-track wagering
18 location licensee licensed under the Illinois Horse Racing Act
19 of 1975.

20 Section 15-10. Definitions. As used in this Act:

21 "Cable service" has the meaning given to that term in item
22 (6) of 47 U.S.C. 522.

1 "Department" means the Department of Revenue.

2 "Digital audio-visual works service" means the
3 transmission of a series of related images that, when shown in
4 succession, impart an impression of motion, together with
5 accompanying sounds, if any, sold to an end user with rights of
6 less than permanent use. "Digital audio-visual works service"
7 does not include cable service or video service.

8 "Direct broadcast satellite service" means video services
9 transmitted or broadcast by satellite directly to the
10 subscriber's premises with the use of or accompanied by ground
11 receiving or distribution equipment, including, but not
12 limited to, infrastructure to provide Internet access used in
13 the transmission or broadcast of such video services, at the
14 subscriber's premises, but not in the uplink process to the
15 satellite, and includes, but is not limited to, the
16 retransmission of local broadcast television, the provision of
17 premium channels, other recurring monthly services, service
18 and pay-per-view, video-on-demand, and other event-based
19 services.

20 "Direct-to-home satellite service" has the meaning given
21 to that term in Public Law No. 104-104, Title VI, Section
22 602(a), February 8, 1996, 110 Stat. 144 (reprinted at 47 U.S.C.
23 152).

24 "End user" means any person other than a person who
25 receives by contract a product transferred electronically for
26 further commercial broadcast, rebroadcast, transmission,

1 retransmission, licensing, relicensing, distribution,
2 redistribution, or exhibition of the product, in whole or in
3 part, to another person or persons.

4 "Entertainment" means any paid video programming whether
5 transmitted by cable service, direct-to-home satellite
6 service, direct broadcast satellite service, digital
7 audio-visual works service, or video service to a subscriber in
8 this State.

9 "Permanent" means perpetual or for an indefinite or
10 unspecified length of time.

11 "Provider" means a person who transmits, broadcasts,
12 sells, or distributes cable service, direct-to-home satellite
13 service, direct broadcast satellite service, digital
14 audio-visual works service, or video service to subscribers in
15 the State.

16 "Subscriber" means a member of the general public who
17 receives cable service, direct-to-home satellite service,
18 direct broadcast satellite service, or digital audio-visual
19 works service, or video service from a provider and does not
20 further distribute the service in the ordinary course of
21 business.

22 "Video service" has the meaning given to that term in the
23 Cable and Video Competition Law of 2007 of the Public Utilities
24 Act.

25 Section 15-15. Imposition of tax.

1 (a) A tax is imposed upon the subscribers of entertainment
2 in this State at the rate of 1% of the charges paid for the
3 privilege to witness, view, or otherwise enjoy the
4 entertainment.

5 (b) For purposes of the tax imposed by subsection (a), a
6 subscriber is in this State if the subscriber's street address
7 is representative of where the subscriber's use or access of
8 the entertainment primarily occurs, which must be the street
9 address of the subscriber based on such other information kept
10 by the provider in the regular course of its business.

11 (c) The provider of the entertainment shall collect and
12 secure from each subscriber the tax imposed by this Act and
13 remit the tax to the Department as set forth in Section 15-20
14 of this Act.

15 Section 15-20. Remittances.

16 (a) On or before the twentieth day of each calendar month,
17 every provider shall file a return with the Department, in a
18 form prescribed by the Department, stating:

19 (1) the name of the provider;

20 (2) the address of the provider's principal place of
21 business;

22 (3) the total amount of tax revenues collected by the
23 provider under this Act during the preceding calendar
24 month, quarter, or year, as the case may be, during that
25 preceding calendar month, quarter, or year and upon the

1 basis of which the tax is imposed;

2 (4) the amount of tax due;

3 (5) the signature of the provider; and

4 (6) such other reasonable information as the
5 Department may require.

6 (b) If a provider fails to sign a return within 30 days
7 after the proper notice and demand for signature by the
8 Department is received by the provider, then the return shall
9 be considered valid and any amount shown to be due on the
10 return shall be deemed assessed.

11 (c) If the provider is otherwise required to file a monthly
12 return, and if the amount collected by the provider under this
13 Act does not exceed \$200, the Department may authorize the
14 provider's returns to be filed on a quarter annual basis, with
15 the return for January, February, and March of a given year
16 being due by April 20 of that year; with the return for April,
17 May, and June of a given year being due by July 20 of that year;
18 with the return for July, August, and September of a given year
19 being due by October 20 of that year, and with the return for
20 October, November, and December of a given year being due by
21 January 20 of the following year.

22 (d) If the provider is otherwise required to file a monthly
23 or quarterly return, and if the amount collected by the
24 provider under this Act does not exceed \$50, the Department may
25 authorize the provider's returns to be filed on an annual
26 basis, with the return for a given year being due by January 20

1 of the following year.

2 (e) Those quarterly and annual returns shall be subject to
3 the same requirements as to form and substance as monthly
4 returns.

5 (f) A provider responsible for collecting and remitting the
6 amount set forth in subsection (b) of Section 2505-210 of the
7 Department of Revenue Law shall make all payments required by
8 rules of the Department by electronic funds transfer.

9 Any provider not required to make payments by electronic
10 funds transfer may make payments by electronic funds transfer
11 with the permission of the Department.

12 All providers required to make payment by electronic funds
13 transfer and any taxpayers authorized to voluntarily make
14 payments by electronic funds transfer shall make those payments
15 in the manner authorized by the Department.

16 Section 15-25. Records.

17 (a) A provider subject to this Act shall maintain the
18 necessary records, and any other information required by the
19 Department, to determine the amount of the tax that the
20 provider is required to collect and remit and any credit that
21 the provider is entitled to claim under this Act.

22 (b) The records shall be open at all times to inspection by
23 the Department.

24 Section 15-30. Rules. The Department is authorized to adopt

1 and enforce any reasonable rules and to prescribe such forms
2 relating to the administration and enforcement of this Act as
3 it may deem appropriate.

4 Section 15-35. Incorporation of Retailers' Occupation Tax
5 Act and Uniform Penalty and Interest Act. All of the provisions
6 of Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, and 5j of the
7 Retailers' Occupation Tax Act, which are not inconsistent with
8 this Act, and the Uniform Penalty and Interest Act, shall
9 apply, as far as practicable, to the subject matter of this Act
10 to the same extent as if such provisions were included herein.
11 References in those incorporated Sections to taxpayers and to
12 persons engaged in the business of selling tangible personal
13 property at retail mean providers of direct-to-home satellite
14 service, direct broadcast satellite service, or digital
15 audio-visual works service when used in this Act.

16 ARTICLE 30. AMENDATORY PROVISIONS

17 Section 30-5. The State Finance Act is amended by changing
18 Section 6z-51 and by adding Sections 5.878 and 5.879 as
19 follows:

20 (30 ILCS 105/5.878 new)

21 Sec. 5.878. The Budget Economic Stabilization Fund.

1 (30 ILCS 105/5.879 new)

2 Sec. 5.879. The Bill Backlog Payment Fund.

3 (30 ILCS 105/6z-51)

4 Sec. 6z-51. Budget Stabilization Fund.

5 (a) The Budget Stabilization Fund, a special fund in the
6 State Treasury, shall consist of moneys appropriated or
7 transferred to that Fund, as provided in Section 6z-43 and as
8 otherwise provided by law. All earnings on Budget Stabilization
9 Fund investments shall be deposited into that Fund.

10 (b) Until an initial transfer has been made to the Budget
11 Economic Stabilization Fund under Section 5-30 of the Budget
12 Economic Stabilization Fund Act, the ~~The~~ State Comptroller may
13 direct the State Treasurer to transfer moneys from the Budget
14 Stabilization Fund to the General Revenue Fund in order to meet
15 cash flow deficits resulting from timing variations between
16 disbursements and the receipt of funds within a fiscal year.
17 Any moneys so borrowed in any fiscal year other than Fiscal
18 Year 2011 shall be repaid by June 30 of the fiscal year in
19 which they were borrowed. Any moneys so borrowed in Fiscal Year
20 2011 shall be repaid no later than July 15, 2011.

21 (c) During Fiscal Year 2017 only, amounts may be expended
22 from the Budget Stabilization Fund only pursuant to specific
23 authorization by appropriation. Any moneys expended pursuant
24 to appropriation shall not be subject to repayment.

25 (Source: P.A. 99-523, eff. 6-30-16.)

1 Section 30-10. The Illinois Income Tax Act is amended by
2 changing Sections 201, 203, 204, 208, 212, 222, 804, 901, and
3 1501 and by adding Section 225 as follows:

4 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

5 Sec. 201. Tax Imposed.

6 (a) In general. A tax measured by net income is hereby
7 imposed on every individual, corporation, trust and estate for
8 each taxable year ending after July 31, 1969 on the privilege
9 of earning or receiving income in or as a resident of this
10 State. Such tax shall be in addition to all other occupation or
11 privilege taxes imposed by this State or by any municipal
12 corporation or political subdivision thereof.

13 (b) Rates. The tax imposed by subsection (a) of this
14 Section shall be determined as follows, except as adjusted by
15 subsection (d-1):

16 (1) In the case of an individual, trust or estate, for
17 taxable years ending prior to July 1, 1989, an amount equal
18 to 2 1/2% of the taxpayer's net income for the taxable
19 year.

20 (2) In the case of an individual, trust or estate, for
21 taxable years beginning prior to July 1, 1989 and ending
22 after June 30, 1989, an amount equal to the sum of (i) 2
23 1/2% of the taxpayer's net income for the period prior to
24 July 1, 1989, as calculated under Section 202.3, and (ii)

1 3% of the taxpayer's net income for the period after June
2 30, 1989, as calculated under Section 202.3.

3 (3) In the case of an individual, trust or estate, for
4 taxable years beginning after June 30, 1989, and ending
5 prior to January 1, 2011, an amount equal to 3% of the
6 taxpayer's net income for the taxable year.

7 (4) In the case of an individual, trust, or estate, for
8 taxable years beginning prior to January 1, 2011, and
9 ending after December 31, 2010, an amount equal to the sum
10 of (i) 3% of the taxpayer's net income for the period prior
11 to January 1, 2011, as calculated under Section 202.5, and
12 (ii) 5% of the taxpayer's net income for the period after
13 December 31, 2010, as calculated under Section 202.5.

14 (5) In the case of an individual, trust, or estate, for
15 taxable years beginning on or after January 1, 2011, and
16 ending prior to January 1, 2015, an amount equal to 5% of
17 the taxpayer's net income for the taxable year.

18 (5.1) In the case of an individual, trust, or estate,
19 for taxable years beginning prior to January 1, 2015, and
20 ending after December 31, 2014, an amount equal to the sum
21 of (i) 5% of the taxpayer's net income for the period prior
22 to January 1, 2015, as calculated under Section 202.5, and
23 (ii) 3.75% of the taxpayer's net income for the period
24 after December 31, 2014, as calculated under Section 202.5.

25 (5.2) In the case of an individual, trust, or estate,
26 for taxable years beginning on or after January 1, 2015,

1 and ending prior to January 1, 2017 ~~January 1, 2025~~, an
2 amount equal to 3.75% of the taxpayer's net income for the
3 taxable year.

4 (5.3) In the case of an individual, trust, or estate,
5 for taxable years beginning prior to January 1, 2017
6 ~~January 1, 2025~~, and ending after December 31, 2016
7 ~~December 31, 2024~~, an amount equal to the sum of (i) 3.75%
8 of the taxpayer's net income for the period prior to
9 January 1, 2017 ~~January 1, 2025~~, as calculated under
10 Section 202.5, and (ii) 4.95% ~~3.25%~~ of the taxpayer's net
11 income for the period after December 31, 2016 ~~December 31,~~
12 ~~2024~~, as calculated under Section 202.5.

13 (5.4) In the case of an individual, trust, or estate,
14 for taxable years beginning on or after January 1, 2017
15 ~~January 1, 2025~~, an amount equal to 4.95% ~~3.25%~~ of the
16 taxpayer's net income for the taxable year.

17 (6) In the case of a corporation, for taxable years
18 ending prior to July 1, 1989, an amount equal to 4% of the
19 taxpayer's net income for the taxable year.

20 (7) In the case of a corporation, for taxable years
21 beginning prior to July 1, 1989 and ending after June 30,
22 1989, an amount equal to the sum of (i) 4% of the
23 taxpayer's net income for the period prior to July 1, 1989,
24 as calculated under Section 202.3, and (ii) 4.8% of the
25 taxpayer's net income for the period after June 30, 1989,
26 as calculated under Section 202.3.

1 (8) In the case of a corporation, for taxable years
2 beginning after June 30, 1989, and ending prior to January
3 1, 2011, an amount equal to 4.8% of the taxpayer's net
4 income for the taxable year.

5 (9) In the case of a corporation, for taxable years
6 beginning prior to January 1, 2011, and ending after
7 December 31, 2010, an amount equal to the sum of (i) 4.8%
8 of the taxpayer's net income for the period prior to
9 January 1, 2011, as calculated under Section 202.5, and
10 (ii) 7% of the taxpayer's net income for the period after
11 December 31, 2010, as calculated under Section 202.5.

12 (10) In the case of a corporation, for taxable years
13 beginning on or after January 1, 2011, and ending prior to
14 January 1, 2015, an amount equal to 7% of the taxpayer's
15 net income for the taxable year.

16 (11) In the case of a corporation, for taxable years
17 beginning prior to January 1, 2015, and ending after
18 December 31, 2014, an amount equal to the sum of (i) 7% of
19 the taxpayer's net income for the period prior to January
20 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
21 of the taxpayer's net income for the period after December
22 31, 2014, as calculated under Section 202.5.

23 (12) In the case of a corporation, for taxable years
24 beginning on or after January 1, 2015, and ending prior to
25 January 1, 2017 ~~January 1, 2025~~, an amount equal to 5.25%
26 of the taxpayer's net income for the taxable year.

1 (13) In the case of a corporation, for taxable years
2 beginning prior to January 1, 2017 ~~January 1, 2025~~, and
3 ending after December 31, 2016 ~~December 31, 2024~~, an amount
4 equal to the sum of (i) 5.25% of the taxpayer's net income
5 for the period prior to January 1, 2017 ~~January 1, 2025~~, as
6 calculated under Section 202.5, and (ii) 7% ~~4.8%~~ of the
7 taxpayer's net income for the period after December 31,
8 2016 ~~December 31, 2024~~, as calculated under Section 202.5.

9 (14) In the case of a corporation, for taxable years
10 beginning on or after January 1, 2017 ~~January 1, 2025~~, an
11 amount equal to 7% ~~4.8%~~ of the taxpayer's net income for
12 the taxable year.

13 The rates under this subsection (b) are subject to the
14 provisions of Section 201.5.

15 (c) Personal Property Tax Replacement Income Tax.
16 Beginning on July 1, 1979 and thereafter, in addition to such
17 income tax, there is also hereby imposed the Personal Property
18 Tax Replacement Income Tax measured by net income on every
19 corporation (including Subchapter S corporations), partnership
20 and trust, for each taxable year ending after June 30, 1979.
21 Such taxes are imposed on the privilege of earning or receiving
22 income in or as a resident of this State. The Personal Property
23 Tax Replacement Income Tax shall be in addition to the income
24 tax imposed by subsections (a) and (b) of this Section and in
25 addition to all other occupation or privilege taxes imposed by
26 this State or by any municipal corporation or political

1 subdivision thereof.

2 (d) Additional Personal Property Tax Replacement Income
3 Tax Rates. The personal property tax replacement income tax
4 imposed by this subsection and subsection (c) of this Section
5 in the case of a corporation, other than a Subchapter S
6 corporation and except as adjusted by subsection (d-1), shall
7 be an additional amount equal to 2.85% of such taxpayer's net
8 income for the taxable year, except that beginning on January
9 1, 1981, and thereafter, the rate of 2.85% specified in this
10 subsection shall be reduced to 2.5%, and in the case of a
11 partnership, trust or a Subchapter S corporation shall be an
12 additional amount equal to 1.5% of such taxpayer's net income
13 for the taxable year.

14 (d-1) Rate reduction for certain foreign insurers. In the
15 case of a foreign insurer, as defined by Section 35A-5 of the
16 Illinois Insurance Code, whose state or country of domicile
17 imposes on insurers domiciled in Illinois a retaliatory tax
18 (excluding any insurer whose premiums from reinsurance assumed
19 are 50% or more of its total insurance premiums as determined
20 under paragraph (2) of subsection (b) of Section 304, except
21 that for purposes of this determination premiums from
22 reinsurance do not include premiums from inter-affiliate
23 reinsurance arrangements), beginning with taxable years ending
24 on or after December 31, 1999, the sum of the rates of tax
25 imposed by subsections (b) and (d) shall be reduced (but not
26 increased) to the rate at which the total amount of tax imposed

1 under this Act, net of all credits allowed under this Act,
2 shall equal (i) the total amount of tax that would be imposed
3 on the foreign insurer's net income allocable to Illinois for
4 the taxable year by such foreign insurer's state or country of
5 domicile if that net income were subject to all income taxes
6 and taxes measured by net income imposed by such foreign
7 insurer's state or country of domicile, net of all credits
8 allowed or (ii) a rate of zero if no such tax is imposed on such
9 income by the foreign insurer's state of domicile. For the
10 purposes of this subsection (d-1), an inter-affiliate includes
11 a mutual insurer under common management.

12 (1) For the purposes of subsection (d-1), in no event
13 shall the sum of the rates of tax imposed by subsections
14 (b) and (d) be reduced below the rate at which the sum of:

15 (A) the total amount of tax imposed on such foreign
16 insurer under this Act for a taxable year, net of all
17 credits allowed under this Act, plus

18 (B) the privilege tax imposed by Section 409 of the
19 Illinois Insurance Code, the fire insurance company
20 tax imposed by Section 12 of the Fire Investigation
21 Act, and the fire department taxes imposed under
22 Section 11-10-1 of the Illinois Municipal Code,
23 equals 1.25% for taxable years ending prior to December 31,
24 2003, or 1.75% for taxable years ending on or after
25 December 31, 2003, of the net taxable premiums written for
26 the taxable year, as described by subsection (1) of Section

1 409 of the Illinois Insurance Code. This paragraph will in
2 no event increase the rates imposed under subsections (b)
3 and (d).

4 (2) Any reduction in the rates of tax imposed by this
5 subsection shall be applied first against the rates imposed
6 by subsection (b) and only after the tax imposed by
7 subsection (a) net of all credits allowed under this
8 Section other than the credit allowed under subsection (i)
9 has been reduced to zero, against the rates imposed by
10 subsection (d).

11 This subsection (d-1) is exempt from the provisions of
12 Section 250.

13 (e) Investment credit. A taxpayer shall be allowed a credit
14 against the Personal Property Tax Replacement Income Tax for
15 investment in qualified property.

16 (1) A taxpayer shall be allowed a credit equal to .5%
17 of the basis of qualified property placed in service during
18 the taxable year, provided such property is placed in
19 service on or after July 1, 1984. There shall be allowed an
20 additional credit equal to .5% of the basis of qualified
21 property placed in service during the taxable year,
22 provided such property is placed in service on or after
23 July 1, 1986, and the taxpayer's base employment within
24 Illinois has increased by 1% or more over the preceding
25 year as determined by the taxpayer's employment records
26 filed with the Illinois Department of Employment Security.

1 Taxpayers who are new to Illinois shall be deemed to have
2 met the 1% growth in base employment for the first year in
3 which they file employment records with the Illinois
4 Department of Employment Security. The provisions added to
5 this Section by Public Act 85-1200 (and restored by Public
6 Act 87-895) shall be construed as declaratory of existing
7 law and not as a new enactment. If, in any year, the
8 increase in base employment within Illinois over the
9 preceding year is less than 1%, the additional credit shall
10 be limited to that percentage times a fraction, the
11 numerator of which is .5% and the denominator of which is
12 1%, but shall not exceed .5%. The investment credit shall
13 not be allowed to the extent that it would reduce a
14 taxpayer's liability in any tax year below zero, nor may
15 any credit for qualified property be allowed for any year
16 other than the year in which the property was placed in
17 service in Illinois. For tax years ending on or after
18 December 31, 1987, and on or before December 31, 1988, the
19 credit shall be allowed for the tax year in which the
20 property is placed in service, or, if the amount of the
21 credit exceeds the tax liability for that year, whether it
22 exceeds the original liability or the liability as later
23 amended, such excess may be carried forward and applied to
24 the tax liability of the 5 taxable years following the
25 excess credit years if the taxpayer (i) makes investments
26 which cause the creation of a minimum of 2,000 full-time

1 equivalent jobs in Illinois, (ii) is located in an
2 enterprise zone established pursuant to the Illinois
3 Enterprise Zone Act and (iii) is certified by the
4 Department of Commerce and Community Affairs (now
5 Department of Commerce and Economic Opportunity) as
6 complying with the requirements specified in clause (i) and
7 (ii) by July 1, 1986. The Department of Commerce and
8 Community Affairs (now Department of Commerce and Economic
9 Opportunity) shall notify the Department of Revenue of all
10 such certifications immediately. For tax years ending
11 after December 31, 1988, the credit shall be allowed for
12 the tax year in which the property is placed in service,
13 or, if the amount of the credit exceeds the tax liability
14 for that year, whether it exceeds the original liability or
15 the liability as later amended, such excess may be carried
16 forward and applied to the tax liability of the 5 taxable
17 years following the excess credit years. The credit shall
18 be applied to the earliest year for which there is a
19 liability. If there is credit from more than one tax year
20 that is available to offset a liability, earlier credit
21 shall be applied first.

22 (2) The term "qualified property" means property
23 which:

24 (A) is tangible, whether new or used, including
25 buildings and structural components of buildings and
26 signs that are real property, but not including land or

1 improvements to real property that are not a structural
2 component of a building such as landscaping, sewer
3 lines, local access roads, fencing, parking lots, and
4 other appurtenances;

5 (B) is depreciable pursuant to Section 167 of the
6 Internal Revenue Code, except that "3-year property"
7 as defined in Section 168(c)(2)(A) of that Code is not
8 eligible for the credit provided by this subsection
9 (e);

10 (C) is acquired by purchase as defined in Section
11 179(d) of the Internal Revenue Code;

12 (D) is used in Illinois by a taxpayer who is
13 primarily engaged in manufacturing, or in mining coal
14 or fluorite, or in retailing, or was placed in service
15 on or after July 1, 2006 in a River Edge Redevelopment
16 Zone established pursuant to the River Edge
17 Redevelopment Zone Act; and

18 (E) has not previously been used in Illinois in
19 such a manner and by such a person as would qualify for
20 the credit provided by this subsection (e) or
21 subsection (f).

22 (3) For purposes of this subsection (e),
23 "manufacturing" means the material staging and production
24 of tangible personal property by procedures commonly
25 regarded as manufacturing, processing, fabrication, or
26 assembling which changes some existing material into new

1 shapes, new qualities, or new combinations. For purposes of
2 this subsection (e) the term "mining" shall have the same
3 meaning as the term "mining" in Section 613(c) of the
4 Internal Revenue Code. For purposes of this subsection (e),
5 the term "retailing" means the sale of tangible personal
6 property for use or consumption and not for resale, or
7 services rendered in conjunction with the sale of tangible
8 personal property for use or consumption and not for
9 resale. For purposes of this subsection (e), "tangible
10 personal property" has the same meaning as when that term
11 is used in the Retailers' Occupation Tax Act, and, for
12 taxable years ending after December 31, 2008, does not
13 include the generation, transmission, or distribution of
14 electricity.

15 (4) The basis of qualified property shall be the basis
16 used to compute the depreciation deduction for federal
17 income tax purposes.

18 (5) If the basis of the property for federal income tax
19 depreciation purposes is increased after it has been placed
20 in service in Illinois by the taxpayer, the amount of such
21 increase shall be deemed property placed in service on the
22 date of such increase in basis.

23 (6) The term "placed in service" shall have the same
24 meaning as under Section 46 of the Internal Revenue Code.

25 (7) If during any taxable year, any property ceases to
26 be qualified property in the hands of the taxpayer within

1 48 months after being placed in service, or the situs of
2 any qualified property is moved outside Illinois within 48
3 months after being placed in service, the Personal Property
4 Tax Replacement Income Tax for such taxable year shall be
5 increased. Such increase shall be determined by (i)
6 recomputing the investment credit which would have been
7 allowed for the year in which credit for such property was
8 originally allowed by eliminating such property from such
9 computation and, (ii) subtracting such recomputed credit
10 from the amount of credit previously allowed. For the
11 purposes of this paragraph (7), a reduction of the basis of
12 qualified property resulting from a redetermination of the
13 purchase price shall be deemed a disposition of qualified
14 property to the extent of such reduction.

15 (8) Unless the investment credit is extended by law,
16 the basis of qualified property shall not include costs
17 incurred after December 31, 2018, except for costs incurred
18 pursuant to a binding contract entered into on or before
19 December 31, 2018.

20 (9) Each taxable year ending before December 31, 2000,
21 a partnership may elect to pass through to its partners the
22 credits to which the partnership is entitled under this
23 subsection (e) for the taxable year. A partner may use the
24 credit allocated to him or her under this paragraph only
25 against the tax imposed in subsections (c) and (d) of this
26 Section. If the partnership makes that election, those

1 credits shall be allocated among the partners in the
2 partnership in accordance with the rules set forth in
3 Section 704(b) of the Internal Revenue Code, and the rules
4 promulgated under that Section, and the allocated amount of
5 the credits shall be allowed to the partners for that
6 taxable year. The partnership shall make this election on
7 its Personal Property Tax Replacement Income Tax return for
8 that taxable year. The election to pass through the credits
9 shall be irrevocable.

10 For taxable years ending on or after December 31, 2000,
11 a partner that qualifies its partnership for a subtraction
12 under subparagraph (I) of paragraph (2) of subsection (d)
13 of Section 203 or a shareholder that qualifies a Subchapter
14 S corporation for a subtraction under subparagraph (S) of
15 paragraph (2) of subsection (b) of Section 203 shall be
16 allowed a credit under this subsection (e) equal to its
17 share of the credit earned under this subsection (e) during
18 the taxable year by the partnership or Subchapter S
19 corporation, determined in accordance with the
20 determination of income and distributive share of income
21 under Sections 702 and 704 and Subchapter S of the Internal
22 Revenue Code. This paragraph is exempt from the provisions
23 of Section 250.

24 (f) Investment credit; Enterprise Zone; River Edge
25 Redevelopment Zone.

26 (1) A taxpayer shall be allowed a credit against the

1 tax imposed by subsections (a) and (b) of this Section for
2 investment in qualified property which is placed in service
3 in an Enterprise Zone created pursuant to the Illinois
4 Enterprise Zone Act or, for property placed in service on
5 or after July 1, 2006, a River Edge Redevelopment Zone
6 established pursuant to the River Edge Redevelopment Zone
7 Act. For partners, shareholders of Subchapter S
8 corporations, and owners of limited liability companies,
9 if the liability company is treated as a partnership for
10 purposes of federal and State income taxation, there shall
11 be allowed a credit under this subsection (f) to be
12 determined in accordance with the determination of income
13 and distributive share of income under Sections 702 and 704
14 and Subchapter S of the Internal Revenue Code. The credit
15 shall be .5% of the basis for such property. The credit
16 shall be available only in the taxable year in which the
17 property is placed in service in the Enterprise Zone or
18 River Edge Redevelopment Zone and shall not be allowed to
19 the extent that it would reduce a taxpayer's liability for
20 the tax imposed by subsections (a) and (b) of this Section
21 to below zero. For tax years ending on or after December
22 31, 1985, the credit shall be allowed for the tax year in
23 which the property is placed in service, or, if the amount
24 of the credit exceeds the tax liability for that year,
25 whether it exceeds the original liability or the liability
26 as later amended, such excess may be carried forward and

1 applied to the tax liability of the 5 taxable years
2 following the excess credit year. The credit shall be
3 applied to the earliest year for which there is a
4 liability. If there is credit from more than one tax year
5 that is available to offset a liability, the credit
6 accruing first in time shall be applied first.

7 (2) The term qualified property means property which:

8 (A) is tangible, whether new or used, including
9 buildings and structural components of buildings;

10 (B) is depreciable pursuant to Section 167 of the
11 Internal Revenue Code, except that "3-year property"
12 as defined in Section 168(c)(2)(A) of that Code is not
13 eligible for the credit provided by this subsection
14 (f);

15 (C) is acquired by purchase as defined in Section
16 179(d) of the Internal Revenue Code;

17 (D) is used in the Enterprise Zone or River Edge
18 Redevelopment Zone by the taxpayer; and

19 (E) has not been previously used in Illinois in
20 such a manner and by such a person as would qualify for
21 the credit provided by this subsection (f) or
22 subsection (e).

23 (3) The basis of qualified property shall be the basis
24 used to compute the depreciation deduction for federal
25 income tax purposes.

26 (4) If the basis of the property for federal income tax

1 depreciation purposes is increased after it has been placed
2 in service in the Enterprise Zone or River Edge
3 Redevelopment Zone by the taxpayer, the amount of such
4 increase shall be deemed property placed in service on the
5 date of such increase in basis.

6 (5) The term "placed in service" shall have the same
7 meaning as under Section 46 of the Internal Revenue Code.

8 (6) If during any taxable year, any property ceases to
9 be qualified property in the hands of the taxpayer within
10 48 months after being placed in service, or the situs of
11 any qualified property is moved outside the Enterprise Zone
12 or River Edge Redevelopment Zone within 48 months after
13 being placed in service, the tax imposed under subsections
14 (a) and (b) of this Section for such taxable year shall be
15 increased. Such increase shall be determined by (i)
16 recomputing the investment credit which would have been
17 allowed for the year in which credit for such property was
18 originally allowed by eliminating such property from such
19 computation, and (ii) subtracting such recomputed credit
20 from the amount of credit previously allowed. For the
21 purposes of this paragraph (6), a reduction of the basis of
22 qualified property resulting from a redetermination of the
23 purchase price shall be deemed a disposition of qualified
24 property to the extent of such reduction.

25 (7) There shall be allowed an additional credit equal
26 to 0.5% of the basis of qualified property placed in

1 service during the taxable year in a River Edge
2 Redevelopment Zone, provided such property is placed in
3 service on or after July 1, 2006, and the taxpayer's base
4 employment within Illinois has increased by 1% or more over
5 the preceding year as determined by the taxpayer's
6 employment records filed with the Illinois Department of
7 Employment Security. Taxpayers who are new to Illinois
8 shall be deemed to have met the 1% growth in base
9 employment for the first year in which they file employment
10 records with the Illinois Department of Employment
11 Security. If, in any year, the increase in base employment
12 within Illinois over the preceding year is less than 1%,
13 the additional credit shall be limited to that percentage
14 times a fraction, the numerator of which is 0.5% and the
15 denominator of which is 1%, but shall not exceed 0.5%.

16 (g) (Blank).

17 (h) Investment credit; High Impact Business.

18 (1) Subject to subsections (b) and (b-5) of Section 5.5
19 of the Illinois Enterprise Zone Act, a taxpayer shall be
20 allowed a credit against the tax imposed by subsections (a)
21 and (b) of this Section for investment in qualified
22 property which is placed in service by a Department of
23 Commerce and Economic Opportunity designated High Impact
24 Business. The credit shall be .5% of the basis for such
25 property. The credit shall not be available (i) until the
26 minimum investments in qualified property set forth in

1 subdivision (a)(3)(A) of Section 5.5 of the Illinois
2 Enterprise Zone Act have been satisfied or (ii) until the
3 time authorized in subsection (b-5) of the Illinois
4 Enterprise Zone Act for entities designated as High Impact
5 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
6 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
7 Act, and shall not be allowed to the extent that it would
8 reduce a taxpayer's liability for the tax imposed by
9 subsections (a) and (b) of this Section to below zero. The
10 credit applicable to such investments shall be taken in the
11 taxable year in which such investments have been completed.
12 The credit for additional investments beyond the minimum
13 investment by a designated high impact business authorized
14 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
15 Enterprise Zone Act shall be available only in the taxable
16 year in which the property is placed in service and shall
17 not be allowed to the extent that it would reduce a
18 taxpayer's liability for the tax imposed by subsections (a)
19 and (b) of this Section to below zero. For tax years ending
20 on or after December 31, 1987, the credit shall be allowed
21 for the tax year in which the property is placed in
22 service, or, if the amount of the credit exceeds the tax
23 liability for that year, whether it exceeds the original
24 liability or the liability as later amended, such excess
25 may be carried forward and applied to the tax liability of
26 the 5 taxable years following the excess credit year. The

1 credit shall be applied to the earliest year for which
2 there is a liability. If there is credit from more than one
3 tax year that is available to offset a liability, the
4 credit accruing first in time shall be applied first.

5 Changes made in this subdivision (h) (1) by Public Act
6 88-670 restore changes made by Public Act 85-1182 and
7 reflect existing law.

8 (2) The term qualified property means property which:

9 (A) is tangible, whether new or used, including
10 buildings and structural components of buildings;

11 (B) is depreciable pursuant to Section 167 of the
12 Internal Revenue Code, except that "3-year property"
13 as defined in Section 168(c) (2) (A) of that Code is not
14 eligible for the credit provided by this subsection
15 (h);

16 (C) is acquired by purchase as defined in Section
17 179(d) of the Internal Revenue Code; and

18 (D) is not eligible for the Enterprise Zone
19 Investment Credit provided by subsection (f) of this
20 Section.

21 (3) The basis of qualified property shall be the basis
22 used to compute the depreciation deduction for federal
23 income tax purposes.

24 (4) If the basis of the property for federal income tax
25 depreciation purposes is increased after it has been placed
26 in service in a federally designated Foreign Trade Zone or

1 Sub-Zone located in Illinois by the taxpayer, the amount of
2 such increase shall be deemed property placed in service on
3 the date of such increase in basis.

4 (5) The term "placed in service" shall have the same
5 meaning as under Section 46 of the Internal Revenue Code.

6 (6) If during any taxable year ending on or before
7 December 31, 1996, any property ceases to be qualified
8 property in the hands of the taxpayer within 48 months
9 after being placed in service, or the situs of any
10 qualified property is moved outside Illinois within 48
11 months after being placed in service, the tax imposed under
12 subsections (a) and (b) of this Section for such taxable
13 year shall be increased. Such increase shall be determined
14 by (i) recomputing the investment credit which would have
15 been allowed for the year in which credit for such property
16 was originally allowed by eliminating such property from
17 such computation, and (ii) subtracting such recomputed
18 credit from the amount of credit previously allowed. For
19 the purposes of this paragraph (6), a reduction of the
20 basis of qualified property resulting from a
21 redetermination of the purchase price shall be deemed a
22 disposition of qualified property to the extent of such
23 reduction.

24 (7) Beginning with tax years ending after December 31,
25 1996, if a taxpayer qualifies for the credit under this
26 subsection (h) and thereby is granted a tax abatement and

1 the taxpayer relocates its entire facility in violation of
2 the explicit terms and length of the contract under Section
3 18-183 of the Property Tax Code, the tax imposed under
4 subsections (a) and (b) of this Section shall be increased
5 for the taxable year in which the taxpayer relocated its
6 facility by an amount equal to the amount of credit
7 received by the taxpayer under this subsection (h).

8 (i) Credit for Personal Property Tax Replacement Income
9 Tax. For tax years ending prior to December 31, 2003, a credit
10 shall be allowed against the tax imposed by subsections (a) and
11 (b) of this Section for the tax imposed by subsections (c) and
12 (d) of this Section. This credit shall be computed by
13 multiplying the tax imposed by subsections (c) and (d) of this
14 Section by a fraction, the numerator of which is base income
15 allocable to Illinois and the denominator of which is Illinois
16 base income, and further multiplying the product by the tax
17 rate imposed by subsections (a) and (b) of this Section.

18 Any credit earned on or after December 31, 1986 under this
19 subsection which is unused in the year the credit is computed
20 because it exceeds the tax liability imposed by subsections (a)
21 and (b) for that year (whether it exceeds the original
22 liability or the liability as later amended) may be carried
23 forward and applied to the tax liability imposed by subsections
24 (a) and (b) of the 5 taxable years following the excess credit
25 year, provided that no credit may be carried forward to any
26 year ending on or after December 31, 2003. This credit shall be

1 applied first to the earliest year for which there is a
2 liability. If there is a credit under this subsection from more
3 than one tax year that is available to offset a liability the
4 earliest credit arising under this subsection shall be applied
5 first.

6 If, during any taxable year ending on or after December 31,
7 1986, the tax imposed by subsections (c) and (d) of this
8 Section for which a taxpayer has claimed a credit under this
9 subsection (i) is reduced, the amount of credit for such tax
10 shall also be reduced. Such reduction shall be determined by
11 recomputing the credit to take into account the reduced tax
12 imposed by subsections (c) and (d). If any portion of the
13 reduced amount of credit has been carried to a different
14 taxable year, an amended return shall be filed for such taxable
15 year to reduce the amount of credit claimed.

16 (j) Training expense credit. Beginning with tax years
17 ending on or after December 31, 1986 and prior to December 31,
18 2003, a taxpayer shall be allowed a credit against the tax
19 imposed by subsections (a) and (b) under this Section for all
20 amounts paid or accrued, on behalf of all persons employed by
21 the taxpayer in Illinois or Illinois residents employed outside
22 of Illinois by a taxpayer, for educational or vocational
23 training in semi-technical or technical fields or semi-skilled
24 or skilled fields, which were deducted from gross income in the
25 computation of taxable income. The credit against the tax
26 imposed by subsections (a) and (b) shall be 1.6% of such

1 training expenses. For partners, shareholders of subchapter S
2 corporations, and owners of limited liability companies, if the
3 liability company is treated as a partnership for purposes of
4 federal and State income taxation, there shall be allowed a
5 credit under this subsection (j) to be determined in accordance
6 with the determination of income and distributive share of
7 income under Sections 702 and 704 and subchapter S of the
8 Internal Revenue Code.

9 Any credit allowed under this subsection which is unused in
10 the year the credit is earned may be carried forward to each of
11 the 5 taxable years following the year for which the credit is
12 first computed until it is used. This credit shall be applied
13 first to the earliest year for which there is a liability. If
14 there is a credit under this subsection from more than one tax
15 year that is available to offset a liability the earliest
16 credit arising under this subsection shall be applied first. No
17 carryforward credit may be claimed in any tax year ending on or
18 after December 31, 2003.

19 (k) Research and development credit. For tax years ending
20 after July 1, 1990 and prior to December 31, 2003, and
21 beginning again for tax years ending on or after December 31,
22 ~~2004, and ending prior to January 1, 2016,~~ a taxpayer shall be
23 allowed a credit against the tax imposed by subsections (a) and
24 (b) of this Section for increasing research activities in this
25 State. The credit allowed against the tax imposed by
26 subsections (a) and (b) shall be equal to 6 1/2% of the

1 qualifying expenditures for increasing research activities in
2 this State. For partners, shareholders of subchapter S
3 corporations, and owners of limited liability companies, if the
4 liability company is treated as a partnership for purposes of
5 federal and State income taxation, there shall be allowed a
6 credit under this subsection to be determined in accordance
7 with the determination of income and distributive share of
8 income under Sections 702 and 704 and subchapter S of the
9 Internal Revenue Code.

10 For purposes of this subsection, "qualifying expenditures"
11 means the qualifying expenditures as defined for the federal
12 credit for increasing research activities which would be
13 allowable under Section 41 of the Internal Revenue Code and
14 which are conducted in this State, "qualifying expenditures for
15 increasing research activities in this State" means the excess
16 of qualifying expenditures for the taxable year in which
17 incurred over qualifying expenditures for the base period,
18 "qualifying expenditures for the base period" means (i) for tax
19 years ending prior to December 31, 2017, the average of the
20 qualifying expenditures for each year in the base period; and
21 (2) for tax years ending on or after December 31, 2017, 50% of
22 the average of the qualifying expenditures for each year in the
23 base period, and "base period" means the 3 taxable years
24 immediately preceding the taxable year for which the
25 determination is being made.

26 Any credit in excess of the tax liability for the taxable

1 year may be carried forward. A taxpayer may elect to have the
2 unused credit shown on its final completed return carried over
3 as a credit against the tax liability for the following 5
4 taxable years or until it has been fully used, whichever occurs
5 first; provided that no credit earned in a tax year ending
6 prior to December 31, 2003 may be carried forward to any year
7 ending on or after December 31, 2003.

8 If an unused credit is carried forward to a given year from
9 2 or more earlier years, that credit arising in the earliest
10 year will be applied first against the tax liability for the
11 given year. If a tax liability for the given year still
12 remains, the credit from the next earliest year will then be
13 applied, and so on, until all credits have been used or no tax
14 liability for the given year remains. Any remaining unused
15 credit or credits then will be carried forward to the next
16 following year in which a tax liability is incurred, except
17 that no credit can be carried forward to a year which is more
18 than 5 years after the year in which the expense for which the
19 credit is given was incurred.

20 No inference shall be drawn from this amendatory Act of the
21 91st General Assembly in construing this Section for taxable
22 years beginning before January 1, 1999.

23 This subsection (k) is exempt from the provisions of
24 Section 250.

25 It is the intent of the General Assembly that the research
26 and development credit under this subsection (k) shall apply

1 continuously for all tax years ending on or after December 31,
2 2004, including, but not limited to, the period beginning on
3 January 1, 2016 and ending on the effective date of this
4 amendatory Act of the 100th General Assembly. All actions taken
5 in reliance on the continuation of the credit under this
6 subsection (k) by any taxpayer are hereby validated.

7 (l) Environmental Remediation Tax Credit.

8 (i) For tax years ending after December 31, 1997 and on
9 or before December 31, 2001, a taxpayer shall be allowed a
10 credit against the tax imposed by subsections (a) and (b)
11 of this Section for certain amounts paid for unreimbursed
12 eligible remediation costs, as specified in this
13 subsection. For purposes of this Section, "unreimbursed
14 eligible remediation costs" means costs approved by the
15 Illinois Environmental Protection Agency ("Agency") under
16 Section 58.14 of the Environmental Protection Act that were
17 paid in performing environmental remediation at a site for
18 which a No Further Remediation Letter was issued by the
19 Agency and recorded under Section 58.10 of the
20 Environmental Protection Act. The credit must be claimed
21 for the taxable year in which Agency approval of the
22 eligible remediation costs is granted. The credit is not
23 available to any taxpayer if the taxpayer or any related
24 party caused or contributed to, in any material respect, a
25 release of regulated substances on, in, or under the site
26 that was identified and addressed by the remedial action

1 pursuant to the Site Remediation Program of the
2 Environmental Protection Act. After the Pollution Control
3 Board rules are adopted pursuant to the Illinois
4 Administrative Procedure Act for the administration and
5 enforcement of Section 58.9 of the Environmental
6 Protection Act, determinations as to credit availability
7 for purposes of this Section shall be made consistent with
8 those rules. For purposes of this Section, "taxpayer"
9 includes a person whose tax attributes the taxpayer has
10 succeeded to under Section 381 of the Internal Revenue Code
11 and "related party" includes the persons disallowed a
12 deduction for losses by paragraphs (b), (c), and (f) (1) of
13 Section 267 of the Internal Revenue Code by virtue of being
14 a related taxpayer, as well as any of its partners. The
15 credit allowed against the tax imposed by subsections (a)
16 and (b) shall be equal to 25% of the unreimbursed eligible
17 remediation costs in excess of \$100,000 per site, except
18 that the \$100,000 threshold shall not apply to any site
19 contained in an enterprise zone as determined by the
20 Department of Commerce and Community Affairs (now
21 Department of Commerce and Economic Opportunity). The
22 total credit allowed shall not exceed \$40,000 per year with
23 a maximum total of \$150,000 per site. For partners and
24 shareholders of subchapter S corporations, there shall be
25 allowed a credit under this subsection to be determined in
26 accordance with the determination of income and

1 distributive share of income under Sections 702 and 704 and
2 subchapter S of the Internal Revenue Code.

3 (ii) A credit allowed under this subsection that is
4 unused in the year the credit is earned may be carried
5 forward to each of the 5 taxable years following the year
6 for which the credit is first earned until it is used. The
7 term "unused credit" does not include any amounts of
8 unreimbursed eligible remediation costs in excess of the
9 maximum credit per site authorized under paragraph (i).
10 This credit shall be applied first to the earliest year for
11 which there is a liability. If there is a credit under this
12 subsection from more than one tax year that is available to
13 offset a liability, the earliest credit arising under this
14 subsection shall be applied first. A credit allowed under
15 this subsection may be sold to a buyer as part of a sale of
16 all or part of the remediation site for which the credit
17 was granted. The purchaser of a remediation site and the
18 tax credit shall succeed to the unused credit and remaining
19 carry-forward period of the seller. To perfect the
20 transfer, the assignor shall record the transfer in the
21 chain of title for the site and provide written notice to
22 the Director of the Illinois Department of Revenue of the
23 assignor's intent to sell the remediation site and the
24 amount of the tax credit to be transferred as a portion of
25 the sale. In no event may a credit be transferred to any
26 taxpayer if the taxpayer or a related party would not be

1 eligible under the provisions of subsection (i).

2 (iii) For purposes of this Section, the term "site"
3 shall have the same meaning as under Section 58.2 of the
4 Environmental Protection Act.

5 (m) Education expense credit. Beginning with tax years
6 ending after December 31, 1999, a taxpayer who is the custodian
7 of one or more qualifying pupils shall be allowed a credit
8 against the tax imposed by subsections (a) and (b) of this
9 Section for qualified education expenses incurred on behalf of
10 the qualifying pupils. The credit shall be equal to 25% of
11 qualified education expenses, but in no event may the total
12 credit under this subsection claimed by a family that is the
13 custodian of qualifying pupils exceed (i) \$500 for tax years
14 ending prior to December 31, 2017, and (ii) \$750 for tax years
15 ending on or after December 31, 2017. In no event shall a
16 credit under this subsection reduce the taxpayer's liability
17 under this Act to less than zero. Notwithstanding any other
18 provision of law, for taxable years beginning on or after
19 January 1, 2018, no taxpayer may claim a credit under this
20 subsection (m) if the taxpayer's adjusted gross income for the
21 taxable year exceeds (i) \$500,000, in the case of spouses
22 filing a joint federal tax return or (ii) \$250,000, in the case
23 of all other taxpayers. This subsection is exempt from the
24 provisions of Section 250 of this Act.

25 For purposes of this subsection:

26 "Qualifying pupils" means individuals who (i) are

1 residents of the State of Illinois, (ii) are under the age of
2 21 at the close of the school year for which a credit is
3 sought, and (iii) during the school year for which a credit is
4 sought were full-time pupils enrolled in a kindergarten through
5 twelfth grade education program at any school, as defined in
6 this subsection.

7 "Qualified education expense" means the amount incurred on
8 behalf of a qualifying pupil in excess of \$250 for tuition,
9 book fees, and lab fees at the school in which the pupil is
10 enrolled during the regular school year.

11 "School" means any public or nonpublic elementary or
12 secondary school in Illinois that is in compliance with Title
13 VI of the Civil Rights Act of 1964 and attendance at which
14 satisfies the requirements of Section 26-1 of the School Code,
15 except that nothing shall be construed to require a child to
16 attend any particular public or nonpublic school to qualify for
17 the credit under this Section.

18 "Custodian" means, with respect to qualifying pupils, an
19 Illinois resident who is a parent, the parents, a legal
20 guardian, or the legal guardians of the qualifying pupils.

21 (n) River Edge Redevelopment Zone site remediation tax
22 credit.

23 (i) For tax years ending on or after December 31, 2006,
24 a taxpayer shall be allowed a credit against the tax
25 imposed by subsections (a) and (b) of this Section for
26 certain amounts paid for unreimbursed eligible remediation

1 costs, as specified in this subsection. For purposes of
2 this Section, "unreimbursed eligible remediation costs"
3 means costs approved by the Illinois Environmental
4 Protection Agency ("Agency") under Section 58.14a of the
5 Environmental Protection Act that were paid in performing
6 environmental remediation at a site within a River Edge
7 Redevelopment Zone for which a No Further Remediation
8 Letter was issued by the Agency and recorded under Section
9 58.10 of the Environmental Protection Act. The credit must
10 be claimed for the taxable year in which Agency approval of
11 the eligible remediation costs is granted. The credit is
12 not available to any taxpayer if the taxpayer or any
13 related party caused or contributed to, in any material
14 respect, a release of regulated substances on, in, or under
15 the site that was identified and addressed by the remedial
16 action pursuant to the Site Remediation Program of the
17 Environmental Protection Act. Determinations as to credit
18 availability for purposes of this Section shall be made
19 consistent with rules adopted by the Pollution Control
20 Board pursuant to the Illinois Administrative Procedure
21 Act for the administration and enforcement of Section 58.9
22 of the Environmental Protection Act. For purposes of this
23 Section, "taxpayer" includes a person whose tax attributes
24 the taxpayer has succeeded to under Section 381 of the
25 Internal Revenue Code and "related party" includes the
26 persons disallowed a deduction for losses by paragraphs

1 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
2 Code by virtue of being a related taxpayer, as well as any
3 of its partners. The credit allowed against the tax imposed
4 by subsections (a) and (b) shall be equal to 25% of the
5 unreimbursed eligible remediation costs in excess of
6 \$100,000 per site.

7 (ii) A credit allowed under this subsection that is
8 unused in the year the credit is earned may be carried
9 forward to each of the 5 taxable years following the year
10 for which the credit is first earned until it is used. This
11 credit shall be applied first to the earliest year for
12 which there is a liability. If there is a credit under this
13 subsection from more than one tax year that is available to
14 offset a liability, the earliest credit arising under this
15 subsection shall be applied first. A credit allowed under
16 this subsection may be sold to a buyer as part of a sale of
17 all or part of the remediation site for which the credit
18 was granted. The purchaser of a remediation site and the
19 tax credit shall succeed to the unused credit and remaining
20 carry-forward period of the seller. To perfect the
21 transfer, the assignor shall record the transfer in the
22 chain of title for the site and provide written notice to
23 the Director of the Illinois Department of Revenue of the
24 assignor's intent to sell the remediation site and the
25 amount of the tax credit to be transferred as a portion of
26 the sale. In no event may a credit be transferred to any

1 taxpayer if the taxpayer or a related party would not be
2 eligible under the provisions of subsection (i).

3 (iii) For purposes of this Section, the term "site"
4 shall have the same meaning as under Section 58.2 of the
5 Environmental Protection Act.

6 (o) For each of taxable years during the Compassionate Use
7 of Medical Cannabis Pilot Program, a surcharge is imposed on
8 all taxpayers on income arising from the sale or exchange of
9 capital assets, depreciable business property, real property
10 used in the trade or business, and Section 197 intangibles of
11 an organization registrant under the Compassionate Use of
12 Medical Cannabis Pilot Program Act. The amount of the surcharge
13 is equal to the amount of federal income tax liability for the
14 taxable year attributable to those sales and exchanges. The
15 surcharge imposed does not apply if:

16 (1) the medical cannabis cultivation center
17 registration, medical cannabis dispensary registration, or
18 the property of a registration is transferred as a result
19 of any of the following:

20 (A) bankruptcy, a receivership, or a debt
21 adjustment initiated by or against the initial
22 registration or the substantial owners of the initial
23 registration;

24 (B) cancellation, revocation, or termination of
25 any registration by the Illinois Department of Public
26 Health;

1 (C) a determination by the Illinois Department of
2 Public Health that transfer of the registration is in
3 the best interests of Illinois qualifying patients as
4 defined by the Compassionate Use of Medical Cannabis
5 Pilot Program Act;

6 (D) the death of an owner of the equity interest in
7 a registrant;

8 (E) the acquisition of a controlling interest in
9 the stock or substantially all of the assets of a
10 publicly traded company;

11 (F) a transfer by a parent company to a wholly
12 owned subsidiary; or

13 (G) the transfer or sale to or by one person to
14 another person where both persons were initial owners
15 of the registration when the registration was issued;
16 or

17 (2) the cannabis cultivation center registration,
18 medical cannabis dispensary registration, or the
19 controlling interest in a registrant's property is
20 transferred in a transaction to lineal descendants in which
21 no gain or loss is recognized or as a result of a
22 transaction in accordance with Section 351 of the Internal
23 Revenue Code in which no gain or loss is recognized.

24 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,
25 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,
26 eff. 7-16-14.)

1 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

2 Sec. 203. Base income defined.

3 (a) Individuals.

4 (1) In general. In the case of an individual, base
5 income means an amount equal to the taxpayer's adjusted
6 gross income for the taxable year as modified by paragraph
7 (2).

8 (2) Modifications. The adjusted gross income referred
9 to in paragraph (1) shall be modified by adding thereto the
10 sum of the following amounts:

11 (A) An amount equal to all amounts paid or accrued
12 to the taxpayer as interest or dividends during the
13 taxable year to the extent excluded from gross income
14 in the computation of adjusted gross income, except
15 stock dividends of qualified public utilities
16 described in Section 305(e) of the Internal Revenue
17 Code;

18 (B) An amount equal to the amount of tax imposed by
19 this Act to the extent deducted from gross income in
20 the computation of adjusted gross income for the
21 taxable year;

22 (C) An amount equal to the amount received during
23 the taxable year as a recovery or refund of real
24 property taxes paid with respect to the taxpayer's
25 principal residence under the Revenue Act of 1939 and

1 for which a deduction was previously taken under
2 subparagraph (L) of this paragraph (2) prior to July 1,
3 1991, the retrospective application date of Article 4
4 of Public Act 87-17. In the case of multi-unit or
5 multi-use structures and farm dwellings, the taxes on
6 the taxpayer's principal residence shall be that
7 portion of the total taxes for the entire property
8 which is attributable to such principal residence;

9 (D) An amount equal to the amount of the capital
10 gain deduction allowable under the Internal Revenue
11 Code, to the extent deducted from gross income in the
12 computation of adjusted gross income;

13 (D-5) An amount, to the extent not included in
14 adjusted gross income, equal to the amount of money
15 withdrawn by the taxpayer in the taxable year from a
16 medical care savings account and the interest earned on
17 the account in the taxable year of a withdrawal
18 pursuant to subsection (b) of Section 20 of the Medical
19 Care Savings Account Act or subsection (b) of Section
20 20 of the Medical Care Savings Account Act of 2000;

21 (D-10) For taxable years ending after December 31,
22 1997, an amount equal to any eligible remediation costs
23 that the individual deducted in computing adjusted
24 gross income and for which the individual claims a
25 credit under subsection (1) of Section 201;

26 (D-15) For taxable years 2001 and thereafter, an

1 amount equal to the bonus depreciation deduction taken
2 on the taxpayer's federal income tax return for the
3 taxable year under subsection (k) of Section 168 of the
4 Internal Revenue Code;

5 (D-16) If the taxpayer sells, transfers, abandons,
6 or otherwise disposes of property for which the
7 taxpayer was required in any taxable year to make an
8 addition modification under subparagraph (D-15), then
9 an amount equal to the aggregate amount of the
10 deductions taken in all taxable years under
11 subparagraph (Z) with respect to that property.

12 If the taxpayer continues to own property through
13 the last day of the last tax year for which the
14 taxpayer may claim a depreciation deduction for
15 federal income tax purposes and for which the taxpayer
16 was allowed in any taxable year to make a subtraction
17 modification under subparagraph (Z), then an amount
18 equal to that subtraction modification.

19 The taxpayer is required to make the addition
20 modification under this subparagraph only once with
21 respect to any one piece of property;

22 (D-17) An amount equal to the amount otherwise
23 allowed as a deduction in computing base income for
24 interest paid, accrued, or incurred, directly or
25 indirectly, (i) for taxable years ending on or after
26 December 31, 2004, to a foreign person who would be a

1 member of the same unitary business group but for the
2 fact that foreign person's business activity outside
3 the United States is 80% or more of the foreign
4 person's total business activity and (ii) for taxable
5 years ending on or after December 31, 2008, to a person
6 who would be a member of the same unitary business
7 group but for the fact that the person is prohibited
8 under Section 1501(a)(27) from being included in the
9 unitary business group because he or she is ordinarily
10 required to apportion business income under different
11 subsections of Section 304. The addition modification
12 required by this subparagraph shall be reduced to the
13 extent that dividends were included in base income of
14 the unitary group for the same taxable year and
15 received by the taxpayer or by a member of the
16 taxpayer's unitary business group (including amounts
17 included in gross income under Sections 951 through 964
18 of the Internal Revenue Code and amounts included in
19 gross income under Section 78 of the Internal Revenue
20 Code) with respect to the stock of the same person to
21 whom the interest was paid, accrued, or incurred.

22 This paragraph shall not apply to the following:

23 (i) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person who
25 is subject in a foreign country or state, other
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income
2 with respect to such interest; or

3 (ii) an item of interest paid, accrued, or
4 incurred, directly or indirectly, to a person if
5 the taxpayer can establish, based on a
6 preponderance of the evidence, both of the
7 following:

8 (a) the person, during the same taxable
9 year, paid, accrued, or incurred, the interest
10 to a person that is not a related member, and

11 (b) the transaction giving rise to the
12 interest expense between the taxpayer and the
13 person did not have as a principal purpose the
14 avoidance of Illinois income tax, and is paid
15 pursuant to a contract or agreement that
16 reflects an arm's-length interest rate and
17 terms; or

18 (iii) the taxpayer can establish, based on
19 clear and convincing evidence, that the interest
20 paid, accrued, or incurred relates to a contract or
21 agreement entered into at arm's-length rates and
22 terms and the principal purpose for the payment is
23 not federal or Illinois tax avoidance; or

24 (iv) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer establishes by clear and convincing

1 evidence that the adjustments are unreasonable; or
2 if the taxpayer and the Director agree in writing
3 to the application or use of an alternative method
4 of apportionment under Section 304(f).

5 Nothing in this subsection shall preclude the
6 Director from making any other adjustment
7 otherwise allowed under Section 404 of this Act for
8 any tax year beginning after the effective date of
9 this amendment provided such adjustment is made
10 pursuant to regulation adopted by the Department
11 and such regulations provide methods and standards
12 by which the Department will utilize its authority
13 under Section 404 of this Act;

14 (D-18) An amount equal to the amount of intangible
15 expenses and costs otherwise allowed as a deduction in
16 computing base income, and that were paid, accrued, or
17 incurred, directly or indirectly, (i) for taxable
18 years ending on or after December 31, 2004, to a
19 foreign person who would be a member of the same
20 unitary business group but for the fact that the
21 foreign person's business activity outside the United
22 States is 80% or more of that person's total business
23 activity and (ii) for taxable years ending on or after
24 December 31, 2008, to a person who would be a member of
25 the same unitary business group but for the fact that
26 the person is prohibited under Section 1501(a)(27)

1 from being included in the unitary business group
2 because he or she is ordinarily required to apportion
3 business income under different subsections of Section
4 304. The addition modification required by this
5 subparagraph shall be reduced to the extent that
6 dividends were included in base income of the unitary
7 group for the same taxable year and received by the
8 taxpayer or by a member of the taxpayer's unitary
9 business group (including amounts included in gross
10 income under Sections 951 through 964 of the Internal
11 Revenue Code and amounts included in gross income under
12 Section 78 of the Internal Revenue Code) with respect
13 to the stock of the same person to whom the intangible
14 expenses and costs were directly or indirectly paid,
15 incurred, or accrued. The preceding sentence does not
16 apply to the extent that the same dividends caused a
17 reduction to the addition modification required under
18 Section 203(a)(2)(D-17) of this Act. As used in this
19 subparagraph, the term "intangible expenses and costs"
20 includes (1) expenses, losses, and costs for, or
21 related to, the direct or indirect acquisition, use,
22 maintenance or management, ownership, sale, exchange,
23 or any other disposition of intangible property; (2)
24 losses incurred, directly or indirectly, from
25 factoring transactions or discounting transactions;
26 (3) royalty, patent, technical, and copyright fees;

1 (4) licensing fees; and (5) other similar expenses and
2 costs. For purposes of this subparagraph, "intangible
3 property" includes patents, patent applications, trade
4 names, trademarks, service marks, copyrights, mask
5 works, trade secrets, and similar types of intangible
6 assets.

7 This paragraph shall not apply to the following:

8 (i) any item of intangible expenses or costs
9 paid, accrued, or incurred, directly or
10 indirectly, from a transaction with a person who is
11 subject in a foreign country or state, other than a
12 state which requires mandatory unitary reporting,
13 to a tax on or measured by net income with respect
14 to such item; or

15 (ii) any item of intangible expense or cost
16 paid, accrued, or incurred, directly or
17 indirectly, if the taxpayer can establish, based
18 on a preponderance of the evidence, both of the
19 following:

20 (a) the person during the same taxable
21 year paid, accrued, or incurred, the
22 intangible expense or cost to a person that is
23 not a related member, and

24 (b) the transaction giving rise to the
25 intangible expense or cost between the
26 taxpayer and the person did not have as a

1 principal purpose the avoidance of Illinois
2 income tax, and is paid pursuant to a contract
3 or agreement that reflects arm's-length terms;
4 or

5 (iii) any item of intangible expense or cost
6 paid, accrued, or incurred, directly or
7 indirectly, from a transaction with a person if the
8 taxpayer establishes by clear and convincing
9 evidence, that the adjustments are unreasonable;
10 or if the taxpayer and the Director agree in
11 writing to the application or use of an alternative
12 method of apportionment under Section 304(f);

13 Nothing in this subsection shall preclude the
14 Director from making any other adjustment
15 otherwise allowed under Section 404 of this Act for
16 any tax year beginning after the effective date of
17 this amendment provided such adjustment is made
18 pursuant to regulation adopted by the Department
19 and such regulations provide methods and standards
20 by which the Department will utilize its authority
21 under Section 404 of this Act;

22 (D-19) For taxable years ending on or after
23 December 31, 2008, an amount equal to the amount of
24 insurance premium expenses and costs otherwise allowed
25 as a deduction in computing base income, and that were
26 paid, accrued, or incurred, directly or indirectly, to

1 a person who would be a member of the same unitary
2 business group but for the fact that the person is
3 prohibited under Section 1501(a)(27) from being
4 included in the unitary business group because he or
5 she is ordinarily required to apportion business
6 income under different subsections of Section 304. The
7 addition modification required by this subparagraph
8 shall be reduced to the extent that dividends were
9 included in base income of the unitary group for the
10 same taxable year and received by the taxpayer or by a
11 member of the taxpayer's unitary business group
12 (including amounts included in gross income under
13 Sections 951 through 964 of the Internal Revenue Code
14 and amounts included in gross income under Section 78
15 of the Internal Revenue Code) with respect to the stock
16 of the same person to whom the premiums and costs were
17 directly or indirectly paid, incurred, or accrued. The
18 preceding sentence does not apply to the extent that
19 the same dividends caused a reduction to the addition
20 modification required under Section 203(a)(2)(D-17) or
21 Section 203(a)(2)(D-18) of this Act.

22 (D-20) For taxable years beginning on or after
23 January 1, 2002 and ending on or before December 31,
24 2006, in the case of a distribution from a qualified
25 tuition program under Section 529 of the Internal
26 Revenue Code, other than (i) a distribution from a

1 College Savings Pool created under Section 16.5 of the
2 State Treasurer Act or (ii) a distribution from the
3 Illinois Prepaid Tuition Trust Fund, an amount equal to
4 the amount excluded from gross income under Section
5 529(c)(3)(B). For taxable years beginning on or after
6 January 1, 2007, in the case of a distribution from a
7 qualified tuition program under Section 529 of the
8 Internal Revenue Code, other than (i) a distribution
9 from a College Savings Pool created under Section 16.5
10 of the State Treasurer Act, (ii) a distribution from
11 the Illinois Prepaid Tuition Trust Fund, or (iii) a
12 distribution from a qualified tuition program under
13 Section 529 of the Internal Revenue Code that (I)
14 adopts and determines that its offering materials
15 comply with the College Savings Plans Network's
16 disclosure principles and (II) has made reasonable
17 efforts to inform in-state residents of the existence
18 of in-state qualified tuition programs by informing
19 Illinois residents directly and, where applicable, to
20 inform financial intermediaries distributing the
21 program to inform in-state residents of the existence
22 of in-state qualified tuition programs at least
23 annually, an amount equal to the amount excluded from
24 gross income under Section 529(c)(3)(B).

25 For the purposes of this subparagraph (D-20), a
26 qualified tuition program has made reasonable efforts

1 if it makes disclosures (which may use the term
2 "in-state program" or "in-state plan" and need not
3 specifically refer to Illinois or its qualified
4 programs by name) (i) directly to prospective
5 participants in its offering materials or makes a
6 public disclosure, such as a website posting; and (ii)
7 where applicable, to intermediaries selling the
8 out-of-state program in the same manner that the
9 out-of-state program distributes its offering
10 materials;

11 (D-21) For taxable years beginning on or after
12 January 1, 2007, in the case of transfer of moneys from
13 a qualified tuition program under Section 529 of the
14 Internal Revenue Code that is administered by the State
15 to an out-of-state program, an amount equal to the
16 amount of moneys previously deducted from base income
17 under subsection (a) (2) (Y) of this Section;

18 (D-22) For taxable years beginning on or after
19 January 1, 2009, in the case of a nonqualified
20 withdrawal or refund of moneys from a qualified tuition
21 program under Section 529 of the Internal Revenue Code
22 administered by the State that is not used for
23 qualified expenses at an eligible education
24 institution, an amount equal to the contribution
25 component of the nonqualified withdrawal or refund
26 that was previously deducted from base income under

1 subsection (a)(2)(y) of this Section, provided that
2 the withdrawal or refund did not result from the
3 beneficiary's death or disability;

4 (D-23) An amount equal to the credit allowable to
5 the taxpayer under Section 218(a) of this Act,
6 determined without regard to Section 218(c) of this
7 Act;

8 (D-24) For taxable years beginning on or after
9 January 1, 2017, an amount equal to the deduction
10 allowed under Section 199 of the Internal Revenue Code
11 for the taxable year;

12 and by deducting from the total so obtained the sum of the
13 following amounts:

14 (E) For taxable years ending before December 31,
15 2001, any amount included in such total in respect of
16 any compensation (including but not limited to any
17 compensation paid or accrued to a serviceman while a
18 prisoner of war or missing in action) paid to a
19 resident by reason of being on active duty in the Armed
20 Forces of the United States and in respect of any
21 compensation paid or accrued to a resident who as a
22 governmental employee was a prisoner of war or missing
23 in action, and in respect of any compensation paid to a
24 resident in 1971 or thereafter for annual training
25 performed pursuant to Sections 502 and 503, Title 32,
26 United States Code as a member of the Illinois National

1 Guard or, beginning with taxable years ending on or
2 after December 31, 2007, the National Guard of any
3 other state. For taxable years ending on or after
4 December 31, 2001, any amount included in such total in
5 respect of any compensation (including but not limited
6 to any compensation paid or accrued to a serviceman
7 while a prisoner of war or missing in action) paid to a
8 resident by reason of being a member of any component
9 of the Armed Forces of the United States and in respect
10 of any compensation paid or accrued to a resident who
11 as a governmental employee was a prisoner of war or
12 missing in action, and in respect of any compensation
13 paid to a resident in 2001 or thereafter by reason of
14 being a member of the Illinois National Guard or,
15 beginning with taxable years ending on or after
16 December 31, 2007, the National Guard of any other
17 state. The provisions of this subparagraph (E) are
18 exempt from the provisions of Section 250;

19 (F) An amount equal to all amounts included in such
20 total pursuant to the provisions of Sections 402(a),
21 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
22 Internal Revenue Code, or included in such total as
23 distributions under the provisions of any retirement
24 or disability plan for employees of any governmental
25 agency or unit, or retirement payments to retired
26 partners, which payments are excluded in computing net

1 earnings from self employment by Section 1402 of the
2 Internal Revenue Code and regulations adopted pursuant
3 thereto;

4 (G) The valuation limitation amount;

5 (H) An amount equal to the amount of any tax
6 imposed by this Act which was refunded to the taxpayer
7 and included in such total for the taxable year;

8 (I) An amount equal to all amounts included in such
9 total pursuant to the provisions of Section 111 of the
10 Internal Revenue Code as a recovery of items previously
11 deducted from adjusted gross income in the computation
12 of taxable income;

13 (J) An amount equal to those dividends included in
14 such total which were paid by a corporation which
15 conducts business operations in a River Edge
16 Redevelopment Zone or zones created under the River
17 Edge Redevelopment Zone Act, and conducts
18 substantially all of its operations in a River Edge
19 Redevelopment Zone or zones. This subparagraph (J) is
20 exempt from the provisions of Section 250;

21 (K) An amount equal to those dividends included in
22 such total that were paid by a corporation that
23 conducts business operations in a federally designated
24 Foreign Trade Zone or Sub-Zone and that is designated a
25 High Impact Business located in Illinois; provided
26 that dividends eligible for the deduction provided in

1 subparagraph (J) of paragraph (2) of this subsection
2 shall not be eligible for the deduction provided under
3 this subparagraph (K);

4 (L) For taxable years ending after December 31,
5 1983, an amount equal to all social security benefits
6 and railroad retirement benefits included in such
7 total pursuant to Sections 72(r) and 86 of the Internal
8 Revenue Code;

9 (M) With the exception of any amounts subtracted
10 under subparagraph (N), an amount equal to the sum of
11 all amounts disallowed as deductions by (i) Sections
12 171(a) (2), and 265(2) of the Internal Revenue Code,
13 and all amounts of expenses allocable to interest and
14 disallowed as deductions by Section 265(1) of the
15 Internal Revenue Code; and (ii) for taxable years
16 ending on or after August 13, 1999, Sections 171(a) (2),
17 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
18 Code, plus, for taxable years ending on or after
19 December 31, 2011, Section 45G(e) (3) of the Internal
20 Revenue Code and, for taxable years ending on or after
21 December 31, 2008, any amount included in gross income
22 under Section 87 of the Internal Revenue Code; the
23 provisions of this subparagraph are exempt from the
24 provisions of Section 250;

25 (N) An amount equal to all amounts included in such
26 total which are exempt from taxation by this State

1 either by reason of its statutes or Constitution or by
2 reason of the Constitution, treaties or statutes of the
3 United States; provided that, in the case of any
4 statute of this State that exempts income derived from
5 bonds or other obligations from the tax imposed under
6 this Act, the amount exempted shall be the interest net
7 of bond premium amortization;

8 (O) An amount equal to any contribution made to a
9 job training project established pursuant to the Tax
10 Increment Allocation Redevelopment Act;

11 (P) An amount equal to the amount of the deduction
12 used to compute the federal income tax credit for
13 restoration of substantial amounts held under claim of
14 right for the taxable year pursuant to Section 1341 of
15 the Internal Revenue Code or of any itemized deduction
16 taken from adjusted gross income in the computation of
17 taxable income for restoration of substantial amounts
18 held under claim of right for the taxable year;

19 (Q) An amount equal to any amounts included in such
20 total, received by the taxpayer as an acceleration in
21 the payment of life, endowment or annuity benefits in
22 advance of the time they would otherwise be payable as
23 an indemnity for a terminal illness;

24 (R) An amount equal to the amount of any federal or
25 State bonus paid to veterans of the Persian Gulf War;

26 (S) An amount, to the extent included in adjusted

1 gross income, equal to the amount of a contribution
2 made in the taxable year on behalf of the taxpayer to a
3 medical care savings account established under the
4 Medical Care Savings Account Act or the Medical Care
5 Savings Account Act of 2000 to the extent the
6 contribution is accepted by the account administrator
7 as provided in that Act;

8 (T) An amount, to the extent included in adjusted
9 gross income, equal to the amount of interest earned in
10 the taxable year on a medical care savings account
11 established under the Medical Care Savings Account Act
12 or the Medical Care Savings Account Act of 2000 on
13 behalf of the taxpayer, other than interest added
14 pursuant to item (D-5) of this paragraph (2);

15 (U) For one taxable year beginning on or after
16 January 1, 1994, an amount equal to the total amount of
17 tax imposed and paid under subsections (a) and (b) of
18 Section 201 of this Act on grant amounts received by
19 the taxpayer under the Nursing Home Grant Assistance
20 Act during the taxpayer's taxable years 1992 and 1993;

21 (V) Beginning with tax years ending on or after
22 December 31, 1995 and ending with tax years ending on
23 or before December 31, 2004, an amount equal to the
24 amount paid by a taxpayer who is a self-employed
25 taxpayer, a partner of a partnership, or a shareholder
26 in a Subchapter S corporation for health insurance or

1 long-term care insurance for that taxpayer or that
2 taxpayer's spouse or dependents, to the extent that the
3 amount paid for that health insurance or long-term care
4 insurance may be deducted under Section 213 of the
5 Internal Revenue Code, has not been deducted on the
6 federal income tax return of the taxpayer, and does not
7 exceed the taxable income attributable to that
8 taxpayer's income, self-employment income, or
9 Subchapter S corporation income; except that no
10 deduction shall be allowed under this item (V) if the
11 taxpayer is eligible to participate in any health
12 insurance or long-term care insurance plan of an
13 employer of the taxpayer or the taxpayer's spouse. The
14 amount of the health insurance and long-term care
15 insurance subtracted under this item (V) shall be
16 determined by multiplying total health insurance and
17 long-term care insurance premiums paid by the taxpayer
18 times a number that represents the fractional
19 percentage of eligible medical expenses under Section
20 213 of the Internal Revenue Code of 1986 not actually
21 deducted on the taxpayer's federal income tax return;

22 (W) For taxable years beginning on or after January
23 1, 1998, all amounts included in the taxpayer's federal
24 gross income in the taxable year from amounts converted
25 from a regular IRA to a Roth IRA. This paragraph is
26 exempt from the provisions of Section 250;

1 (X) For taxable year 1999 and thereafter, an amount
2 equal to the amount of any (i) distributions, to the
3 extent includible in gross income for federal income
4 tax purposes, made to the taxpayer because of his or
5 her status as a victim of persecution for racial or
6 religious reasons by Nazi Germany or any other Axis
7 regime or as an heir of the victim and (ii) items of
8 income, to the extent includible in gross income for
9 federal income tax purposes, attributable to, derived
10 from or in any way related to assets stolen from,
11 hidden from, or otherwise lost to a victim of
12 persecution for racial or religious reasons by Nazi
13 Germany or any other Axis regime immediately prior to,
14 during, and immediately after World War II, including,
15 but not limited to, interest on the proceeds receivable
16 as insurance under policies issued to a victim of
17 persecution for racial or religious reasons by Nazi
18 Germany or any other Axis regime by European insurance
19 companies immediately prior to and during World War II;
20 provided, however, this subtraction from federal
21 adjusted gross income does not apply to assets acquired
22 with such assets or with the proceeds from the sale of
23 such assets; provided, further, this paragraph shall
24 only apply to a taxpayer who was the first recipient of
25 such assets after their recovery and who is a victim of
26 persecution for racial or religious reasons by Nazi

1 Germany or any other Axis regime or as an heir of the
2 victim. The amount of and the eligibility for any
3 public assistance, benefit, or similar entitlement is
4 not affected by the inclusion of items (i) and (ii) of
5 this paragraph in gross income for federal income tax
6 purposes. This paragraph is exempt from the provisions
7 of Section 250;

8 (Y) For taxable years beginning on or after January
9 1, 2002 and ending on or before December 31, 2004,
10 moneys contributed in the taxable year to a College
11 Savings Pool account under Section 16.5 of the State
12 Treasurer Act, except that amounts excluded from gross
13 income under Section 529(c)(3)(C)(i) of the Internal
14 Revenue Code shall not be considered moneys
15 contributed under this subparagraph (Y). For taxable
16 years beginning on or after January 1, 2005, a maximum
17 of \$10,000 contributed in the taxable year to (i) a
18 College Savings Pool account under Section 16.5 of the
19 State Treasurer Act or (ii) the Illinois Prepaid
20 Tuition Trust Fund, except that amounts excluded from
21 gross income under Section 529(c)(3)(C)(i) of the
22 Internal Revenue Code shall not be considered moneys
23 contributed under this subparagraph (Y). For purposes
24 of this subparagraph, contributions made by an
25 employer on behalf of an employee, or matching
26 contributions made by an employee, shall be treated as

1 made by the employee. This subparagraph (Y) is exempt
2 from the provisions of Section 250;

3 (Z) For taxable years 2001 and thereafter, for the
4 taxable year in which the bonus depreciation deduction
5 is taken on the taxpayer's federal income tax return
6 under subsection (k) of Section 168 of the Internal
7 Revenue Code and for each applicable taxable year
8 thereafter, an amount equal to "x", where:

9 (1) "y" equals the amount of the depreciation
10 deduction taken for the taxable year on the
11 taxpayer's federal income tax return on property
12 for which the bonus depreciation deduction was
13 taken in any year under subsection (k) of Section
14 168 of the Internal Revenue Code, but not including
15 the bonus depreciation deduction;

16 (2) for taxable years ending on or before
17 December 31, 2005, "x" equals "y" multiplied by 30
18 and then divided by 70 (or "y" multiplied by
19 0.429); and

20 (3) for taxable years ending after December
21 31, 2005:

22 (i) for property on which a bonus
23 depreciation deduction of 30% of the adjusted
24 basis was taken, "x" equals "y" multiplied by
25 30 and then divided by 70 (or "y" multiplied by
26 0.429); and

1 (ii) for property on which a bonus
2 depreciation deduction of 50% of the adjusted
3 basis was taken, "x" equals "y" multiplied by
4 1.0.

5 The aggregate amount deducted under this
6 subparagraph in all taxable years for any one piece of
7 property may not exceed the amount of the bonus
8 depreciation deduction taken on that property on the
9 taxpayer's federal income tax return under subsection
10 (k) of Section 168 of the Internal Revenue Code. This
11 subparagraph (Z) is exempt from the provisions of
12 Section 250;

13 (AA) If the taxpayer sells, transfers, abandons,
14 or otherwise disposes of property for which the
15 taxpayer was required in any taxable year to make an
16 addition modification under subparagraph (D-15), then
17 an amount equal to that addition modification.

18 If the taxpayer continues to own property through
19 the last day of the last tax year for which the
20 taxpayer may claim a depreciation deduction for
21 federal income tax purposes and for which the taxpayer
22 was required in any taxable year to make an addition
23 modification under subparagraph (D-15), then an amount
24 equal to that addition modification.

25 The taxpayer is allowed to take the deduction under
26 this subparagraph only once with respect to any one

1 piece of property.

2 This subparagraph (AA) is exempt from the
3 provisions of Section 250;

4 (BB) Any amount included in adjusted gross income,
5 other than salary, received by a driver in a
6 ridesharing arrangement using a motor vehicle;

7 (CC) The amount of (i) any interest income (net of
8 the deductions allocable thereto) taken into account
9 for the taxable year with respect to a transaction with
10 a taxpayer that is required to make an addition
11 modification with respect to such transaction under
12 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
13 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
14 the amount of that addition modification, and (ii) any
15 income from intangible property (net of the deductions
16 allocable thereto) taken into account for the taxable
17 year with respect to a transaction with a taxpayer that
18 is required to make an addition modification with
19 respect to such transaction under Section
20 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
21 203(d)(2)(D-8), but not to exceed the amount of that
22 addition modification. This subparagraph (CC) is
23 exempt from the provisions of Section 250;

24 (DD) An amount equal to the interest income taken
25 into account for the taxable year (net of the
26 deductions allocable thereto) with respect to

1 transactions with (i) a foreign person who would be a
2 member of the taxpayer's unitary business group but for
3 the fact that the foreign person's business activity
4 outside the United States is 80% or more of that
5 person's total business activity and (ii) for taxable
6 years ending on or after December 31, 2008, to a person
7 who would be a member of the same unitary business
8 group but for the fact that the person is prohibited
9 under Section 1501(a)(27) from being included in the
10 unitary business group because he or she is ordinarily
11 required to apportion business income under different
12 subsections of Section 304, but not to exceed the
13 addition modification required to be made for the same
14 taxable year under Section 203(a)(2)(D-17) for
15 interest paid, accrued, or incurred, directly or
16 indirectly, to the same person. This subparagraph (DD)
17 is exempt from the provisions of Section 250;

18 (EE) An amount equal to the income from intangible
19 property taken into account for the taxable year (net
20 of the deductions allocable thereto) with respect to
21 transactions with (i) a foreign person who would be a
22 member of the taxpayer's unitary business group but for
23 the fact that the foreign person's business activity
24 outside the United States is 80% or more of that
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

1 who would be a member of the same unitary business
2 group but for the fact that the person is prohibited
3 under Section 1501(a)(27) from being included in the
4 unitary business group because he or she is ordinarily
5 required to apportion business income under different
6 subsections of Section 304, but not to exceed the
7 addition modification required to be made for the same
8 taxable year under Section 203(a)(2)(D-18) for
9 intangible expenses and costs paid, accrued, or
10 incurred, directly or indirectly, to the same foreign
11 person. This subparagraph (EE) is exempt from the
12 provisions of Section 250;

13 (FF) An amount equal to any amount awarded to the
14 taxpayer during the taxable year by the Court of Claims
15 under subsection (c) of Section 8 of the Court of
16 Claims Act for time unjustly served in a State prison.
17 This subparagraph (FF) is exempt from the provisions of
18 Section 250; and

19 (GG) For taxable years ending on or after December
20 31, 2011, in the case of a taxpayer who was required to
21 add back any insurance premiums under Section
22 203(a)(2)(D-19), such taxpayer may elect to subtract
23 that part of a reimbursement received from the
24 insurance company equal to the amount of the expense or
25 loss (including expenses incurred by the insurance
26 company) that would have been taken into account as a

1 deduction for federal income tax purposes if the
2 expense or loss had been uninsured. If a taxpayer makes
3 the election provided for by this subparagraph (GG),
4 the insurer to which the premiums were paid must add
5 back to income the amount subtracted by the taxpayer
6 pursuant to this subparagraph (GG). This subparagraph
7 (GG) is exempt from the provisions of Section 250.

8 (b) Corporations.

9 (1) In general. In the case of a corporation, base
10 income means an amount equal to the taxpayer's taxable
11 income for the taxable year as modified by paragraph (2).

12 (2) Modifications. The taxable income referred to in
13 paragraph (1) shall be modified by adding thereto the sum
14 of the following amounts:

15 (A) An amount equal to all amounts paid or accrued
16 to the taxpayer as interest and all distributions
17 received from regulated investment companies during
18 the taxable year to the extent excluded from gross
19 income in the computation of taxable income;

20 (B) An amount equal to the amount of tax imposed by
21 this Act to the extent deducted from gross income in
22 the computation of taxable income for the taxable year;

23 (C) In the case of a regulated investment company,
24 an amount equal to the excess of (i) the net long-term
25 capital gain for the taxable year, over (ii) the amount

1 of the capital gain dividends designated as such in
2 accordance with Section 852(b)(3)(C) of the Internal
3 Revenue Code and any amount designated under Section
4 852(b)(3)(D) of the Internal Revenue Code,
5 attributable to the taxable year (this amendatory Act
6 of 1995 (Public Act 89-89) is declarative of existing
7 law and is not a new enactment);

8 (D) The amount of any net operating loss deduction
9 taken in arriving at taxable income, other than a net
10 operating loss carried forward from a taxable year
11 ending prior to December 31, 1986;

12 (E) For taxable years in which a net operating loss
13 carryback or carryforward from a taxable year ending
14 prior to December 31, 1986 is an element of taxable
15 income under paragraph (1) of subsection (e) or
16 subparagraph (E) of paragraph (2) of subsection (e),
17 the amount by which addition modifications other than
18 those provided by this subparagraph (E) exceeded
19 subtraction modifications in such earlier taxable
20 year, with the following limitations applied in the
21 order that they are listed:

22 (i) the addition modification relating to the
23 net operating loss carried back or forward to the
24 taxable year from any taxable year ending prior to
25 December 31, 1986 shall be reduced by the amount of
26 addition modification under this subparagraph (E)

1 which related to that net operating loss and which
2 was taken into account in calculating the base
3 income of an earlier taxable year, and

4 (ii) the addition modification relating to the
5 net operating loss carried back or forward to the
6 taxable year from any taxable year ending prior to
7 December 31, 1986 shall not exceed the amount of
8 such carryback or carryforward;

9 For taxable years in which there is a net operating
10 loss carryback or carryforward from more than one other
11 taxable year ending prior to December 31, 1986, the
12 addition modification provided in this subparagraph
13 (E) shall be the sum of the amounts computed
14 independently under the preceding provisions of this
15 subparagraph (E) for each such taxable year;

16 (E-5) For taxable years ending after December 31,
17 1997, an amount equal to any eligible remediation costs
18 that the corporation deducted in computing adjusted
19 gross income and for which the corporation claims a
20 credit under subsection (l) of Section 201;

21 (E-10) For taxable years 2001 and thereafter, an
22 amount equal to the bonus depreciation deduction taken
23 on the taxpayer's federal income tax return for the
24 taxable year under subsection (k) of Section 168 of the
25 Internal Revenue Code;

26 (E-11) If the taxpayer sells, transfers, abandons,

1 or otherwise disposes of property for which the
2 taxpayer was required in any taxable year to make an
3 addition modification under subparagraph (E-10), then
4 an amount equal to the aggregate amount of the
5 deductions taken in all taxable years under
6 subparagraph (T) with respect to that property.

7 If the taxpayer continues to own property through
8 the last day of the last tax year for which the
9 taxpayer may claim a depreciation deduction for
10 federal income tax purposes and for which the taxpayer
11 was allowed in any taxable year to make a subtraction
12 modification under subparagraph (T), then an amount
13 equal to that subtraction modification.

14 The taxpayer is required to make the addition
15 modification under this subparagraph only once with
16 respect to any one piece of property;

17 (E-12) An amount equal to the amount otherwise
18 allowed as a deduction in computing base income for
19 interest paid, accrued, or incurred, directly or
20 indirectly, (i) for taxable years ending on or after
21 December 31, 2004, to a foreign person who would be a
22 member of the same unitary business group but for the
23 fact the foreign person's business activity outside
24 the United States is 80% or more of the foreign
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

1 who would be a member of the same unitary business
2 group but for the fact that the person is prohibited
3 under Section 1501(a)(27) from being included in the
4 unitary business group because he or she is ordinarily
5 required to apportion business income under different
6 subsections of Section 304. The addition modification
7 required by this subparagraph shall be reduced to the
8 extent that dividends were included in base income of
9 the unitary group for the same taxable year and
10 received by the taxpayer or by a member of the
11 taxpayer's unitary business group (including amounts
12 included in gross income pursuant to Sections 951
13 through 964 of the Internal Revenue Code and amounts
14 included in gross income under Section 78 of the
15 Internal Revenue Code) with respect to the stock of the
16 same person to whom the interest was paid, accrued, or
17 incurred.

18 This paragraph shall not apply to the following:

19 (i) an item of interest paid, accrued, or
20 incurred, directly or indirectly, to a person who
21 is subject in a foreign country or state, other
22 than a state which requires mandatory unitary
23 reporting, to a tax on or measured by net income
24 with respect to such interest; or

25 (ii) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to a person if

1 the taxpayer can establish, based on a
2 preponderance of the evidence, both of the
3 following:

4 (a) the person, during the same taxable
5 year, paid, accrued, or incurred, the interest
6 to a person that is not a related member, and

7 (b) the transaction giving rise to the
8 interest expense between the taxpayer and the
9 person did not have as a principal purpose the
10 avoidance of Illinois income tax, and is paid
11 pursuant to a contract or agreement that
12 reflects an arm's-length interest rate and
13 terms; or

14 (iii) the taxpayer can establish, based on
15 clear and convincing evidence, that the interest
16 paid, accrued, or incurred relates to a contract or
17 agreement entered into at arm's-length rates and
18 terms and the principal purpose for the payment is
19 not federal or Illinois tax avoidance; or

20 (iv) an item of interest paid, accrued, or
21 incurred, directly or indirectly, to a person if
22 the taxpayer establishes by clear and convincing
23 evidence that the adjustments are unreasonable; or
24 if the taxpayer and the Director agree in writing
25 to the application or use of an alternative method
26 of apportionment under Section 304(f).

1 Nothing in this subsection shall preclude the
2 Director from making any other adjustment
3 otherwise allowed under Section 404 of this Act for
4 any tax year beginning after the effective date of
5 this amendment provided such adjustment is made
6 pursuant to regulation adopted by the Department
7 and such regulations provide methods and standards
8 by which the Department will utilize its authority
9 under Section 404 of this Act;

10 (E-13) An amount equal to the amount of intangible
11 expenses and costs otherwise allowed as a deduction in
12 computing base income, and that were paid, accrued, or
13 incurred, directly or indirectly, (i) for taxable
14 years ending on or after December 31, 2004, to a
15 foreign person who would be a member of the same
16 unitary business group but for the fact that the
17 foreign person's business activity outside the United
18 States is 80% or more of that person's total business
19 activity and (ii) for taxable years ending on or after
20 December 31, 2008, to a person who would be a member of
21 the same unitary business group but for the fact that
22 the person is prohibited under Section 1501(a)(27)
23 from being included in the unitary business group
24 because he or she is ordinarily required to apportion
25 business income under different subsections of Section
26 304. The addition modification required by this

1 subparagraph shall be reduced to the extent that
2 dividends were included in base income of the unitary
3 group for the same taxable year and received by the
4 taxpayer or by a member of the taxpayer's unitary
5 business group (including amounts included in gross
6 income pursuant to Sections 951 through 964 of the
7 Internal Revenue Code and amounts included in gross
8 income under Section 78 of the Internal Revenue Code)
9 with respect to the stock of the same person to whom
10 the intangible expenses and costs were directly or
11 indirectly paid, incurred, or accrued. The preceding
12 sentence shall not apply to the extent that the same
13 dividends caused a reduction to the addition
14 modification required under Section 203(b)(2)(E-12) of
15 this Act. As used in this subparagraph, the term
16 "intangible expenses and costs" includes (1) expenses,
17 losses, and costs for, or related to, the direct or
18 indirect acquisition, use, maintenance or management,
19 ownership, sale, exchange, or any other disposition of
20 intangible property; (2) losses incurred, directly or
21 indirectly, from factoring transactions or discounting
22 transactions; (3) royalty, patent, technical, and
23 copyright fees; (4) licensing fees; and (5) other
24 similar expenses and costs. For purposes of this
25 subparagraph, "intangible property" includes patents,
26 patent applications, trade names, trademarks, service

1 marks, copyrights, mask works, trade secrets, and
2 similar types of intangible assets.

3 This paragraph shall not apply to the following:

4 (i) any item of intangible expenses or costs
5 paid, accrued, or incurred, directly or
6 indirectly, from a transaction with a person who is
7 subject in a foreign country or state, other than a
8 state which requires mandatory unitary reporting,
9 to a tax on or measured by net income with respect
10 to such item; or

11 (ii) any item of intangible expense or cost
12 paid, accrued, or incurred, directly or
13 indirectly, if the taxpayer can establish, based
14 on a preponderance of the evidence, both of the
15 following:

16 (a) the person during the same taxable
17 year paid, accrued, or incurred, the
18 intangible expense or cost to a person that is
19 not a related member, and

20 (b) the transaction giving rise to the
21 intangible expense or cost between the
22 taxpayer and the person did not have as a
23 principal purpose the avoidance of Illinois
24 income tax, and is paid pursuant to a contract
25 or agreement that reflects arm's-length terms;
26 or

1 (iii) any item of intangible expense or cost
2 paid, accrued, or incurred, directly or
3 indirectly, from a transaction with a person if the
4 taxpayer establishes by clear and convincing
5 evidence, that the adjustments are unreasonable;
6 or if the taxpayer and the Director agree in
7 writing to the application or use of an alternative
8 method of apportionment under Section 304(f);

9 Nothing in this subsection shall preclude the
10 Director from making any other adjustment
11 otherwise allowed under Section 404 of this Act for
12 any tax year beginning after the effective date of
13 this amendment provided such adjustment is made
14 pursuant to regulation adopted by the Department
15 and such regulations provide methods and standards
16 by which the Department will utilize its authority
17 under Section 404 of this Act;

18 (E-14) For taxable years ending on or after
19 December 31, 2008, an amount equal to the amount of
20 insurance premium expenses and costs otherwise allowed
21 as a deduction in computing base income, and that were
22 paid, accrued, or incurred, directly or indirectly, to
23 a person who would be a member of the same unitary
24 business group but for the fact that the person is
25 prohibited under Section 1501(a)(27) from being
26 included in the unitary business group because he or

1 she is ordinarily required to apportion business
2 income under different subsections of Section 304. The
3 addition modification required by this subparagraph
4 shall be reduced to the extent that dividends were
5 included in base income of the unitary group for the
6 same taxable year and received by the taxpayer or by a
7 member of the taxpayer's unitary business group
8 (including amounts included in gross income under
9 Sections 951 through 964 of the Internal Revenue Code
10 and amounts included in gross income under Section 78
11 of the Internal Revenue Code) with respect to the stock
12 of the same person to whom the premiums and costs were
13 directly or indirectly paid, incurred, or accrued. The
14 preceding sentence does not apply to the extent that
15 the same dividends caused a reduction to the addition
16 modification required under Section 203(b)(2)(E-12) or
17 Section 203(b)(2)(E-13) of this Act;

18 (E-15) For taxable years beginning after December
19 31, 2008, any deduction for dividends paid by a captive
20 real estate investment trust that is allowed to a real
21 estate investment trust under Section 857(b)(2)(B) of
22 the Internal Revenue Code for dividends paid;

23 (E-16) An amount equal to the credit allowable to
24 the taxpayer under Section 218(a) of this Act,
25 determined without regard to Section 218(c) of this
26 Act;

1 (E-17) For taxable years beginning on or after
2 January 1, 2017, an amount equal to the deduction
3 allowed under Section 199 of the Internal Revenue Code
4 for the taxable year;

5 and by deducting from the total so obtained the sum of the
6 following amounts:

7 (F) An amount equal to the amount of any tax
8 imposed by this Act which was refunded to the taxpayer
9 and included in such total for the taxable year;

10 (G) An amount equal to any amount included in such
11 total under Section 78 of the Internal Revenue Code;

12 (H) In the case of a regulated investment company,
13 an amount equal to the amount of exempt interest
14 dividends as defined in subsection (b) (5) of Section
15 852 of the Internal Revenue Code, paid to shareholders
16 for the taxable year;

17 (I) With the exception of any amounts subtracted
18 under subparagraph (J), an amount equal to the sum of
19 all amounts disallowed as deductions by (i) Sections
20 171(a) (2), and 265(a) (2) and amounts disallowed as
21 interest expense by Section 291(a) (3) of the Internal
22 Revenue Code, and all amounts of expenses allocable to
23 interest and disallowed as deductions by Section
24 265(a) (1) of the Internal Revenue Code; and (ii) for
25 taxable years ending on or after August 13, 1999,
26 Sections 171(a) (2), 265, 280C, 291(a) (3), and

1 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
2 for tax years ending on or after December 31, 2011,
3 amounts disallowed as deductions by Section 45G(e)(3)
4 of the Internal Revenue Code and, for taxable years
5 ending on or after December 31, 2008, any amount
6 included in gross income under Section 87 of the
7 Internal Revenue Code and the policyholders' share of
8 tax-exempt interest of a life insurance company under
9 Section 807(a)(2)(B) of the Internal Revenue Code (in
10 the case of a life insurance company with gross income
11 from a decrease in reserves for the tax year) or
12 Section 807(b)(1)(B) of the Internal Revenue Code (in
13 the case of a life insurance company allowed a
14 deduction for an increase in reserves for the tax
15 year); the provisions of this subparagraph are exempt
16 from the provisions of Section 250;

17 (J) An amount equal to all amounts included in such
18 total which are exempt from taxation by this State
19 either by reason of its statutes or Constitution or by
20 reason of the Constitution, treaties or statutes of the
21 United States; provided that, in the case of any
22 statute of this State that exempts income derived from
23 bonds or other obligations from the tax imposed under
24 this Act, the amount exempted shall be the interest net
25 of bond premium amortization;

26 (K) An amount equal to those dividends included in

1 such total which were paid by a corporation which
2 conducts business operations in a River Edge
3 Redevelopment Zone or zones created under the River
4 Edge Redevelopment Zone Act and conducts substantially
5 all of its operations in a River Edge Redevelopment
6 Zone or zones. This subparagraph (K) is exempt from the
7 provisions of Section 250;

8 (L) An amount equal to those dividends included in
9 such total that were paid by a corporation that
10 conducts business operations in a federally designated
11 Foreign Trade Zone or Sub-Zone and that is designated a
12 High Impact Business located in Illinois; provided
13 that dividends eligible for the deduction provided in
14 subparagraph (K) of paragraph 2 of this subsection
15 shall not be eligible for the deduction provided under
16 this subparagraph (L);

17 (M) For any taxpayer that is a financial
18 organization within the meaning of Section 304(c) of
19 this Act, an amount included in such total as interest
20 income from a loan or loans made by such taxpayer to a
21 borrower, to the extent that such a loan is secured by
22 property which is eligible for the River Edge
23 Redevelopment Zone Investment Credit. To determine the
24 portion of a loan or loans that is secured by property
25 eligible for a Section 201(f) investment credit to the
26 borrower, the entire principal amount of the loan or

1 loans between the taxpayer and the borrower should be
2 divided into the basis of the Section 201(f) investment
3 credit property which secures the loan or loans, using
4 for this purpose the original basis of such property on
5 the date that it was placed in service in the River
6 Edge Redevelopment Zone. The subtraction modification
7 available to taxpayer in any year under this subsection
8 shall be that portion of the total interest paid by the
9 borrower with respect to such loan attributable to the
10 eligible property as calculated under the previous
11 sentence. This subparagraph (M) is exempt from the
12 provisions of Section 250;

13 (M-1) For any taxpayer that is a financial
14 organization within the meaning of Section 304(c) of
15 this Act, an amount included in such total as interest
16 income from a loan or loans made by such taxpayer to a
17 borrower, to the extent that such a loan is secured by
18 property which is eligible for the High Impact Business
19 Investment Credit. To determine the portion of a loan
20 or loans that is secured by property eligible for a
21 Section 201(h) investment credit to the borrower, the
22 entire principal amount of the loan or loans between
23 the taxpayer and the borrower should be divided into
24 the basis of the Section 201(h) investment credit
25 property which secures the loan or loans, using for
26 this purpose the original basis of such property on the

1 date that it was placed in service in a federally
2 designated Foreign Trade Zone or Sub-Zone located in
3 Illinois. No taxpayer that is eligible for the
4 deduction provided in subparagraph (M) of paragraph
5 (2) of this subsection shall be eligible for the
6 deduction provided under this subparagraph (M-1). The
7 subtraction modification available to taxpayers in any
8 year under this subsection shall be that portion of the
9 total interest paid by the borrower with respect to
10 such loan attributable to the eligible property as
11 calculated under the previous sentence;

12 (N) Two times any contribution made during the
13 taxable year to a designated zone organization to the
14 extent that the contribution (i) qualifies as a
15 charitable contribution under subsection (c) of
16 Section 170 of the Internal Revenue Code and (ii) must,
17 by its terms, be used for a project approved by the
18 Department of Commerce and Economic Opportunity under
19 Section 11 of the Illinois Enterprise Zone Act or under
20 Section 10-10 of the River Edge Redevelopment Zone Act.
21 This subparagraph (N) is exempt from the provisions of
22 Section 250;

23 (O) An amount equal to: (i) 85% for taxable years
24 ending on or before December 31, 1992, or, a percentage
25 equal to the percentage allowable under Section
26 243(a)(1) of the Internal Revenue Code of 1986 for

1 taxable years ending after December 31, 1992, of the
2 amount by which dividends included in taxable income
3 and received from a corporation that is not created or
4 organized under the laws of the United States or any
5 state or political subdivision thereof, including, for
6 taxable years ending on or after December 31, 1988,
7 dividends received or deemed received or paid or deemed
8 paid under Sections 951 through 965 of the Internal
9 Revenue Code, exceed the amount of the modification
10 provided under subparagraph (G) of paragraph (2) of
11 this subsection (b) which is related to such dividends,
12 and including, for taxable years ending on or after
13 December 31, 2008, dividends received from a captive
14 real estate investment trust; plus (ii) 100% of the
15 amount by which dividends, included in taxable income
16 and received, including, for taxable years ending on or
17 after December 31, 1988, dividends received or deemed
18 received or paid or deemed paid under Sections 951
19 through 964 of the Internal Revenue Code and including,
20 for taxable years ending on or after December 31, 2008,
21 dividends received from a captive real estate
22 investment trust, from any such corporation specified
23 in clause (i) that would but for the provisions of
24 Section 1504 (b) (3) of the Internal Revenue Code be
25 treated as a member of the affiliated group which
26 includes the dividend recipient, exceed the amount of

1 the modification provided under subparagraph (G) of
2 paragraph (2) of this subsection (b) which is related
3 to such dividends. This subparagraph (O) is exempt from
4 the provisions of Section 250 of this Act;

5 (P) An amount equal to any contribution made to a
6 job training project established pursuant to the Tax
7 Increment Allocation Redevelopment Act;

8 (Q) An amount equal to the amount of the deduction
9 used to compute the federal income tax credit for
10 restoration of substantial amounts held under claim of
11 right for the taxable year pursuant to Section 1341 of
12 the Internal Revenue Code;

13 (R) On and after July 20, 1999, in the case of an
14 attorney-in-fact with respect to whom an interinsurer
15 or a reciprocal insurer has made the election under
16 Section 835 of the Internal Revenue Code, 26 U.S.C.
17 835, an amount equal to the excess, if any, of the
18 amounts paid or incurred by that interinsurer or
19 reciprocal insurer in the taxable year to the
20 attorney-in-fact over the deduction allowed to that
21 interinsurer or reciprocal insurer with respect to the
22 attorney-in-fact under Section 835(b) of the Internal
23 Revenue Code for the taxable year; the provisions of
24 this subparagraph are exempt from the provisions of
25 Section 250;

26 (S) For taxable years ending on or after December

1 31, 1997, in the case of a Subchapter S corporation, an
2 amount equal to all amounts of income allocable to a
3 shareholder subject to the Personal Property Tax
4 Replacement Income Tax imposed by subsections (c) and
5 (d) of Section 201 of this Act, including amounts
6 allocable to organizations exempt from federal income
7 tax by reason of Section 501(a) of the Internal Revenue
8 Code. This subparagraph (S) is exempt from the
9 provisions of Section 250;

10 (T) For taxable years 2001 and thereafter, for the
11 taxable year in which the bonus depreciation deduction
12 is taken on the taxpayer's federal income tax return
13 under subsection (k) of Section 168 of the Internal
14 Revenue Code and for each applicable taxable year
15 thereafter, an amount equal to "x", where:

16 (1) "y" equals the amount of the depreciation
17 deduction taken for the taxable year on the
18 taxpayer's federal income tax return on property
19 for which the bonus depreciation deduction was
20 taken in any year under subsection (k) of Section
21 168 of the Internal Revenue Code, but not including
22 the bonus depreciation deduction;

23 (2) for taxable years ending on or before
24 December 31, 2005, "x" equals "y" multiplied by 30
25 and then divided by 70 (or "y" multiplied by
26 0.429); and

1 (3) for taxable years ending after December
2 31, 2005:

3 (i) for property on which a bonus
4 depreciation deduction of 30% of the adjusted
5 basis was taken, "x" equals "y" multiplied by
6 30 and then divided by 70 (or "y" multiplied by
7 0.429); and

8 (ii) for property on which a bonus
9 depreciation deduction of 50% of the adjusted
10 basis was taken, "x" equals "y" multiplied by
11 1.0.

12 The aggregate amount deducted under this
13 subparagraph in all taxable years for any one piece of
14 property may not exceed the amount of the bonus
15 depreciation deduction taken on that property on the
16 taxpayer's federal income tax return under subsection
17 (k) of Section 168 of the Internal Revenue Code. This
18 subparagraph (T) is exempt from the provisions of
19 Section 250;

20 (U) If the taxpayer sells, transfers, abandons, or
21 otherwise disposes of property for which the taxpayer
22 was required in any taxable year to make an addition
23 modification under subparagraph (E-10), then an amount
24 equal to that addition modification.

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which the

1 taxpayer may claim a depreciation deduction for
2 federal income tax purposes and for which the taxpayer
3 was required in any taxable year to make an addition
4 modification under subparagraph (E-10), then an amount
5 equal to that addition modification.

6 The taxpayer is allowed to take the deduction under
7 this subparagraph only once with respect to any one
8 piece of property.

9 This subparagraph (U) is exempt from the
10 provisions of Section 250;

11 (V) The amount of: (i) any interest income (net of
12 the deductions allocable thereto) taken into account
13 for the taxable year with respect to a transaction with
14 a taxpayer that is required to make an addition
15 modification with respect to such transaction under
16 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
17 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
18 the amount of such addition modification, (ii) any
19 income from intangible property (net of the deductions
20 allocable thereto) taken into account for the taxable
21 year with respect to a transaction with a taxpayer that
22 is required to make an addition modification with
23 respect to such transaction under Section
24 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
25 203(d)(2)(D-8), but not to exceed the amount of such
26 addition modification, and (iii) any insurance premium

1 income (net of deductions allocable thereto) taken
2 into account for the taxable year with respect to a
3 transaction with a taxpayer that is required to make an
4 addition modification with respect to such transaction
5 under Section 203(a)(2)(D-19), Section
6 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
7 203(d)(2)(D-9), but not to exceed the amount of that
8 addition modification. This subparagraph (V) is exempt
9 from the provisions of Section 250;

10 (W) An amount equal to the interest income taken
11 into account for the taxable year (net of the
12 deductions allocable thereto) with respect to
13 transactions with (i) a foreign person who would be a
14 member of the taxpayer's unitary business group but for
15 the fact that the foreign person's business activity
16 outside the United States is 80% or more of that
17 person's total business activity and (ii) for taxable
18 years ending on or after December 31, 2008, to a person
19 who would be a member of the same unitary business
20 group but for the fact that the person is prohibited
21 under Section 1501(a)(27) from being included in the
22 unitary business group because he or she is ordinarily
23 required to apportion business income under different
24 subsections of Section 304, but not to exceed the
25 addition modification required to be made for the same
26 taxable year under Section 203(b)(2)(E-12) for

1 interest paid, accrued, or incurred, directly or
2 indirectly, to the same person. This subparagraph (W)
3 is exempt from the provisions of Section 250;

4 (X) An amount equal to the income from intangible
5 property taken into account for the taxable year (net
6 of the deductions allocable thereto) with respect to
7 transactions with (i) a foreign person who would be a
8 member of the taxpayer's unitary business group but for
9 the fact that the foreign person's business activity
10 outside the United States is 80% or more of that
11 person's total business activity and (ii) for taxable
12 years ending on or after December 31, 2008, to a person
13 who would be a member of the same unitary business
14 group but for the fact that the person is prohibited
15 under Section 1501(a)(27) from being included in the
16 unitary business group because he or she is ordinarily
17 required to apportion business income under different
18 subsections of Section 304, but not to exceed the
19 addition modification required to be made for the same
20 taxable year under Section 203(b)(2)(E-13) for
21 intangible expenses and costs paid, accrued, or
22 incurred, directly or indirectly, to the same foreign
23 person. This subparagraph (X) is exempt from the
24 provisions of Section 250;

25 (Y) For taxable years ending on or after December
26 31, 2011, in the case of a taxpayer who was required to

1 add back any insurance premiums under Section
2 203(b)(2)(E-14), such taxpayer may elect to subtract
3 that part of a reimbursement received from the
4 insurance company equal to the amount of the expense or
5 loss (including expenses incurred by the insurance
6 company) that would have been taken into account as a
7 deduction for federal income tax purposes if the
8 expense or loss had been uninsured. If a taxpayer makes
9 the election provided for by this subparagraph (Y), the
10 insurer to which the premiums were paid must add back
11 to income the amount subtracted by the taxpayer
12 pursuant to this subparagraph (Y). This subparagraph
13 (Y) is exempt from the provisions of Section 250; and

14 (Z) The difference between the nondeductible
15 controlled foreign corporation dividends under Section
16 965(e)(3) of the Internal Revenue Code over the taxable
17 income of the taxpayer, computed without regard to
18 Section 965(e)(2)(A) of the Internal Revenue Code, and
19 without regard to any net operating loss deduction.
20 This subparagraph (Z) is exempt from the provisions of
21 Section 250.

22 (3) Special rule. For purposes of paragraph (2) (A),
23 "gross income" in the case of a life insurance company, for
24 tax years ending on and after December 31, 1994, and prior
25 to December 31, 2011, shall mean the gross investment
26 income for the taxable year and, for tax years ending on or

1 after December 31, 2011, shall mean all amounts included in
2 life insurance gross income under Section 803(a)(3) of the
3 Internal Revenue Code.

4 (c) Trusts and estates.

5 (1) In general. In the case of a trust or estate, base
6 income means an amount equal to the taxpayer's taxable
7 income for the taxable year as modified by paragraph (2).

8 (2) Modifications. Subject to the provisions of
9 paragraph (3), the taxable income referred to in paragraph
10 (1) shall be modified by adding thereto the sum of the
11 following amounts:

12 (A) An amount equal to all amounts paid or accrued
13 to the taxpayer as interest or dividends during the
14 taxable year to the extent excluded from gross income
15 in the computation of taxable income;

16 (B) In the case of (i) an estate, \$600; (ii) a
17 trust which, under its governing instrument, is
18 required to distribute all of its income currently,
19 \$300; and (iii) any other trust, \$100, but in each such
20 case, only to the extent such amount was deducted in
21 the computation of taxable income;

22 (C) An amount equal to the amount of tax imposed by
23 this Act to the extent deducted from gross income in
24 the computation of taxable income for the taxable year;

25 (D) The amount of any net operating loss deduction

1 taken in arriving at taxable income, other than a net
2 operating loss carried forward from a taxable year
3 ending prior to December 31, 1986;

4 (E) For taxable years in which a net operating loss
5 carryback or carryforward from a taxable year ending
6 prior to December 31, 1986 is an element of taxable
7 income under paragraph (1) of subsection (e) or
8 subparagraph (E) of paragraph (2) of subsection (e),
9 the amount by which addition modifications other than
10 those provided by this subparagraph (E) exceeded
11 subtraction modifications in such taxable year, with
12 the following limitations applied in the order that
13 they are listed:

14 (i) the addition modification relating to the
15 net operating loss carried back or forward to the
16 taxable year from any taxable year ending prior to
17 December 31, 1986 shall be reduced by the amount of
18 addition modification under this subparagraph (E)
19 which related to that net operating loss and which
20 was taken into account in calculating the base
21 income of an earlier taxable year, and

22 (ii) the addition modification relating to the
23 net operating loss carried back or forward to the
24 taxable year from any taxable year ending prior to
25 December 31, 1986 shall not exceed the amount of
26 such carryback or carryforward;

1 For taxable years in which there is a net operating
2 loss carryback or carryforward from more than one other
3 taxable year ending prior to December 31, 1986, the
4 addition modification provided in this subparagraph
5 (E) shall be the sum of the amounts computed
6 independently under the preceding provisions of this
7 subparagraph (E) for each such taxable year;

8 (F) For taxable years ending on or after January 1,
9 1989, an amount equal to the tax deducted pursuant to
10 Section 164 of the Internal Revenue Code if the trust
11 or estate is claiming the same tax for purposes of the
12 Illinois foreign tax credit under Section 601 of this
13 Act;

14 (G) An amount equal to the amount of the capital
15 gain deduction allowable under the Internal Revenue
16 Code, to the extent deducted from gross income in the
17 computation of taxable income;

18 (G-5) For taxable years ending after December 31,
19 1997, an amount equal to any eligible remediation costs
20 that the trust or estate deducted in computing adjusted
21 gross income and for which the trust or estate claims a
22 credit under subsection (l) of Section 201;

23 (G-10) For taxable years 2001 and thereafter, an
24 amount equal to the bonus depreciation deduction taken
25 on the taxpayer's federal income tax return for the
26 taxable year under subsection (k) of Section 168 of the

1 Internal Revenue Code; and

2 (G-11) If the taxpayer sells, transfers, abandons,
3 or otherwise disposes of property for which the
4 taxpayer was required in any taxable year to make an
5 addition modification under subparagraph (G-10), then
6 an amount equal to the aggregate amount of the
7 deductions taken in all taxable years under
8 subparagraph (R) with respect to that property.

9 If the taxpayer continues to own property through
10 the last day of the last tax year for which the
11 taxpayer may claim a depreciation deduction for
12 federal income tax purposes and for which the taxpayer
13 was allowed in any taxable year to make a subtraction
14 modification under subparagraph (R), then an amount
15 equal to that subtraction modification.

16 The taxpayer is required to make the addition
17 modification under this subparagraph only once with
18 respect to any one piece of property;

19 (G-12) An amount equal to the amount otherwise
20 allowed as a deduction in computing base income for
21 interest paid, accrued, or incurred, directly or
22 indirectly, (i) for taxable years ending on or after
23 December 31, 2004, to a foreign person who would be a
24 member of the same unitary business group but for the
25 fact that the foreign person's business activity
26 outside the United States is 80% or more of the foreign

1 person's total business activity and (ii) for taxable
2 years ending on or after December 31, 2008, to a person
3 who would be a member of the same unitary business
4 group but for the fact that the person is prohibited
5 under Section 1501(a)(27) from being included in the
6 unitary business group because he or she is ordinarily
7 required to apportion business income under different
8 subsections of Section 304. The addition modification
9 required by this subparagraph shall be reduced to the
10 extent that dividends were included in base income of
11 the unitary group for the same taxable year and
12 received by the taxpayer or by a member of the
13 taxpayer's unitary business group (including amounts
14 included in gross income pursuant to Sections 951
15 through 964 of the Internal Revenue Code and amounts
16 included in gross income under Section 78 of the
17 Internal Revenue Code) with respect to the stock of the
18 same person to whom the interest was paid, accrued, or
19 incurred.

20 This paragraph shall not apply to the following:

21 (i) an item of interest paid, accrued, or
22 incurred, directly or indirectly, to a person who
23 is subject in a foreign country or state, other
24 than a state which requires mandatory unitary
25 reporting, to a tax on or measured by net income
26 with respect to such interest; or

1 (ii) an item of interest paid, accrued, or
2 incurred, directly or indirectly, to a person if
3 the taxpayer can establish, based on a
4 preponderance of the evidence, both of the
5 following:

6 (a) the person, during the same taxable
7 year, paid, accrued, or incurred, the interest
8 to a person that is not a related member, and

9 (b) the transaction giving rise to the
10 interest expense between the taxpayer and the
11 person did not have as a principal purpose the
12 avoidance of Illinois income tax, and is paid
13 pursuant to a contract or agreement that
14 reflects an arm's-length interest rate and
15 terms; or

16 (iii) the taxpayer can establish, based on
17 clear and convincing evidence, that the interest
18 paid, accrued, or incurred relates to a contract or
19 agreement entered into at arm's-length rates and
20 terms and the principal purpose for the payment is
21 not federal or Illinois tax avoidance; or

22 (iv) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person if
24 the taxpayer establishes by clear and convincing
25 evidence that the adjustments are unreasonable; or
26 if the taxpayer and the Director agree in writing

1 to the application or use of an alternative method
2 of apportionment under Section 304(f).

3 Nothing in this subsection shall preclude the
4 Director from making any other adjustment
5 otherwise allowed under Section 404 of this Act for
6 any tax year beginning after the effective date of
7 this amendment provided such adjustment is made
8 pursuant to regulation adopted by the Department
9 and such regulations provide methods and standards
10 by which the Department will utilize its authority
11 under Section 404 of this Act;

12 (G-13) An amount equal to the amount of intangible
13 expenses and costs otherwise allowed as a deduction in
14 computing base income, and that were paid, accrued, or
15 incurred, directly or indirectly, (i) for taxable
16 years ending on or after December 31, 2004, to a
17 foreign person who would be a member of the same
18 unitary business group but for the fact that the
19 foreign person's business activity outside the United
20 States is 80% or more of that person's total business
21 activity and (ii) for taxable years ending on or after
22 December 31, 2008, to a person who would be a member of
23 the same unitary business group but for the fact that
24 the person is prohibited under Section 1501(a)(27)
25 from being included in the unitary business group
26 because he or she is ordinarily required to apportion

1 business income under different subsections of Section
2 304. The addition modification required by this
3 subparagraph shall be reduced to the extent that
4 dividends were included in base income of the unitary
5 group for the same taxable year and received by the
6 taxpayer or by a member of the taxpayer's unitary
7 business group (including amounts included in gross
8 income pursuant to Sections 951 through 964 of the
9 Internal Revenue Code and amounts included in gross
10 income under Section 78 of the Internal Revenue Code)
11 with respect to the stock of the same person to whom
12 the intangible expenses and costs were directly or
13 indirectly paid, incurred, or accrued. The preceding
14 sentence shall not apply to the extent that the same
15 dividends caused a reduction to the addition
16 modification required under Section 203(c)(2)(G-12) of
17 this Act. As used in this subparagraph, the term
18 "intangible expenses and costs" includes: (1)
19 expenses, losses, and costs for or related to the
20 direct or indirect acquisition, use, maintenance or
21 management, ownership, sale, exchange, or any other
22 disposition of intangible property; (2) losses
23 incurred, directly or indirectly, from factoring
24 transactions or discounting transactions; (3) royalty,
25 patent, technical, and copyright fees; (4) licensing
26 fees; and (5) other similar expenses and costs. For

1 purposes of this subparagraph, "intangible property"
2 includes patents, patent applications, trade names,
3 trademarks, service marks, copyrights, mask works,
4 trade secrets, and similar types of intangible assets.

5 This paragraph shall not apply to the following:

6 (i) any item of intangible expenses or costs
7 paid, accrued, or incurred, directly or
8 indirectly, from a transaction with a person who is
9 subject in a foreign country or state, other than a
10 state which requires mandatory unitary reporting,
11 to a tax on or measured by net income with respect
12 to such item; or

13 (ii) any item of intangible expense or cost
14 paid, accrued, or incurred, directly or
15 indirectly, if the taxpayer can establish, based
16 on a preponderance of the evidence, both of the
17 following:

18 (a) the person during the same taxable
19 year paid, accrued, or incurred, the
20 intangible expense or cost to a person that is
21 not a related member, and

22 (b) the transaction giving rise to the
23 intangible expense or cost between the
24 taxpayer and the person did not have as a
25 principal purpose the avoidance of Illinois
26 income tax, and is paid pursuant to a contract

1 or agreement that reflects arm's-length terms;

2 or

3 (iii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, from a transaction with a person if the
6 taxpayer establishes by clear and convincing
7 evidence, that the adjustments are unreasonable;
8 or if the taxpayer and the Director agree in
9 writing to the application or use of an alternative
10 method of apportionment under Section 304(f);

11 Nothing in this subsection shall preclude the
12 Director from making any other adjustment
13 otherwise allowed under Section 404 of this Act for
14 any tax year beginning after the effective date of
15 this amendment provided such adjustment is made
16 pursuant to regulation adopted by the Department
17 and such regulations provide methods and standards
18 by which the Department will utilize its authority
19 under Section 404 of this Act;

20 (G-14) For taxable years ending on or after
21 December 31, 2008, an amount equal to the amount of
22 insurance premium expenses and costs otherwise allowed
23 as a deduction in computing base income, and that were
24 paid, accrued, or incurred, directly or indirectly, to
25 a person who would be a member of the same unitary
26 business group but for the fact that the person is

1 prohibited under Section 1501(a)(27) from being
2 included in the unitary business group because he or
3 she is ordinarily required to apportion business
4 income under different subsections of Section 304. The
5 addition modification required by this subparagraph
6 shall be reduced to the extent that dividends were
7 included in base income of the unitary group for the
8 same taxable year and received by the taxpayer or by a
9 member of the taxpayer's unitary business group
10 (including amounts included in gross income under
11 Sections 951 through 964 of the Internal Revenue Code
12 and amounts included in gross income under Section 78
13 of the Internal Revenue Code) with respect to the stock
14 of the same person to whom the premiums and costs were
15 directly or indirectly paid, incurred, or accrued. The
16 preceding sentence does not apply to the extent that
17 the same dividends caused a reduction to the addition
18 modification required under Section 203(c)(2)(G-12) or
19 Section 203(c)(2)(G-13) of this Act;

20 (G-15) An amount equal to the credit allowable to
21 the taxpayer under Section 218(a) of this Act,
22 determined without regard to Section 218(c) of this
23 Act;

24 (G-16) For taxable years beginning on or after
25 January 1, 2017, an amount equal to the deduction
26 allowed under Section 199 of the Internal Revenue Code

1 for the taxable year;

2 and by deducting from the total so obtained the sum of the
3 following amounts:

4 (H) An amount equal to all amounts included in such
5 total pursuant to the provisions of Sections 402(a),
6 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
7 Internal Revenue Code or included in such total as
8 distributions under the provisions of any retirement
9 or disability plan for employees of any governmental
10 agency or unit, or retirement payments to retired
11 partners, which payments are excluded in computing net
12 earnings from self employment by Section 1402 of the
13 Internal Revenue Code and regulations adopted pursuant
14 thereto;

15 (I) The valuation limitation amount;

16 (J) An amount equal to the amount of any tax
17 imposed by this Act which was refunded to the taxpayer
18 and included in such total for the taxable year;

19 (K) An amount equal to all amounts included in
20 taxable income as modified by subparagraphs (A), (B),
21 (C), (D), (E), (F) and (G) which are exempt from
22 taxation by this State either by reason of its statutes
23 or Constitution or by reason of the Constitution,
24 treaties or statutes of the United States; provided
25 that, in the case of any statute of this State that
26 exempts income derived from bonds or other obligations

1 from the tax imposed under this Act, the amount
2 exempted shall be the interest net of bond premium
3 amortization;

4 (L) With the exception of any amounts subtracted
5 under subparagraph (K), an amount equal to the sum of
6 all amounts disallowed as deductions by (i) Sections
7 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
8 and all amounts of expenses allocable to interest and
9 disallowed as deductions by Section 265(1) of the
10 Internal Revenue Code; and (ii) for taxable years
11 ending on or after August 13, 1999, Sections 171(a) (2),
12 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
13 Code, plus, (iii) for taxable years ending on or after
14 December 31, 2011, Section 45G(e) (3) of the Internal
15 Revenue Code and, for taxable years ending on or after
16 December 31, 2008, any amount included in gross income
17 under Section 87 of the Internal Revenue Code; the
18 provisions of this subparagraph are exempt from the
19 provisions of Section 250;

20 (M) An amount equal to those dividends included in
21 such total which were paid by a corporation which
22 conducts business operations in a River Edge
23 Redevelopment Zone or zones created under the River
24 Edge Redevelopment Zone Act and conducts substantially
25 all of its operations in a River Edge Redevelopment
26 Zone or zones. This subparagraph (M) is exempt from the

1 provisions of Section 250;

2 (N) An amount equal to any contribution made to a
3 job training project established pursuant to the Tax
4 Increment Allocation Redevelopment Act;

5 (O) An amount equal to those dividends included in
6 such total that were paid by a corporation that
7 conducts business operations in a federally designated
8 Foreign Trade Zone or Sub-Zone and that is designated a
9 High Impact Business located in Illinois; provided
10 that dividends eligible for the deduction provided in
11 subparagraph (M) of paragraph (2) of this subsection
12 shall not be eligible for the deduction provided under
13 this subparagraph (O);

14 (P) An amount equal to the amount of the deduction
15 used to compute the federal income tax credit for
16 restoration of substantial amounts held under claim of
17 right for the taxable year pursuant to Section 1341 of
18 the Internal Revenue Code;

19 (Q) For taxable year 1999 and thereafter, an amount
20 equal to the amount of any (i) distributions, to the
21 extent includible in gross income for federal income
22 tax purposes, made to the taxpayer because of his or
23 her status as a victim of persecution for racial or
24 religious reasons by Nazi Germany or any other Axis
25 regime or as an heir of the victim and (ii) items of
26 income, to the extent includible in gross income for

1 federal income tax purposes, attributable to, derived
2 from or in any way related to assets stolen from,
3 hidden from, or otherwise lost to a victim of
4 persecution for racial or religious reasons by Nazi
5 Germany or any other Axis regime immediately prior to,
6 during, and immediately after World War II, including,
7 but not limited to, interest on the proceeds receivable
8 as insurance under policies issued to a victim of
9 persecution for racial or religious reasons by Nazi
10 Germany or any other Axis regime by European insurance
11 companies immediately prior to and during World War II;
12 provided, however, this subtraction from federal
13 adjusted gross income does not apply to assets acquired
14 with such assets or with the proceeds from the sale of
15 such assets; provided, further, this paragraph shall
16 only apply to a taxpayer who was the first recipient of
17 such assets after their recovery and who is a victim of
18 persecution for racial or religious reasons by Nazi
19 Germany or any other Axis regime or as an heir of the
20 victim. The amount of and the eligibility for any
21 public assistance, benefit, or similar entitlement is
22 not affected by the inclusion of items (i) and (ii) of
23 this paragraph in gross income for federal income tax
24 purposes. This paragraph is exempt from the provisions
25 of Section 250;

26 (R) For taxable years 2001 and thereafter, for the

1 taxable year in which the bonus depreciation deduction
2 is taken on the taxpayer's federal income tax return
3 under subsection (k) of Section 168 of the Internal
4 Revenue Code and for each applicable taxable year
5 thereafter, an amount equal to "x", where:

6 (1) "y" equals the amount of the depreciation
7 deduction taken for the taxable year on the
8 taxpayer's federal income tax return on property
9 for which the bonus depreciation deduction was
10 taken in any year under subsection (k) of Section
11 168 of the Internal Revenue Code, but not including
12 the bonus depreciation deduction;

13 (2) for taxable years ending on or before
14 December 31, 2005, "x" equals "y" multiplied by 30
15 and then divided by 70 (or "y" multiplied by
16 0.429); and

17 (3) for taxable years ending after December
18 31, 2005:

19 (i) for property on which a bonus
20 depreciation deduction of 30% of the adjusted
21 basis was taken, "x" equals "y" multiplied by
22 30 and then divided by 70 (or "y" multiplied by
23 0.429); and

24 (ii) for property on which a bonus
25 depreciation deduction of 50% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 1.0.

2 The aggregate amount deducted under this
3 subparagraph in all taxable years for any one piece of
4 property may not exceed the amount of the bonus
5 depreciation deduction taken on that property on the
6 taxpayer's federal income tax return under subsection
7 (k) of Section 168 of the Internal Revenue Code. This
8 subparagraph (R) is exempt from the provisions of
9 Section 250;

10 (S) If the taxpayer sells, transfers, abandons, or
11 otherwise disposes of property for which the taxpayer
12 was required in any taxable year to make an addition
13 modification under subparagraph (G-10), then an amount
14 equal to that addition modification.

15 If the taxpayer continues to own property through
16 the last day of the last tax year for which the
17 taxpayer may claim a depreciation deduction for
18 federal income tax purposes and for which the taxpayer
19 was required in any taxable year to make an addition
20 modification under subparagraph (G-10), then an amount
21 equal to that addition modification.

22 The taxpayer is allowed to take the deduction under
23 this subparagraph only once with respect to any one
24 piece of property.

25 This subparagraph (S) is exempt from the
26 provisions of Section 250;

1 (T) The amount of (i) any interest income (net of
2 the deductions allocable thereto) taken into account
3 for the taxable year with respect to a transaction with
4 a taxpayer that is required to make an addition
5 modification with respect to such transaction under
6 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
7 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
8 the amount of such addition modification and (ii) any
9 income from intangible property (net of the deductions
10 allocable thereto) taken into account for the taxable
11 year with respect to a transaction with a taxpayer that
12 is required to make an addition modification with
13 respect to such transaction under Section
14 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
15 203(d)(2)(D-8), but not to exceed the amount of such
16 addition modification. This subparagraph (T) is exempt
17 from the provisions of Section 250;

18 (U) An amount equal to the interest income taken
19 into account for the taxable year (net of the
20 deductions allocable thereto) with respect to
21 transactions with (i) a foreign person who would be a
22 member of the taxpayer's unitary business group but for
23 the fact the foreign person's business activity
24 outside the United States is 80% or more of that
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

1 who would be a member of the same unitary business
2 group but for the fact that the person is prohibited
3 under Section 1501(a)(27) from being included in the
4 unitary business group because he or she is ordinarily
5 required to apportion business income under different
6 subsections of Section 304, but not to exceed the
7 addition modification required to be made for the same
8 taxable year under Section 203(c)(2)(G-12) for
9 interest paid, accrued, or incurred, directly or
10 indirectly, to the same person. This subparagraph (U)
11 is exempt from the provisions of Section 250;

12 (V) An amount equal to the income from intangible
13 property taken into account for the taxable year (net
14 of the deductions allocable thereto) with respect to
15 transactions with (i) a foreign person who would be a
16 member of the taxpayer's unitary business group but for
17 the fact that the foreign person's business activity
18 outside the United States is 80% or more of that
19 person's total business activity and (ii) for taxable
20 years ending on or after December 31, 2008, to a person
21 who would be a member of the same unitary business
22 group but for the fact that the person is prohibited
23 under Section 1501(a)(27) from being included in the
24 unitary business group because he or she is ordinarily
25 required to apportion business income under different
26 subsections of Section 304, but not to exceed the

1 addition modification required to be made for the same
2 taxable year under Section 203(c)(2)(G-13) for
3 intangible expenses and costs paid, accrued, or
4 incurred, directly or indirectly, to the same foreign
5 person. This subparagraph (V) is exempt from the
6 provisions of Section 250;

7 (W) in the case of an estate, an amount equal to
8 all amounts included in such total pursuant to the
9 provisions of Section 111 of the Internal Revenue Code
10 as a recovery of items previously deducted by the
11 decedent from adjusted gross income in the computation
12 of taxable income. This subparagraph (W) is exempt from
13 Section 250;

14 (X) an amount equal to the refund included in such
15 total of any tax deducted for federal income tax
16 purposes, to the extent that deduction was added back
17 under subparagraph (F). This subparagraph (X) is
18 exempt from the provisions of Section 250; and

19 (Y) For taxable years ending on or after December
20 31, 2011, in the case of a taxpayer who was required to
21 add back any insurance premiums under Section
22 203(c)(2)(G-14), such taxpayer may elect to subtract
23 that part of a reimbursement received from the
24 insurance company equal to the amount of the expense or
25 loss (including expenses incurred by the insurance
26 company) that would have been taken into account as a

1 deduction for federal income tax purposes if the
2 expense or loss had been uninsured. If a taxpayer makes
3 the election provided for by this subparagraph (Y), the
4 insurer to which the premiums were paid must add back
5 to income the amount subtracted by the taxpayer
6 pursuant to this subparagraph (Y). This subparagraph
7 (Y) is exempt from the provisions of Section 250.

8 (3) Limitation. The amount of any modification
9 otherwise required under this subsection shall, under
10 regulations prescribed by the Department, be adjusted by
11 any amounts included therein which were properly paid,
12 credited, or required to be distributed, or permanently set
13 aside for charitable purposes pursuant to Internal Revenue
14 Code Section 642(c) during the taxable year.

15 (d) Partnerships.

16 (1) In general. In the case of a partnership, base
17 income means an amount equal to the taxpayer's taxable
18 income for the taxable year as modified by paragraph (2).

19 (2) Modifications. The taxable income referred to in
20 paragraph (1) shall be modified by adding thereto the sum
21 of the following amounts:

22 (A) An amount equal to all amounts paid or accrued
23 to the taxpayer as interest or dividends during the
24 taxable year to the extent excluded from gross income
25 in the computation of taxable income;

1 (B) An amount equal to the amount of tax imposed by
2 this Act to the extent deducted from gross income for
3 the taxable year;

4 (C) The amount of deductions allowed to the
5 partnership pursuant to Section 707 (c) of the Internal
6 Revenue Code in calculating its taxable income;

7 (D) An amount equal to the amount of the capital
8 gain deduction allowable under the Internal Revenue
9 Code, to the extent deducted from gross income in the
10 computation of taxable income;

11 (D-5) For taxable years 2001 and thereafter, an
12 amount equal to the bonus depreciation deduction taken
13 on the taxpayer's federal income tax return for the
14 taxable year under subsection (k) of Section 168 of the
15 Internal Revenue Code;

16 (D-6) If the taxpayer sells, transfers, abandons,
17 or otherwise disposes of property for which the
18 taxpayer was required in any taxable year to make an
19 addition modification under subparagraph (D-5), then
20 an amount equal to the aggregate amount of the
21 deductions taken in all taxable years under
22 subparagraph (D) with respect to that property.

23 If the taxpayer continues to own property through
24 the last day of the last tax year for which the
25 taxpayer may claim a depreciation deduction for
26 federal income tax purposes and for which the taxpayer

1 was allowed in any taxable year to make a subtraction
2 modification under subparagraph (O), then an amount
3 equal to that subtraction modification.

4 The taxpayer is required to make the addition
5 modification under this subparagraph only once with
6 respect to any one piece of property;

7 (D-7) An amount equal to the amount otherwise
8 allowed as a deduction in computing base income for
9 interest paid, accrued, or incurred, directly or
10 indirectly, (i) for taxable years ending on or after
11 December 31, 2004, to a foreign person who would be a
12 member of the same unitary business group but for the
13 fact the foreign person's business activity outside
14 the United States is 80% or more of the foreign
15 person's total business activity and (ii) for taxable
16 years ending on or after December 31, 2008, to a person
17 who would be a member of the same unitary business
18 group but for the fact that the person is prohibited
19 under Section 1501(a)(27) from being included in the
20 unitary business group because he or she is ordinarily
21 required to apportion business income under different
22 subsections of Section 304. The addition modification
23 required by this subparagraph shall be reduced to the
24 extent that dividends were included in base income of
25 the unitary group for the same taxable year and
26 received by the taxpayer or by a member of the

1 taxpayer's unitary business group (including amounts
2 included in gross income pursuant to Sections 951
3 through 964 of the Internal Revenue Code and amounts
4 included in gross income under Section 78 of the
5 Internal Revenue Code) with respect to the stock of the
6 same person to whom the interest was paid, accrued, or
7 incurred.

8 This paragraph shall not apply to the following:

9 (i) an item of interest paid, accrued, or
10 incurred, directly or indirectly, to a person who
11 is subject in a foreign country or state, other
12 than a state which requires mandatory unitary
13 reporting, to a tax on or measured by net income
14 with respect to such interest; or

15 (ii) an item of interest paid, accrued, or
16 incurred, directly or indirectly, to a person if
17 the taxpayer can establish, based on a
18 preponderance of the evidence, both of the
19 following:

20 (a) the person, during the same taxable
21 year, paid, accrued, or incurred, the interest
22 to a person that is not a related member, and

23 (b) the transaction giving rise to the
24 interest expense between the taxpayer and the
25 person did not have as a principal purpose the
26 avoidance of Illinois income tax, and is paid

1 pursuant to a contract or agreement that
2 reflects an arm's-length interest rate and
3 terms; or

4 (iii) the taxpayer can establish, based on
5 clear and convincing evidence, that the interest
6 paid, accrued, or incurred relates to a contract or
7 agreement entered into at arm's-length rates and
8 terms and the principal purpose for the payment is
9 not federal or Illinois tax avoidance; or

10 (iv) an item of interest paid, accrued, or
11 incurred, directly or indirectly, to a person if
12 the taxpayer establishes by clear and convincing
13 evidence that the adjustments are unreasonable; or
14 if the taxpayer and the Director agree in writing
15 to the application or use of an alternative method
16 of apportionment under Section 304(f).

17 Nothing in this subsection shall preclude the
18 Director from making any other adjustment
19 otherwise allowed under Section 404 of this Act for
20 any tax year beginning after the effective date of
21 this amendment provided such adjustment is made
22 pursuant to regulation adopted by the Department
23 and such regulations provide methods and standards
24 by which the Department will utilize its authority
25 under Section 404 of this Act; and

26 (D-8) An amount equal to the amount of intangible

1 expenses and costs otherwise allowed as a deduction in
2 computing base income, and that were paid, accrued, or
3 incurred, directly or indirectly, (i) for taxable
4 years ending on or after December 31, 2004, to a
5 foreign person who would be a member of the same
6 unitary business group but for the fact that the
7 foreign person's business activity outside the United
8 States is 80% or more of that person's total business
9 activity and (ii) for taxable years ending on or after
10 December 31, 2008, to a person who would be a member of
11 the same unitary business group but for the fact that
12 the person is prohibited under Section 1501(a)(27)
13 from being included in the unitary business group
14 because he or she is ordinarily required to apportion
15 business income under different subsections of Section
16 304. The addition modification required by this
17 subparagraph shall be reduced to the extent that
18 dividends were included in base income of the unitary
19 group for the same taxable year and received by the
20 taxpayer or by a member of the taxpayer's unitary
21 business group (including amounts included in gross
22 income pursuant to Sections 951 through 964 of the
23 Internal Revenue Code and amounts included in gross
24 income under Section 78 of the Internal Revenue Code)
25 with respect to the stock of the same person to whom
26 the intangible expenses and costs were directly or

1 indirectly paid, incurred or accrued. The preceding
2 sentence shall not apply to the extent that the same
3 dividends caused a reduction to the addition
4 modification required under Section 203(d)(2)(D-7) of
5 this Act. As used in this subparagraph, the term
6 "intangible expenses and costs" includes (1) expenses,
7 losses, and costs for, or related to, the direct or
8 indirect acquisition, use, maintenance or management,
9 ownership, sale, exchange, or any other disposition of
10 intangible property; (2) losses incurred, directly or
11 indirectly, from factoring transactions or discounting
12 transactions; (3) royalty, patent, technical, and
13 copyright fees; (4) licensing fees; and (5) other
14 similar expenses and costs. For purposes of this
15 subparagraph, "intangible property" includes patents,
16 patent applications, trade names, trademarks, service
17 marks, copyrights, mask works, trade secrets, and
18 similar types of intangible assets;

19 This paragraph shall not apply to the following:

20 (i) any item of intangible expenses or costs
21 paid, accrued, or incurred, directly or
22 indirectly, from a transaction with a person who is
23 subject in a foreign country or state, other than a
24 state which requires mandatory unitary reporting,
25 to a tax on or measured by net income with respect
26 to such item; or

1 (ii) any item of intangible expense or cost
2 paid, accrued, or incurred, directly or
3 indirectly, if the taxpayer can establish, based
4 on a preponderance of the evidence, both of the
5 following:

6 (a) the person during the same taxable
7 year paid, accrued, or incurred, the
8 intangible expense or cost to a person that is
9 not a related member, and

10 (b) the transaction giving rise to the
11 intangible expense or cost between the
12 taxpayer and the person did not have as a
13 principal purpose the avoidance of Illinois
14 income tax, and is paid pursuant to a contract
15 or agreement that reflects arm's-length terms;
16 or

17 (iii) any item of intangible expense or cost
18 paid, accrued, or incurred, directly or
19 indirectly, from a transaction with a person if the
20 taxpayer establishes by clear and convincing
21 evidence, that the adjustments are unreasonable;
22 or if the taxpayer and the Director agree in
23 writing to the application or use of an alternative
24 method of apportionment under Section 304(f);

25 Nothing in this subsection shall preclude the
26 Director from making any other adjustment

1 otherwise allowed under Section 404 of this Act for
2 any tax year beginning after the effective date of
3 this amendment provided such adjustment is made
4 pursuant to regulation adopted by the Department
5 and such regulations provide methods and standards
6 by which the Department will utilize its authority
7 under Section 404 of this Act;

8 (D-9) For taxable years ending on or after December
9 31, 2008, an amount equal to the amount of insurance
10 premium expenses and costs otherwise allowed as a
11 deduction in computing base income, and that were paid,
12 accrued, or incurred, directly or indirectly, to a
13 person who would be a member of the same unitary
14 business group but for the fact that the person is
15 prohibited under Section 1501(a)(27) from being
16 included in the unitary business group because he or
17 she is ordinarily required to apportion business
18 income under different subsections of Section 304. The
19 addition modification required by this subparagraph
20 shall be reduced to the extent that dividends were
21 included in base income of the unitary group for the
22 same taxable year and received by the taxpayer or by a
23 member of the taxpayer's unitary business group
24 (including amounts included in gross income under
25 Sections 951 through 964 of the Internal Revenue Code
26 and amounts included in gross income under Section 78

1 of the Internal Revenue Code) with respect to the stock
2 of the same person to whom the premiums and costs were
3 directly or indirectly paid, incurred, or accrued. The
4 preceding sentence does not apply to the extent that
5 the same dividends caused a reduction to the addition
6 modification required under Section 203(d) (2) (D-7) or
7 Section 203(d) (2) (D-8) of this Act;

8 (D-10) An amount equal to the credit allowable to
9 the taxpayer under Section 218(a) of this Act,
10 determined without regard to Section 218(c) of this
11 Act;

12 (D-11) For taxable years beginning on or after
13 January 1, 2017, an amount equal to the deduction
14 allowed under Section 199 of the Internal Revenue Code
15 for the taxable year;

16 and by deducting from the total so obtained the following
17 amounts:

18 (E) The valuation limitation amount;

19 (F) An amount equal to the amount of any tax
20 imposed by this Act which was refunded to the taxpayer
21 and included in such total for the taxable year;

22 (G) An amount equal to all amounts included in
23 taxable income as modified by subparagraphs (A), (B),
24 (C) and (D) which are exempt from taxation by this
25 State either by reason of its statutes or Constitution
26 or by reason of the Constitution, treaties or statutes

1 of the United States; provided that, in the case of any
2 statute of this State that exempts income derived from
3 bonds or other obligations from the tax imposed under
4 this Act, the amount exempted shall be the interest net
5 of bond premium amortization;

6 (H) Any income of the partnership which
7 constitutes personal service income as defined in
8 Section 1348 (b) (1) of the Internal Revenue Code (as
9 in effect December 31, 1981) or a reasonable allowance
10 for compensation paid or accrued for services rendered
11 by partners to the partnership, whichever is greater;
12 this subparagraph (H) is exempt from the provisions of
13 Section 250;

14 (I) An amount equal to all amounts of income
15 distributable to an entity subject to the Personal
16 Property Tax Replacement Income Tax imposed by
17 subsections (c) and (d) of Section 201 of this Act
18 including amounts distributable to organizations
19 exempt from federal income tax by reason of Section
20 501(a) of the Internal Revenue Code; this subparagraph
21 (I) is exempt from the provisions of Section 250;

22 (J) With the exception of any amounts subtracted
23 under subparagraph (G), an amount equal to the sum of
24 all amounts disallowed as deductions by (i) Sections
25 171(a) (2), and 265(2) of the Internal Revenue Code,
26 and all amounts of expenses allocable to interest and

1 disallowed as deductions by Section 265(1) of the
2 Internal Revenue Code; and (ii) for taxable years
3 ending on or after August 13, 1999, Sections 171(a)(2),
4 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue
5 Code, plus, (iii) for taxable years ending on or after
6 December 31, 2011, Section 45G(e)(3) of the Internal
7 Revenue Code and, for taxable years ending on or after
8 December 31, 2008, any amount included in gross income
9 under Section 87 of the Internal Revenue Code; the
10 provisions of this subparagraph are exempt from the
11 provisions of Section 250;

12 (K) An amount equal to those dividends included in
13 such total which were paid by a corporation which
14 conducts business operations in a River Edge
15 Redevelopment Zone or zones created under the River
16 Edge Redevelopment Zone Act and conducts substantially
17 all of its operations from a River Edge Redevelopment
18 Zone or zones. This subparagraph (K) is exempt from the
19 provisions of Section 250;

20 (L) An amount equal to any contribution made to a
21 job training project established pursuant to the Real
22 Property Tax Increment Allocation Redevelopment Act;

23 (M) An amount equal to those dividends included in
24 such total that were paid by a corporation that
25 conducts business operations in a federally designated
26 Foreign Trade Zone or Sub-Zone and that is designated a

1 High Impact Business located in Illinois; provided
2 that dividends eligible for the deduction provided in
3 subparagraph (K) of paragraph (2) of this subsection
4 shall not be eligible for the deduction provided under
5 this subparagraph (M);

6 (N) An amount equal to the amount of the deduction
7 used to compute the federal income tax credit for
8 restoration of substantial amounts held under claim of
9 right for the taxable year pursuant to Section 1341 of
10 the Internal Revenue Code;

11 (O) For taxable years 2001 and thereafter, for the
12 taxable year in which the bonus depreciation deduction
13 is taken on the taxpayer's federal income tax return
14 under subsection (k) of Section 168 of the Internal
15 Revenue Code and for each applicable taxable year
16 thereafter, an amount equal to "x", where:

17 (1) "y" equals the amount of the depreciation
18 deduction taken for the taxable year on the
19 taxpayer's federal income tax return on property
20 for which the bonus depreciation deduction was
21 taken in any year under subsection (k) of Section
22 168 of the Internal Revenue Code, but not including
23 the bonus depreciation deduction;

24 (2) for taxable years ending on or before
25 December 31, 2005, "x" equals "y" multiplied by 30
26 and then divided by 70 (or "y" multiplied by

1 0.429); and

2 (3) for taxable years ending after December
3 31, 2005:

4 (i) for property on which a bonus
5 depreciation deduction of 30% of the adjusted
6 basis was taken, "x" equals "y" multiplied by
7 30 and then divided by 70 (or "y" multiplied by
8 0.429); and

9 (ii) for property on which a bonus
10 depreciation deduction of 50% of the adjusted
11 basis was taken, "x" equals "y" multiplied by
12 1.0.

13 The aggregate amount deducted under this
14 subparagraph in all taxable years for any one piece of
15 property may not exceed the amount of the bonus
16 depreciation deduction taken on that property on the
17 taxpayer's federal income tax return under subsection
18 (k) of Section 168 of the Internal Revenue Code. This
19 subparagraph (O) is exempt from the provisions of
20 Section 250;

21 (P) If the taxpayer sells, transfers, abandons, or
22 otherwise disposes of property for which the taxpayer
23 was required in any taxable year to make an addition
24 modification under subparagraph (D-5), then an amount
25 equal to that addition modification.

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which the
2 taxpayer may claim a depreciation deduction for
3 federal income tax purposes and for which the taxpayer
4 was required in any taxable year to make an addition
5 modification under subparagraph (D-5), then an amount
6 equal to that addition modification.

7 The taxpayer is allowed to take the deduction under
8 this subparagraph only once with respect to any one
9 piece of property.

10 This subparagraph (P) is exempt from the
11 provisions of Section 250;

12 (Q) The amount of (i) any interest income (net of
13 the deductions allocable thereto) taken into account
14 for the taxable year with respect to a transaction with
15 a taxpayer that is required to make an addition
16 modification with respect to such transaction under
17 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
18 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
19 the amount of such addition modification and (ii) any
20 income from intangible property (net of the deductions
21 allocable thereto) taken into account for the taxable
22 year with respect to a transaction with a taxpayer that
23 is required to make an addition modification with
24 respect to such transaction under Section
25 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
26 203(d)(2)(D-8), but not to exceed the amount of such

1 addition modification. This subparagraph (Q) is exempt
2 from Section 250;

3 (R) An amount equal to the interest income taken
4 into account for the taxable year (net of the
5 deductions allocable thereto) with respect to
6 transactions with (i) a foreign person who would be a
7 member of the taxpayer's unitary business group but for
8 the fact that the foreign person's business activity
9 outside the United States is 80% or more of that
10 person's total business activity and (ii) for taxable
11 years ending on or after December 31, 2008, to a person
12 who would be a member of the same unitary business
13 group but for the fact that the person is prohibited
14 under Section 1501(a)(27) from being included in the
15 unitary business group because he or she is ordinarily
16 required to apportion business income under different
17 subsections of Section 304, but not to exceed the
18 addition modification required to be made for the same
19 taxable year under Section 203(d)(2)(D-7) for interest
20 paid, accrued, or incurred, directly or indirectly, to
21 the same person. This subparagraph (R) is exempt from
22 Section 250;

23 (S) An amount equal to the income from intangible
24 property taken into account for the taxable year (net
25 of the deductions allocable thereto) with respect to
26 transactions with (i) a foreign person who would be a

1 member of the taxpayer's unitary business group but for
2 the fact that the foreign person's business activity
3 outside the United States is 80% or more of that
4 person's total business activity and (ii) for taxable
5 years ending on or after December 31, 2008, to a person
6 who would be a member of the same unitary business
7 group but for the fact that the person is prohibited
8 under Section 1501(a)(27) from being included in the
9 unitary business group because he or she is ordinarily
10 required to apportion business income under different
11 subsections of Section 304, but not to exceed the
12 addition modification required to be made for the same
13 taxable year under Section 203(d)(2)(D-8) for
14 intangible expenses and costs paid, accrued, or
15 incurred, directly or indirectly, to the same person.
16 This subparagraph (S) is exempt from Section 250; and

17 (T) For taxable years ending on or after December
18 31, 2011, in the case of a taxpayer who was required to
19 add back any insurance premiums under Section
20 203(d)(2)(D-9), such taxpayer may elect to subtract
21 that part of a reimbursement received from the
22 insurance company equal to the amount of the expense or
23 loss (including expenses incurred by the insurance
24 company) that would have been taken into account as a
25 deduction for federal income tax purposes if the
26 expense or loss had been uninsured. If a taxpayer makes

1 the election provided for by this subparagraph (T), the
2 insurer to which the premiums were paid must add back
3 to income the amount subtracted by the taxpayer
4 pursuant to this subparagraph (T). This subparagraph
5 (T) is exempt from the provisions of Section 250.

6 (e) Gross income; adjusted gross income; taxable income.

7 (1) In general. Subject to the provisions of paragraph
8 (2) and subsection (b) (3), for purposes of this Section
9 and Section 803(e), a taxpayer's gross income, adjusted
10 gross income, or taxable income for the taxable year shall
11 mean the amount of gross income, adjusted gross income or
12 taxable income properly reportable for federal income tax
13 purposes for the taxable year under the provisions of the
14 Internal Revenue Code. Taxable income may be less than
15 zero. However, for taxable years ending on or after
16 December 31, 1986, net operating loss carryforwards from
17 taxable years ending prior to December 31, 1986, may not
18 exceed the sum of federal taxable income for the taxable
19 year before net operating loss deduction, plus the excess
20 of addition modifications over subtraction modifications
21 for the taxable year. For taxable years ending prior to
22 December 31, 1986, taxable income may never be an amount in
23 excess of the net operating loss for the taxable year as
24 defined in subsections (c) and (d) of Section 172 of the
25 Internal Revenue Code, provided that when taxable income of

1 a corporation (other than a Subchapter S corporation),
2 trust, or estate is less than zero and addition
3 modifications, other than those provided by subparagraph
4 (E) of paragraph (2) of subsection (b) for corporations or
5 subparagraph (E) of paragraph (2) of subsection (c) for
6 trusts and estates, exceed subtraction modifications, an
7 addition modification must be made under those
8 subparagraphs for any other taxable year to which the
9 taxable income less than zero (net operating loss) is
10 applied under Section 172 of the Internal Revenue Code or
11 under subparagraph (E) of paragraph (2) of this subsection
12 (e) applied in conjunction with Section 172 of the Internal
13 Revenue Code.

14 (2) Special rule. For purposes of paragraph (1) of this
15 subsection, the taxable income properly reportable for
16 federal income tax purposes shall mean:

17 (A) Certain life insurance companies. In the case
18 of a life insurance company subject to the tax imposed
19 by Section 801 of the Internal Revenue Code, life
20 insurance company taxable income, plus the amount of
21 distribution from pre-1984 policyholder surplus
22 accounts as calculated under Section 815a of the
23 Internal Revenue Code;

24 (B) Certain other insurance companies. In the case
25 of mutual insurance companies subject to the tax
26 imposed by Section 831 of the Internal Revenue Code,

1 insurance company taxable income;

2 (C) Regulated investment companies. In the case of
3 a regulated investment company subject to the tax
4 imposed by Section 852 of the Internal Revenue Code,
5 investment company taxable income;

6 (D) Real estate investment trusts. In the case of a
7 real estate investment trust subject to the tax imposed
8 by Section 857 of the Internal Revenue Code, real
9 estate investment trust taxable income;

10 (E) Consolidated corporations. In the case of a
11 corporation which is a member of an affiliated group of
12 corporations filing a consolidated income tax return
13 for the taxable year for federal income tax purposes,
14 taxable income determined as if such corporation had
15 filed a separate return for federal income tax purposes
16 for the taxable year and each preceding taxable year
17 for which it was a member of an affiliated group. For
18 purposes of this subparagraph, the taxpayer's separate
19 taxable income shall be determined as if the election
20 provided by Section 243(b) (2) of the Internal Revenue
21 Code had been in effect for all such years;

22 (F) Cooperatives. In the case of a cooperative
23 corporation or association, the taxable income of such
24 organization determined in accordance with the
25 provisions of Section 1381 through 1388 of the Internal
26 Revenue Code, but without regard to the prohibition

1 against offsetting losses from patronage activities
2 against income from nonpatronage activities; except
3 that a cooperative corporation or association may make
4 an election to follow its federal income tax treatment
5 of patronage losses and nonpatronage losses. In the
6 event such election is made, such losses shall be
7 computed and carried over in a manner consistent with
8 subsection (a) of Section 207 of this Act and
9 apportioned by the apportionment factor reported by
10 the cooperative on its Illinois income tax return filed
11 for the taxable year in which the losses are incurred.
12 The election shall be effective for all taxable years
13 with original returns due on or after the date of the
14 election. In addition, the cooperative may file an
15 amended return or returns, as allowed under this Act,
16 to provide that the election shall be effective for
17 losses incurred or carried forward for taxable years
18 occurring prior to the date of the election. Once made,
19 the election may only be revoked upon approval of the
20 Director. The Department shall adopt rules setting
21 forth requirements for documenting the elections and
22 any resulting Illinois net loss and the standards to be
23 used by the Director in evaluating requests to revoke
24 elections. Public Act 96-932 is declaratory of
25 existing law;

26 (G) Subchapter S corporations. In the case of: (i)

1 a Subchapter S corporation for which there is in effect
2 an election for the taxable year under Section 1362 of
3 the Internal Revenue Code, the taxable income of such
4 corporation determined in accordance with Section
5 1363(b) of the Internal Revenue Code, except that
6 taxable income shall take into account those items
7 which are required by Section 1363(b)(1) of the
8 Internal Revenue Code to be separately stated; and (ii)
9 a Subchapter S corporation for which there is in effect
10 a federal election to opt out of the provisions of the
11 Subchapter S Revision Act of 1982 and have applied
12 instead the prior federal Subchapter S rules as in
13 effect on July 1, 1982, the taxable income of such
14 corporation determined in accordance with the federal
15 Subchapter S rules as in effect on July 1, 1982; and

16 (H) Partnerships. In the case of a partnership,
17 taxable income determined in accordance with Section
18 703 of the Internal Revenue Code, except that taxable
19 income shall take into account those items which are
20 required by Section 703(a)(1) to be separately stated
21 but which would be taken into account by an individual
22 in calculating his taxable income.

23 (3) Recapture of business expenses on disposition of
24 asset or business. Notwithstanding any other law to the
25 contrary, if in prior years income from an asset or
26 business has been classified as business income and in a

1 later year is demonstrated to be non-business income, then
2 all expenses, without limitation, deducted in such later
3 year and in the 2 immediately preceding taxable years
4 related to that asset or business that generated the
5 non-business income shall be added back and recaptured as
6 business income in the year of the disposition of the asset
7 or business. Such amount shall be apportioned to Illinois
8 using the greater of the apportionment fraction computed
9 for the business under Section 304 of this Act for the
10 taxable year or the average of the apportionment fractions
11 computed for the business under Section 304 of this Act for
12 the taxable year and for the 2 immediately preceding
13 taxable years.

14 (f) Valuation limitation amount.

15 (1) In general. The valuation limitation amount
16 referred to in subsections (a) (2) (G), (c) (2) (I) and
17 (d) (2) (E) is an amount equal to:

18 (A) The sum of the pre-August 1, 1969 appreciation
19 amounts (to the extent consisting of gain reportable
20 under the provisions of Section 1245 or 1250 of the
21 Internal Revenue Code) for all property in respect of
22 which such gain was reported for the taxable year; plus

23 (B) The lesser of (i) the sum of the pre-August 1,
24 1969 appreciation amounts (to the extent consisting of
25 capital gain) for all property in respect of which such

1 gain was reported for federal income tax purposes for
2 the taxable year, or (ii) the net capital gain for the
3 taxable year, reduced in either case by any amount of
4 such gain included in the amount determined under
5 subsection (a) (2) (F) or (c) (2) (H).

6 (2) Pre-August 1, 1969 appreciation amount.

7 (A) If the fair market value of property referred
8 to in paragraph (1) was readily ascertainable on August
9 1, 1969, the pre-August 1, 1969 appreciation amount for
10 such property is the lesser of (i) the excess of such
11 fair market value over the taxpayer's basis (for
12 determining gain) for such property on that date
13 (determined under the Internal Revenue Code as in
14 effect on that date), or (ii) the total gain realized
15 and reportable for federal income tax purposes in
16 respect of the sale, exchange or other disposition of
17 such property.

18 (B) If the fair market value of property referred
19 to in paragraph (1) was not readily ascertainable on
20 August 1, 1969, the pre-August 1, 1969 appreciation
21 amount for such property is that amount which bears the
22 same ratio to the total gain reported in respect of the
23 property for federal income tax purposes for the
24 taxable year, as the number of full calendar months in
25 that part of the taxpayer's holding period for the
26 property ending July 31, 1969 bears to the number of

1 full calendar months in the taxpayer's entire holding
2 period for the property.

3 (C) The Department shall prescribe such
4 regulations as may be necessary to carry out the
5 purposes of this paragraph.

6 (g) Double deductions. Unless specifically provided
7 otherwise, nothing in this Section shall permit the same item
8 to be deducted more than once.

9 (h) Legislative intention. Except as expressly provided by
10 this Section there shall be no modifications or limitations on
11 the amounts of income, gain, loss or deduction taken into
12 account in determining gross income, adjusted gross income or
13 taxable income for federal income tax purposes for the taxable
14 year, or in the amount of such items entering into the
15 computation of base income and net income under this Act for
16 such taxable year, whether in respect of property values as of
17 August 1, 1969 or otherwise.

18 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
19 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
20 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
21 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
22 eff. 8-23-11; 97-905, eff. 8-7-12.)

23 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

1 Sec. 204. Standard Exemption.

2 (a) Allowance of exemption. In computing net income under
3 this Act, there shall be allowed as an exemption the sum of the
4 amounts determined under subsections (b), (c) and (d),
5 multiplied by a fraction the numerator of which is the amount
6 of the taxpayer's base income allocable to this State for the
7 taxable year and the denominator of which is the taxpayer's
8 total base income for the taxable year.

9 (b) Basic amount. For the purpose of subsection (a) of this
10 Section, except as provided by subsection (a) of Section 205
11 and in this subsection, each taxpayer shall be allowed a basic
12 amount of \$1000, except that for corporations the basic amount
13 shall be zero for tax years ending on or after December 31,
14 2003, and for individuals the basic amount shall be:

15 (1) for taxable years ending on or after December 31,
16 1998 and prior to December 31, 1999, \$1,300;

17 (2) for taxable years ending on or after December 31,
18 1999 and prior to December 31, 2000, \$1,650;

19 (3) for taxable years ending on or after December 31,
20 2000 and prior to December 31, 2012, \$2,000;

21 (4) for taxable years ending on or after December 31,
22 2012 and prior to December 31, 2013, \$2,050;

23 (5) for taxable years ending on or after December 31,
24 2013, \$2,050 plus the cost-of-living adjustment under
25 subsection (d-5).

26 For taxable years ending on or after December 31, 1992, a

1 taxpayer whose Illinois base income exceeds the basic amount
2 and who is claimed as a dependent on another person's tax
3 return under the Internal Revenue Code shall not be allowed any
4 basic amount under this subsection.

5 (c) Additional amount for individuals. In the case of an
6 individual taxpayer, there shall be allowed for the purpose of
7 subsection (a), in addition to the basic amount provided by
8 subsection (b), an additional exemption equal to the basic
9 amount for each exemption in excess of one allowable to such
10 individual taxpayer for the taxable year under Section 151 of
11 the Internal Revenue Code.

12 (d) Additional exemptions for an individual taxpayer and
13 his or her spouse. In the case of an individual taxpayer and
14 his or her spouse, he or she shall each be allowed additional
15 exemptions as follows:

16 (1) Additional exemption for taxpayer or spouse 65
17 years of age or older.

18 (A) For taxpayer. An additional exemption of
19 \$1,000 for the taxpayer if he or she has attained the
20 age of 65 before the end of the taxable year.

21 (B) For spouse when a joint return is not filed. An
22 additional exemption of \$1,000 for the spouse of the
23 taxpayer if a joint return is not made by the taxpayer
24 and his spouse, and if the spouse has attained the age
25 of 65 before the end of such taxable year, and, for the
26 calendar year in which the taxable year of the taxpayer

1 begins, has no gross income and is not the dependent of
2 another taxpayer.

3 (2) Additional exemption for blindness of taxpayer or
4 spouse.

5 (A) For taxpayer. An additional exemption of
6 \$1,000 for the taxpayer if he or she is blind at the
7 end of the taxable year.

8 (B) For spouse when a joint return is not filed. An
9 additional exemption of \$1,000 for the spouse of the
10 taxpayer if a separate return is made by the taxpayer,
11 and if the spouse is blind and, for the calendar year
12 in which the taxable year of the taxpayer begins, has
13 no gross income and is not the dependent of another
14 taxpayer. For purposes of this paragraph, the
15 determination of whether the spouse is blind shall be
16 made as of the end of the taxable year of the taxpayer;
17 except that if the spouse dies during such taxable year
18 such determination shall be made as of the time of such
19 death.

20 (C) Blindness defined. For purposes of this
21 subsection, an individual is blind only if his or her
22 central visual acuity does not exceed 20/200 in the
23 better eye with correcting lenses, or if his or her
24 visual acuity is greater than 20/200 but is accompanied
25 by a limitation in the fields of vision such that the
26 widest diameter of the visual fields subtends an angle

1 no greater than 20 degrees.

2 (d-5) Cost-of-living adjustment. For purposes of item (5)
3 of subsection (b), the cost-of-living adjustment for any
4 calendar year and for taxable years ending prior to the end of
5 the subsequent calendar year is equal to \$2,050 times the
6 percentage (if any) by which:

7 (1) the Consumer Price Index for the preceding calendar
8 year, exceeds

9 (2) the Consumer Price Index for the calendar year
10 2011.

11 The Consumer Price Index for any calendar year is the
12 average of the Consumer Price Index as of the close of the
13 12-month period ending on August 31 of that calendar year.

14 The term "Consumer Price Index" means the last Consumer
15 Price Index for All Urban Consumers published by the United
16 States Department of Labor or any successor agency.

17 If any cost-of-living adjustment is not a multiple of \$25,
18 that adjustment shall be rounded to the next lowest multiple of
19 \$25.

20 (e) Cross reference. See Article 3 for the manner of
21 determining base income allocable to this State.

22 (f) Application of Section 250. Section 250 does not apply
23 to the amendments to this Section made by Public Act 90-613.

24 (g) Notwithstanding any other provision of law, for taxable
25 years beginning on or after January 1, 2018, no taxpayer may
26 claim an exemption under this Section if the taxpayer's

1 adjusted gross income for the taxable year exceeds (i)
2 \$500,000, in the case of spouses filing a joint federal tax
3 return or (ii) \$250,000, in the case of all other taxpayers.

4 (Source: P.A. 97-507, eff. 8-23-11; 97-652, eff. 6-1-12.)

5 (35 ILCS 5/208) (from Ch. 120, par. 2-208)

6 Sec. 208. Tax credit for residential real property taxes.
7 Beginning with tax years ending on or after December 31, 1991,
8 every individual taxpayer shall be entitled to a tax credit
9 equal to 5% of real property taxes paid by such taxpayer during
10 the taxable year on the principal residence of the taxpayer. In
11 the case of multi-unit or multi-use structures and farm
12 dwellings, the taxes on the taxpayer's principal residence
13 shall be that portion of the total taxes which is attributable
14 to such principal residence. Notwithstanding any other
15 provision of law, for taxable years beginning on or after
16 January 1, 2018, no taxpayer may claim a credit under this
17 Section if the taxpayer's adjusted gross income for the taxable
18 year exceeds (i) \$500,000, in the case of spouses filing a
19 joint federal tax return, or (ii) \$250,000, in the case of all
20 other taxpayers.

21 (Source: P.A. 87-17.)

22 (35 ILCS 5/212)

23 Sec. 212. Earned income tax credit.

24 (a) With respect to the federal earned income tax credit

1 allowed for the taxable year under Section 32 of the federal
2 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
3 is entitled to a credit against the tax imposed by subsections
4 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
5 federal tax credit for each taxable year beginning on or after
6 January 1, 2000 and ending prior to December 31, 2012, (ii)
7 7.5% of the federal tax credit for each taxable year beginning
8 on or after January 1, 2012 and ending prior to December 31,
9 2013, ~~and~~ (iii) 10% of the federal tax credit for each taxable
10 year beginning on or after January 1, 2013 and beginning prior
11 to January 1, 2017, and (iv) 15% of the federal tax credit for
12 each taxable year beginning on or after January 1, 2017.

13 For a non-resident or part-year resident, the amount of the
14 credit under this Section shall be in proportion to the amount
15 of income attributable to this State.

16 (b) For taxable years beginning before January 1, 2003, in
17 no event shall a credit under this Section reduce the
18 taxpayer's liability to less than zero. For each taxable year
19 beginning on or after January 1, 2003, if the amount of the
20 credit exceeds the income tax liability for the applicable tax
21 year, then the excess credit shall be refunded to the taxpayer.
22 The amount of a refund shall not be included in the taxpayer's
23 income or resources for the purposes of determining eligibility
24 or benefit level in any means-tested benefit program
25 administered by a governmental entity unless required by
26 federal law.

1 (c) This Section is exempt from the provisions of Section
2 250.

3 (Source: P.A. 97-652, eff. 6-1-12.)

4 (35 ILCS 5/222)

5 Sec. 222. Live theater production credit.

6 (a) For tax years beginning on or after January 1, 2012 and
7 beginning prior to January 1, 2027, a taxpayer who has received
8 a tax credit award under the Live Theater Production Tax Credit
9 Act is entitled to a credit against the taxes imposed under
10 subsections (a) and (b) of Section 201 of this Act in an amount
11 determined under that Act by the Department of Commerce and
12 Economic Opportunity.

13 (b) If the taxpayer is a partnership, limited liability
14 partnership, limited liability company, or Subchapter S
15 corporation, the tax credit award is allowed to the partners,
16 unit holders, or shareholders in accordance with the
17 determination of income and distributive share of income under
18 Sections 702 and 704 and Subchapter S of the Internal Revenue
19 Code.

20 (c) A sale, assignment, or transfer of the tax credit award
21 may be made by the taxpayer earning the credit within one year
22 after the credit is awarded in accordance with rules adopted by
23 the Department of Commerce and Economic Opportunity.

24 (d) The Department of Revenue, in cooperation with the
25 Department of Commerce and Economic Opportunity, shall adopt

1 rules to enforce and administer the provisions of this Section.

2 (e) The tax credit award may not be carried back. If the
3 amount of the credit exceeds the tax liability for the year,
4 the excess may be carried forward and applied to the tax
5 liability of the 5 tax years following the excess credit year.
6 The tax credit award shall be applied to the earliest year for
7 which there is a tax liability. If there are credits from more
8 than one tax year that are available to offset liability, the
9 earlier credit shall be applied first. In no event may a credit
10 under this Section reduce the taxpayer's liability to less than
11 zero.

12 (Source: P.A. 97-636, eff. 6-1-12.)

13 (35 ILCS 5/225 new)

14 Sec. 225. Credit for instructional materials and supplies.
15 For taxable years beginning on and after January 1, 2017, a
16 taxpayer shall be allowed a credit in the amount paid by the
17 taxpayer during the taxable year for instructional materials
18 and supplies with respect to classroom based instruction in a
19 qualified school, or \$250, whichever is less, provided that the
20 taxpayer is a teacher, instructor, counselor, principal, or
21 aide in a qualified school for at least 900 hours during a
22 school year.

23 The credit may not be carried back and may not reduce the
24 taxpayer's liability to less than zero. If the amount of the
25 credit exceeds the tax liability for the year, the excess may

1 be carried forward and applied to the tax liability of the 5
2 taxable years following the excess credit year. The tax credit
3 shall be applied to the earliest year for which there is a tax
4 liability. If there are credits for more than one year that are
5 available to offset a liability, the earlier credit shall be
6 applied first.

7 For purposes of this Section, the term "materials and
8 supplies" means amounts paid for instructional materials or
9 supplies that are designated for classroom use in any qualified
10 school. For purposes of this Section, the term "qualified
11 school" means a public school or non-public school located in
12 Illinois.

13 This Section is exempt from the provisions of Section 250.

14 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

15 Sec. 804. Failure to Pay Estimated Tax.

16 (a) In general. In case of any underpayment of estimated
17 tax by a taxpayer, except as provided in subsection (d) or (e),
18 the taxpayer shall be liable to a penalty in an amount
19 determined at the rate prescribed by Section 3-3 of the Uniform
20 Penalty and Interest Act upon the amount of the underpayment
21 (determined under subsection (b)) for each required
22 installment.

23 (b) Amount of underpayment. For purposes of subsection (a),
24 the amount of the underpayment shall be the excess of:

25 (1) the amount of the installment which would be

1 required to be paid under subsection (c), over

2 (2) the amount, if any, of the installment paid on or
3 before the last date prescribed for payment.

4 (c) Amount of Required Installments.

5 (1) Amount.

6 (A) In General. Except as provided in paragraphs
7 (2) and (3), the amount of any required installment
8 shall be 25% of the required annual payment.

9 (B) Required Annual Payment. For purposes of
10 subparagraph (A), the term "required annual payment"
11 means the lesser of:

12 (i) 90% of the tax shown on the return for the
13 taxable year, or if no return is filed, 90% of the
14 tax for such year;

15 (ii) for installments due prior to February 1,
16 2011, and after January 31, 2012, 100% of the tax
17 shown on the return of the taxpayer for the
18 preceding taxable year if a return showing a
19 liability for tax was filed by the taxpayer for the
20 preceding taxable year and such preceding year was
21 a taxable year of 12 months; or

22 (iii) for installments due after January 31,
23 2011, and prior to February 1, 2012, 150% of the
24 tax shown on the return of the taxpayer for the
25 preceding taxable year if a return showing a
26 liability for tax was filed by the taxpayer for the

1 preceding taxable year and such preceding year was
2 a taxable year of 12 months.

3 (2) Lower Required Installment where Annualized Income
4 Installment is Less Than Amount Determined Under Paragraph
5 (1).

6 (A) In General. In the case of any required
7 installment if a taxpayer establishes that the
8 annualized income installment is less than the amount
9 determined under paragraph (1),

10 (i) the amount of such required installment
11 shall be the annualized income installment, and

12 (ii) any reduction in a required installment
13 resulting from the application of this
14 subparagraph shall be recaptured by increasing the
15 amount of the next required installment determined
16 under paragraph (1) by the amount of such
17 reduction, and by increasing subsequent required
18 installments to the extent that the reduction has
19 not previously been recaptured under this clause.

20 (B) Determination of Annualized Income
21 Installment. In the case of any required installment,
22 the annualized income installment is the excess, if
23 any, of:

24 (i) an amount equal to the applicable
25 percentage of the tax for the taxable year computed
26 by placing on an annualized basis the net income

1 for months in the taxable year ending before the
2 due date for the installment, over

3 (ii) the aggregate amount of any prior
4 required installments for the taxable year.

5 (C) Applicable Percentage.

6 In the case of the following The applicable
7 required installments: percentage is:

8	1st.....	22.5%
9	2nd.....	45%
10	3rd.....	67.5%
11	4th.....	90%

12 (D) Annualized Net Income; Individuals. For
13 individuals, net income shall be placed on an
14 annualized basis by:

15 (i) multiplying by 12, or in the case of a
16 taxable year of less than 12 months, by the number
17 of months in the taxable year, the net income
18 computed without regard to the standard exemption
19 for the months in the taxable year ending before
20 the month in which the installment is required to
21 be paid;

22 (ii) dividing the resulting amount by the
23 number of months in the taxable year ending before
24 the month in which such installment date falls; and

25 (iii) deducting from such amount the standard
26 exemption allowable for the taxable year, such

1 standard exemption being determined as of the last
2 date prescribed for payment of the installment.

3 (E) Annualized Net Income; Corporations. For
4 corporations, net income shall be placed on an
5 annualized basis by multiplying by 12 the taxable
6 income

7 (i) for the first 3 months of the taxable year,
8 in the case of the installment required to be paid
9 in the 4th month,

10 (ii) for the first 3 months or for the first 5
11 months of the taxable year, in the case of the
12 installment required to be paid in the 6th month,

13 (iii) for the first 6 months or for the first 8
14 months of the taxable year, in the case of the
15 installment required to be paid in the 9th month,
16 and

17 (iv) for the first 9 months or for the first 11
18 months of the taxable year, in the case of the
19 installment required to be paid in the 12th month
20 of the taxable year,

21 then dividing the resulting amount by the number of
22 months in the taxable year (3, 5, 6, 8, 9, or 11 as the
23 case may be).

24 (3) Notwithstanding any other provision of this
25 subsection (c), in the case of a federally regulated
26 exchange that elects to apportion its income under Section

1 304(c-1) of this Act, the amount of each required
2 installment due prior to June 30 of the first taxable year
3 to which the election applies shall be 25% of the tax that
4 would have been shown on the return for that taxable year
5 if the taxpayer had not made such election.

6 (d) Exceptions. Notwithstanding the provisions of the
7 preceding subsections, the penalty imposed by subsection (a)
8 shall not be imposed if the taxpayer was not required to file
9 an Illinois income tax return for the preceding taxable year,
10 or, for individuals, if the taxpayer had no tax liability for
11 the preceding taxable year and such year was a taxable year of
12 12 months. The penalty imposed by subsection (a) shall also not
13 be imposed on any underpayments of estimated tax due before the
14 effective date of this amendatory Act of 1998 which
15 underpayments are solely attributable to the change in
16 apportionment from subsection (a) to subsection (h) of Section
17 304. The provisions of this amendatory Act of 1998 apply to tax
18 years ending on or after December 31, 1998.

19 (e) The penalty imposed for underpayment of estimated tax
20 by subsection (a) of this Section shall not be imposed to the
21 extent that the Director or his or her designate determines,
22 pursuant to Section 3-8 of the Uniform Penalty and Interest Act
23 that the penalty should not be imposed.

24 (f) Definition of tax. For purposes of subsections (b) and
25 (c), the term "tax" means the excess of the tax imposed under
26 Article 2 of this Act, over the amounts credited against such

1 tax under Sections 601(b) (3) and (4).

2 (g) Application of Section in case of tax withheld under
3 Article 7. For purposes of applying this Section:

4 (1) tax withheld from compensation for the taxable year
5 shall be deemed a payment of estimated tax, and an equal
6 part of such amount shall be deemed paid on each
7 installment date for such taxable year, unless the taxpayer
8 establishes the dates on which all amounts were actually
9 withheld, in which case the amounts so withheld shall be
10 deemed payments of estimated tax on the dates on which such
11 amounts were actually withheld;

12 (2) amounts timely paid by a partnership, Subchapter S
13 corporation, or trust on behalf of a partner, shareholder,
14 or beneficiary pursuant to subsection (f) of Section 502 or
15 Section 709.5 and claimed as a payment of estimated tax
16 shall be deemed a payment of estimated tax made on the last
17 day of the taxable year of the partnership, Subchapter S
18 corporation, or trust for which the income from the
19 withholding is made was computed; and

20 (3) all other amounts pursuant to Article 7 shall be
21 deemed a payment of estimated tax on the date the payment
22 is made to the taxpayer of the amount from which the tax is
23 withheld.

24 (g-5) Amounts withheld under the State Salary and Annuity
25 Withholding Act. An individual who has amounts withheld under
26 paragraph (10) of Section 4 of the State Salary and Annuity

1 Withholding Act may elect to have those amounts treated as
2 payments of estimated tax made on the dates on which those
3 amounts are actually withheld.

4 (g-10) Notwithstanding any other provision of law, no
5 penalty shall apply with respect to an underpayment of
6 estimated tax for the first, second, or third quarter of any
7 taxable year beginning on or after January 1, 2017 and
8 beginning prior to January 1, 2018 if (i) the underpayment was
9 due to the changes made by this amendatory Act of the 100th
10 General Assembly, (ii) the payment was otherwise timely made,
11 and (iii) the balance due is included with the taxpayer's
12 estimated tax payment for the fourth quarter.

13 (i) Short taxable year. The application of this Section to
14 taxable years of less than 12 months shall be in accordance
15 with regulations prescribed by the Department.

16 The changes in this Section made by Public Act 84-127 shall
17 apply to taxable years ending on or after January 1, 1986.

18 (Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11;
19 97-636, eff. 6-1-12.)

20 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

21 Sec. 901. Collection authority.

22 (a) In general.

23 The Department shall collect the taxes imposed by this Act.
24 The Department shall collect certified past due child support
25 amounts under Section 2505-650 of the Department of Revenue Law

1 (20 ILCS 2505/2505-650). Except as provided in subsections (c),
2 (e), (f), (g), and (h) of this Section, money collected
3 pursuant to subsections (a) and (b) of Section 201 of this Act
4 shall be paid into the General Revenue Fund in the State
5 treasury; money collected pursuant to subsections (c) and (d)
6 of Section 201 of this Act shall be paid into the Personal
7 Property Tax Replacement Fund, a special fund in the State
8 Treasury; and money collected under Section 2505-650 of the
9 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid
10 into the Child Support Enforcement Trust Fund, a special fund
11 outside the State Treasury, or to the State Disbursement Unit
12 established under Section 10-26 of the Illinois Public Aid
13 Code, as directed by the Department of Healthcare and Family
14 Services.

15 (b) Local Government Distributive Fund.

16 Beginning August 1, 1969, and continuing through June 30,
17 1994, the Treasurer shall transfer each month from the General
18 Revenue Fund to a special fund in the State treasury, to be
19 known as the "Local Government Distributive Fund", an amount
20 equal to 1/12 of the net revenue realized from the tax imposed
21 by subsections (a) and (b) of Section 201 of this Act during
22 the preceding month. Beginning July 1, 1994, and continuing
23 through June 30, 1995, the Treasurer shall transfer each month
24 from the General Revenue Fund to the Local Government
25 Distributive Fund an amount equal to 1/11 of the net revenue
26 realized from the tax imposed by subsections (a) and (b) of

1 Section 201 of this Act during the preceding month. Beginning
2 July 1, 1995 and continuing through January 31, 2011, the
3 Treasurer shall transfer each month from the General Revenue
4 Fund to the Local Government Distributive Fund an amount equal
5 to the net of (i) 1/10 of the net revenue realized from the tax
6 imposed by subsections (a) and (b) of Section 201 of the
7 Illinois Income Tax Act during the preceding month (ii) minus,
8 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
9 and beginning July 1, 2004, zero. Beginning February 1, 2011,
10 and continuing through January 31, 2015, the Treasurer shall
11 transfer each month from the General Revenue Fund to the Local
12 Government Distributive Fund an amount equal to the sum of (i)
13 6% (10% of the ratio of the 3% individual income tax rate prior
14 to 2011 to the 5% individual income tax rate after 2010) of the
15 net revenue realized from the tax imposed by subsections (a)
16 and (b) of Section 201 of this Act upon individuals, trusts,
17 and estates during the preceding month and (ii) 6.86% (10% of
18 the ratio of the 4.8% corporate income tax rate prior to 2011
19 to the 7% corporate income tax rate after 2010) of the net
20 revenue realized from the tax imposed by subsections (a) and
21 (b) of Section 201 of this Act upon corporations during the
22 preceding month. Beginning February 1, 2015 and continuing
23 through January 31, 2017 ~~January 31, 2025~~, the Treasurer shall
24 transfer each month from the General Revenue Fund to the Local
25 Government Distributive Fund an amount equal to the sum of (i)
26 8% (10% of the ratio of the 3% individual income tax rate prior

1 to 2011 to the 3.75% individual income tax rate after 2014) of
2 the net revenue realized from the tax imposed by subsections
3 (a) and (b) of Section 201 of this Act upon individuals,
4 trusts, and estates during the preceding month and (ii) 9.14%
5 (10% of the ratio of the 4.8% corporate income tax rate prior
6 to 2011 to the 5.25% corporate income tax rate after 2014) of
7 the net revenue realized from the tax imposed by subsections
8 (a) and (b) of Section 201 of this Act upon corporations during
9 the preceding month. Beginning February 1, 2017 ~~February 1,~~
10 ~~2025~~, the Treasurer shall transfer each month from the General
11 Revenue Fund to the Local Government Distributive Fund an
12 amount equal to the sum of (i) 6.06% ~~9.23%~~ (10% of the ratio of
13 the 3% individual income tax rate prior to 2011 to the 4.95%
14 ~~3.25%~~ individual income tax rate beginning in 2017 ~~after 2024~~)
15 of the net revenue realized from the tax imposed by subsections
16 (a) and (b) of Section 201 of this Act upon individuals,
17 trusts, and estates during the preceding month and (ii) 6.86%
18 (10% of the ratio of the 4.8% corporate income tax rate prior
19 to 2011 to the 7% corporate income tax rate beginning in 2017)
20 ~~10%~~ of the net revenue realized from the tax imposed by
21 subsections (a) and (b) of Section 201 of this Act upon
22 corporations during the preceding month. Net revenue realized
23 for a month shall be defined as the revenue from the tax
24 imposed by subsections (a) and (b) of Section 201 of this Act
25 which is deposited in the General Revenue Fund, the Education
26 Assistance Fund, the Income Tax Surcharge Local Government

1 Distributive Fund, the Fund for the Advancement of Education,
2 and the Commitment to Human Services Fund during the month
3 minus the amount paid out of the General Revenue Fund in State
4 warrants during that same month as refunds to taxpayers for
5 overpayment of liability under the tax imposed by subsections
6 (a) and (b) of Section 201 of this Act.

7 Beginning on August 26, 2014 (the effective date of Public
8 Act 98-1052), the Comptroller shall perform the transfers
9 required by this subsection (b) no later than 60 days after he
10 or she receives the certification from the Treasurer as
11 provided in Section 1 of the State Revenue Sharing Act.

12 (c) Deposits Into Income Tax Refund Fund.

13 (1) Beginning on January 1, 1989 and thereafter, the
14 Department shall deposit a percentage of the amounts
15 collected pursuant to subsections (a) and (b)(1), (2), and
16 (3), of Section 201 of this Act into a fund in the State
17 treasury known as the Income Tax Refund Fund. The
18 Department shall deposit 6% of such amounts during the
19 period beginning January 1, 1989 and ending on June 30,
20 1989. Beginning with State fiscal year 1990 and for each
21 fiscal year thereafter, the percentage deposited into the
22 Income Tax Refund Fund during a fiscal year shall be the
23 Annual Percentage. For fiscal years 1999 through 2001, the
24 Annual Percentage shall be 7.1%. For fiscal year 2003, the
25 Annual Percentage shall be 8%. For fiscal year 2004, the
26 Annual Percentage shall be 11.7%. Upon the effective date

1 of this amendatory Act of the 93rd General Assembly, the
2 Annual Percentage shall be 10% for fiscal year 2005. For
3 fiscal year 2006, the Annual Percentage shall be 9.75%. For
4 fiscal year 2007, the Annual Percentage shall be 9.75%. For
5 fiscal year 2008, the Annual Percentage shall be 7.75%. For
6 fiscal year 2009, the Annual Percentage shall be 9.75%. For
7 fiscal year 2010, the Annual Percentage shall be 9.75%. For
8 fiscal year 2011, the Annual Percentage shall be 8.75%. For
9 fiscal year 2012, the Annual Percentage shall be 8.75%. For
10 fiscal year 2013, the Annual Percentage shall be 9.75%. For
11 fiscal year 2014, the Annual Percentage shall be 9.5%. For
12 fiscal year 2015, the Annual Percentage shall be 10%. For
13 all other fiscal years, the Annual Percentage shall be
14 calculated as a fraction, the numerator of which shall be
15 the amount of refunds approved for payment by the
16 Department during the preceding fiscal year as a result of
17 overpayment of tax liability under subsections (a) and
18 (b)(1), (2), and (3) of Section 201 of this Act plus the
19 amount of such refunds remaining approved but unpaid at the
20 end of the preceding fiscal year, minus the amounts
21 transferred into the Income Tax Refund Fund from the
22 Tobacco Settlement Recovery Fund, and the denominator of
23 which shall be the amounts which will be collected pursuant
24 to subsections (a) and (b)(1), (2), and (3) of Section 201
25 of this Act during the preceding fiscal year; except that
26 in State fiscal year 2002, the Annual Percentage shall in

1 no event exceed 7.6%. The Director of Revenue shall certify
2 the Annual Percentage to the Comptroller on the last
3 business day of the fiscal year immediately preceding the
4 fiscal year for which it is to be effective.

5 (2) Beginning on January 1, 1989 and thereafter, the
6 Department shall deposit a percentage of the amounts
7 collected pursuant to subsections (a) and (b) (6), (7), and
8 (8), (c) and (d) of Section 201 of this Act into a fund in
9 the State treasury known as the Income Tax Refund Fund. The
10 Department shall deposit 18% of such amounts during the
11 period beginning January 1, 1989 and ending on June 30,
12 1989. Beginning with State fiscal year 1990 and for each
13 fiscal year thereafter, the percentage deposited into the
14 Income Tax Refund Fund during a fiscal year shall be the
15 Annual Percentage. For fiscal years 1999, 2000, and 2001,
16 the Annual Percentage shall be 19%. For fiscal year 2003,
17 the Annual Percentage shall be 27%. For fiscal year 2004,
18 the Annual Percentage shall be 32%. Upon the effective date
19 of this amendatory Act of the 93rd General Assembly, the
20 Annual Percentage shall be 24% for fiscal year 2005. For
21 fiscal year 2006, the Annual Percentage shall be 20%. For
22 fiscal year 2007, the Annual Percentage shall be 17.5%. For
23 fiscal year 2008, the Annual Percentage shall be 15.5%. For
24 fiscal year 2009, the Annual Percentage shall be 17.5%. For
25 fiscal year 2010, the Annual Percentage shall be 17.5%. For
26 fiscal year 2011, the Annual Percentage shall be 17.5%. For

1 fiscal year 2012, the Annual Percentage shall be 17.5%. For
2 fiscal year 2013, the Annual Percentage shall be 14%. For
3 fiscal year 2014, the Annual Percentage shall be 13.4%. For
4 fiscal year 2015, the Annual Percentage shall be 14%. For
5 all other fiscal years, the Annual Percentage shall be
6 calculated as a fraction, the numerator of which shall be
7 the amount of refunds approved for payment by the
8 Department during the preceding fiscal year as a result of
9 overpayment of tax liability under subsections (a) and
10 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
11 Act plus the amount of such refunds remaining approved but
12 unpaid at the end of the preceding fiscal year, and the
13 denominator of which shall be the amounts which will be
14 collected pursuant to subsections (a) and (b) (6), (7), and
15 (8), (c) and (d) of Section 201 of this Act during the
16 preceding fiscal year; except that in State fiscal year
17 2002, the Annual Percentage shall in no event exceed 23%.
18 The Director of Revenue shall certify the Annual Percentage
19 to the Comptroller on the last business day of the fiscal
20 year immediately preceding the fiscal year for which it is
21 to be effective.

22 (3) The Comptroller shall order transferred and the
23 Treasurer shall transfer from the Tobacco Settlement
24 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
25 in January, 2001, (ii) \$35,000,000 in January, 2002, and
26 (iii) \$35,000,000 in January, 2003.

1 (d) Expenditures from Income Tax Refund Fund.

2 (1) Beginning January 1, 1989, money in the Income Tax
3 Refund Fund shall be expended exclusively for the purpose
4 of paying refunds resulting from overpayment of tax
5 liability under Section 201 of this Act, for paying rebates
6 under Section 208.1 in the event that the amounts in the
7 Homeowners' Tax Relief Fund are insufficient for that
8 purpose, and for making transfers pursuant to this
9 subsection (d).

10 (2) The Director shall order payment of refunds
11 resulting from overpayment of tax liability under Section
12 201 of this Act from the Income Tax Refund Fund only to the
13 extent that amounts collected pursuant to Section 201 of
14 this Act and transfers pursuant to this subsection (d) and
15 item (3) of subsection (c) have been deposited and retained
16 in the Fund.

17 (3) As soon as possible after the end of each fiscal
18 year, the Director shall order transferred and the State
19 Treasurer and State Comptroller shall transfer from the
20 Income Tax Refund Fund to the Personal Property Tax
21 Replacement Fund an amount, certified by the Director to
22 the Comptroller, equal to the excess of the amount
23 collected pursuant to subsections (c) and (d) of Section
24 201 of this Act deposited into the Income Tax Refund Fund
25 during the fiscal year over the amount of refunds resulting
26 from overpayment of tax liability under subsections (c) and

1 (d) of Section 201 of this Act paid from the Income Tax
2 Refund Fund during the fiscal year.

3 (4) As soon as possible after the end of each fiscal
4 year, the Director shall order transferred and the State
5 Treasurer and State Comptroller shall transfer from the
6 Personal Property Tax Replacement Fund to the Income Tax
7 Refund Fund an amount, certified by the Director to the
8 Comptroller, equal to the excess of the amount of refunds
9 resulting from overpayment of tax liability under
10 subsections (c) and (d) of Section 201 of this Act paid
11 from the Income Tax Refund Fund during the fiscal year over
12 the amount collected pursuant to subsections (c) and (d) of
13 Section 201 of this Act deposited into the Income Tax
14 Refund Fund during the fiscal year.

15 (4.5) As soon as possible after the end of fiscal year
16 1999 and of each fiscal year thereafter, the Director shall
17 order transferred and the State Treasurer and State
18 Comptroller shall transfer from the Income Tax Refund Fund
19 to the General Revenue Fund any surplus remaining in the
20 Income Tax Refund Fund as of the end of such fiscal year;
21 excluding for fiscal years 2000, 2001, and 2002 amounts
22 attributable to transfers under item (3) of subsection (c)
23 less refunds resulting from the earned income tax credit.

24 (5) This Act shall constitute an irrevocable and
25 continuing appropriation from the Income Tax Refund Fund
26 for the purpose of paying refunds upon the order of the

1 Director in accordance with the provisions of this Section.

2 (e) Deposits into the Education Assistance Fund and the
3 Income Tax Surcharge Local Government Distributive Fund.

4 On July 1, 1991, and thereafter, of the amounts collected
5 pursuant to subsections (a) and (b) of Section 201 of this Act,
6 minus deposits into the Income Tax Refund Fund, the Department
7 shall deposit 7.3% into the Education Assistance Fund in the
8 State Treasury. Beginning July 1, 1991, and continuing through
9 January 31, 1993, of the amounts collected pursuant to
10 subsections (a) and (b) of Section 201 of the Illinois Income
11 Tax Act, minus deposits into the Income Tax Refund Fund, the
12 Department shall deposit 3.0% into the Income Tax Surcharge
13 Local Government Distributive Fund in the State Treasury.
14 Beginning February 1, 1993 and continuing through June 30,
15 1993, of the amounts collected pursuant to subsections (a) and
16 (b) of Section 201 of the Illinois Income Tax Act, minus
17 deposits into the Income Tax Refund Fund, the Department shall
18 deposit 4.4% into the Income Tax Surcharge Local Government
19 Distributive Fund in the State Treasury. Beginning July 1,
20 1993, and continuing through June 30, 1994, of the amounts
21 collected under subsections (a) and (b) of Section 201 of this
22 Act, minus deposits into the Income Tax Refund Fund, the
23 Department shall deposit 1.475% into the Income Tax Surcharge
24 Local Government Distributive Fund in the State Treasury.

25 (f) Deposits into the Fund for the Advancement of
26 Education. Beginning February 1, 2015, the Department shall

1 deposit the following portions of the revenue realized from the
2 tax imposed upon individuals, trusts, and estates by
3 subsections (a) and (b) of Section 201 of this Act during the
4 preceding month, minus deposits into the Income Tax Refund
5 Fund, into the Fund for the Advancement of Education:

6 (1) beginning February 1, 2015, and prior to February
7 1, 2025, 1/30; and

8 (2) beginning February 1, 2025, 1/26.

9 If the rate of tax imposed by subsection (a) and (b) of
10 Section 201 is reduced pursuant to Section 201.5 of this Act,
11 the Department shall not make the deposits required by this
12 subsection (f) on or after the effective date of the reduction.

13 (g) Deposits into the Commitment to Human Services Fund.
14 Beginning February 1, 2015, the Department shall deposit the
15 following portions of the revenue realized from the tax imposed
16 upon individuals, trusts, and estates by subsections (a) and
17 (b) of Section 201 of this Act during the preceding month,
18 minus deposits into the Income Tax Refund Fund, into the
19 Commitment to Human Services Fund:

20 (1) beginning February 1, 2015, and prior to February
21 1, 2025, 1/30; and

22 (2) beginning February 1, 2025, 1/26.

23 If the rate of tax imposed by subsection (a) and (b) of
24 Section 201 is reduced pursuant to Section 201.5 of this Act,
25 the Department shall not make the deposits required by this
26 subsection (g) on or after the effective date of the reduction.

1 (h) Deposits into the Tax Compliance and Administration
2 Fund. Beginning on the first day of the first calendar month to
3 occur on or after August 26, 2014 (the effective date of Public
4 Act 98-1098), each month the Department shall pay into the Tax
5 Compliance and Administration Fund, to be used, subject to
6 appropriation, to fund additional auditors and compliance
7 personnel at the Department, an amount equal to 1/12 of 5% of
8 the cash receipts collected during the preceding fiscal year by
9 the Audit Bureau of the Department from the tax imposed by
10 subsections (a), (b), (c), and (d) of Section 201 of this Act,
11 net of deposits into the Income Tax Refund Fund made from those
12 cash receipts.

13 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;
14 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.
15 7-20-15.)

16 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

17 Sec. 1501. Definitions.

18 (a) In general. When used in this Act, where not otherwise
19 distinctly expressed or manifestly incompatible with the
20 intent thereof:

21 (1) Business income. The term "business income" means
22 all income that may be treated as apportionable business
23 income under the Constitution of the United States.
24 Business income is net of the deductions allocable thereto.
25 Such term does not include compensation or the deductions

1 allocable thereto. For each taxable year beginning on or
2 after January 1, 2003, a taxpayer may elect to treat all
3 income other than compensation as business income. This
4 election shall be made in accordance with rules adopted by
5 the Department and, once made, shall be irrevocable.

6 (1.5) Captive real estate investment trust:

7 (A) The term "captive real estate investment
8 trust" means a corporation, trust, or association:

9 (i) that is considered a real estate
10 investment trust for the taxable year under
11 Section 856 of the Internal Revenue Code;

12 (ii) the certificates of beneficial interest
13 or shares of which are not regularly traded on an
14 established securities market; and

15 (iii) of which more than 50% of the voting
16 power or value of the beneficial interest or
17 shares, at any time during the last half of the
18 taxable year, is owned or controlled, directly,
19 indirectly, or constructively, by a single
20 corporation.

21 (B) The term "captive real estate investment
22 trust" does not include:

23 (i) a real estate investment trust of which
24 more than 50% of the voting power or value of the
25 beneficial interest or shares is owned or
26 controlled, directly, indirectly, or

1 asset value at the close of its taxable
2 year is represented by real estate assets
3 (as defined in Section 856(c)(5)(B) of the
4 Internal Revenue Code, thereby including
5 shares or certificates of beneficial
6 interest in any real estate investment
7 trust), cash and cash equivalents, and
8 U.S. Government securities;

9 (2) the entity is not subject to tax on
10 amounts that are distributed to its
11 beneficial owners or is exempt from
12 entity-level taxation;

13 (3) the entity distributes at least
14 85% of its taxable income (as computed in
15 the jurisdiction in which it is organized)
16 to the holders of its shares or
17 certificates of beneficial interest on an
18 annual basis;

19 (4) either (i) the shares or
20 beneficial interests of the entity are
21 regularly traded on an established
22 securities market or (ii) not more than 10%
23 of the voting power or value in the entity
24 is held, directly, indirectly, or
25 constructively, by a single entity or
26 individual; and

1 (5) the entity is organized in a
2 country that has entered into a tax treaty
3 with the United States; or

4 (ii) during its first taxable year for which it
5 elects to be treated as a real estate investment
6 trust under Section 856(c)(1) of the Internal
7 Revenue Code, a real estate investment trust the
8 certificates of beneficial interest or shares of
9 which are not regularly traded on an established
10 securities market, but only if the certificates of
11 beneficial interest or shares of the real estate
12 investment trust are regularly traded on an
13 established securities market prior to the earlier
14 of the due date (including extensions) for filing
15 its return under this Act for that first taxable
16 year or the date it actually files that return.

17 (C) For the purposes of this subsection (1.5), the
18 constructive ownership rules prescribed under Section
19 318(a) of the Internal Revenue Code, as modified by
20 Section 856(d)(5) of the Internal Revenue Code, apply
21 in determining the ownership of stock, assets, or net
22 profits of any person.

23 (D) For the purposes of this item (1.5), for
24 taxable years ending on or after August 16, 2007, the
25 voting power or value of the beneficial interest or
26 shares of a real estate investment trust does not

1 include any voting power or value of beneficial
2 interest or shares in a real estate investment trust
3 held directly or indirectly in a segregated asset
4 account by a life insurance company (as described in
5 Section 817 of the Internal Revenue Code) to the extent
6 such voting power or value is for the benefit of
7 entities or persons who are either immune from taxation
8 or exempt from taxation under subtitle A of the
9 Internal Revenue Code.

10 (2) Commercial domicile. The term "commercial
11 domicile" means the principal place from which the trade or
12 business of the taxpayer is directed or managed.

13 (3) Compensation. The term "compensation" means wages,
14 salaries, commissions and any other form of remuneration
15 paid to employees for personal services.

16 (4) Corporation. The term "corporation" includes
17 associations, joint-stock companies, insurance companies
18 and cooperatives. Any entity, including a limited
19 liability company formed under the Illinois Limited
20 Liability Company Act, shall be treated as a corporation if
21 it is so classified for federal income tax purposes.

22 (5) Department. The term "Department" means the
23 Department of Revenue of this State.

24 (6) Director. The term "Director" means the Director of
25 Revenue of this State.

26 (7) Fiduciary. The term "fiduciary" means a guardian,

1 trustee, executor, administrator, receiver, or any person
2 acting in any fiduciary capacity for any person.

3 (8) Financial organization.

4 (A) The term "financial organization" means any
5 bank, bank holding company, trust company, savings
6 bank, industrial bank, land bank, safe deposit
7 company, private banker, savings and loan association,
8 building and loan association, credit union, currency
9 exchange, cooperative bank, small loan company, sales
10 finance company, investment company, or any person
11 which is owned by a bank or bank holding company. For
12 the purpose of this Section a "person" will include
13 only those persons which a bank holding company may
14 acquire and hold an interest in, directly or
15 indirectly, under the provisions of the Bank Holding
16 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
17 where interests in any person must be disposed of
18 within certain required time limits under the Bank
19 Holding Company Act of 1956.

20 (B) For purposes of subparagraph (A) of this
21 paragraph, the term "bank" includes (i) any entity that
22 is regulated by the Comptroller of the Currency under
23 the National Bank Act, or by the Federal Reserve Board,
24 or by the Federal Deposit Insurance Corporation and
25 (ii) any federally or State chartered bank operating as
26 a credit card bank.

1 (C) For purposes of subparagraph (A) of this
2 paragraph, the term "sales finance company" has the
3 meaning provided in the following item (i) or (ii):

4 (i) A person primarily engaged in one or more
5 of the following businesses: the business of
6 purchasing customer receivables, the business of
7 making loans upon the security of customer
8 receivables, the business of making loans for the
9 express purpose of funding purchases of tangible
10 personal property or services by the borrower, or
11 the business of finance leasing. For purposes of
12 this item (i), "customer receivable" means:

13 (a) a retail installment contract or
14 retail charge agreement within the meaning of
15 the Sales Finance Agency Act, the Retail
16 Installment Sales Act, or the Motor Vehicle
17 Retail Installment Sales Act;

18 (b) an installment, charge, credit, or
19 similar contract or agreement arising from the
20 sale of tangible personal property or services
21 in a transaction involving a deferred payment
22 price payable in one or more installments
23 subsequent to the sale; or

24 (c) the outstanding balance of a contract
25 or agreement described in provisions (a) or (b)
26 of this item (i).

1 A customer receivable need not provide for
2 payment of interest on deferred payments. A sales
3 finance company may purchase a customer receivable
4 from, or make a loan secured by a customer
5 receivable to, the seller in the original
6 transaction or to a person who purchased the
7 customer receivable directly or indirectly from
8 that seller.

9 (ii) A corporation meeting each of the
10 following criteria:

11 (a) the corporation must be a member of an
12 "affiliated group" within the meaning of
13 Section 1504(a) of the Internal Revenue Code,
14 determined without regard to Section 1504(b)
15 of the Internal Revenue Code;

16 (b) more than 50% of the gross income of
17 the corporation for the taxable year must be
18 interest income derived from qualifying loans.
19 A "qualifying loan" is a loan made to a member
20 of the corporation's affiliated group that
21 originates customer receivables (within the
22 meaning of item (i)) or to whom customer
23 receivables originated by a member of the
24 affiliated group have been transferred, to the
25 extent the average outstanding balance of
26 loans from that corporation to members of its

1 affiliated group during the taxable year do not
2 exceed the limitation amount for that
3 corporation. The "limitation amount" for a
4 corporation is the average outstanding
5 balances during the taxable year of customer
6 receivables (within the meaning of item (i))
7 originated by all members of the affiliated
8 group. If the average outstanding balances of
9 the loans made by a corporation to members of
10 its affiliated group exceed the limitation
11 amount, the interest income of that
12 corporation from qualifying loans shall be
13 equal to its interest income from loans to
14 members of its affiliated groups times a
15 fraction equal to the limitation amount
16 divided by the average outstanding balances of
17 the loans made by that corporation to members
18 of its affiliated group;

19 (c) the total of all shareholder's equity
20 (including, without limitation, paid-in
21 capital on common and preferred stock and
22 retained earnings) of the corporation plus the
23 total of all of its loans, advances, and other
24 obligations payable or owed to members of its
25 affiliated group may not exceed 20% of the
26 total assets of the corporation at any time

1 during the tax year; and

2 (d) more than 50% of all interest-bearing
3 obligations of the affiliated group payable to
4 persons outside the group determined in
5 accordance with generally accepted accounting
6 principles must be obligations of the
7 corporation.

8 This amendatory Act of the 91st General Assembly is
9 declaratory of existing law.

10 (D) Subparagraphs (B) and (C) of this paragraph are
11 declaratory of existing law and apply retroactively,
12 for all tax years beginning on or before December 31,
13 1996, to all original returns, to all amended returns
14 filed no later than 30 days after the effective date of
15 this amendatory Act of 1996, and to all notices issued
16 on or before the effective date of this amendatory Act
17 of 1996 under subsection (a) of Section 903, subsection
18 (a) of Section 904, subsection (e) of Section 909, or
19 Section 912. A taxpayer that is a "financial
20 organization" that engages in any transaction with an
21 affiliate shall be a "financial organization" for all
22 purposes of this Act.

23 (E) For all tax years beginning on or before
24 December 31, 1996, a taxpayer that falls within the
25 definition of a "financial organization" under
26 subparagraphs (B) or (C) of this paragraph, but who

1 does not fall within the definition of a "financial
2 organization" under the Proposed Regulations issued by
3 the Department of Revenue on July 19, 1996, may
4 irrevocably elect to apply the Proposed Regulations
5 for all of those years as though the Proposed
6 Regulations had been lawfully promulgated, adopted,
7 and in effect for all of those years. For purposes of
8 applying subparagraphs (B) or (C) of this paragraph to
9 all of those years, the election allowed by this
10 subparagraph applies only to the taxpayer making the
11 election and to those members of the taxpayer's unitary
12 business group who are ordinarily required to
13 apportion business income under the same subsection of
14 Section 304 of this Act as the taxpayer making the
15 election. No election allowed by this subparagraph
16 shall be made under a claim filed under subsection (d)
17 of Section 909 more than 30 days after the effective
18 date of this amendatory Act of 1996.

19 (F) Finance Leases. For purposes of this
20 subsection, a finance lease shall be treated as a loan
21 or other extension of credit, rather than as a lease,
22 regardless of how the transaction is characterized for
23 any other purpose, including the purposes of any
24 regulatory agency to which the lessor is subject. A
25 finance lease is any transaction in the form of a lease
26 in which the lessee is treated as the owner of the

1 leased asset entitled to any deduction for
2 depreciation allowed under Section 167 of the Internal
3 Revenue Code.

4 (9) Fiscal year. The term "fiscal year" means an
5 accounting period of 12 months ending on the last day of
6 any month other than December.

7 (9.5) Fixed place of business. The term "fixed place of
8 business" has the same meaning as that term is given in
9 Section 864 of the Internal Revenue Code and the related
10 Treasury regulations.

11 (10) Includes and including. The terms "includes" and
12 "including" when used in a definition contained in this Act
13 shall not be deemed to exclude other things otherwise
14 within the meaning of the term defined.

15 (11) Internal Revenue Code. The term "Internal Revenue
16 Code" means the United States Internal Revenue Code of 1954
17 or any successor law or laws relating to federal income
18 taxes in effect for the taxable year.

19 (11.5) Investment partnership.

20 (A) The term "investment partnership" means any
21 entity that is treated as a partnership for federal
22 income tax purposes that meets the following
23 requirements:

24 (i) no less than 90% of the partnership's cost
25 of its total assets consists of qualifying
26 investment securities, deposits at banks or other

1 financial institutions, and office space and
2 equipment reasonably necessary to carry on its
3 activities as an investment partnership;

4 (ii) no less than 90% of its gross income
5 consists of interest, dividends, and gains from
6 the sale or exchange of qualifying investment
7 securities; and

8 (iii) the partnership is not a dealer in
9 qualifying investment securities.

10 (B) For purposes of this paragraph (11.5), the term
11 "qualifying investment securities" includes all of the
12 following:

13 (i) common stock, including preferred or debt
14 securities convertible into common stock, and
15 preferred stock;

16 (ii) bonds, debentures, and other debt
17 securities;

18 (iii) foreign and domestic currency deposits
19 secured by federal, state, or local governmental
20 agencies;

21 (iv) mortgage or asset-backed securities
22 secured by federal, state, or local governmental
23 agencies;

24 (v) repurchase agreements and loan
25 participations;

26 (vi) foreign currency exchange contracts and

1 forward and futures contracts on foreign
2 currencies;

3 (vii) stock and bond index securities and
4 futures contracts and other similar financial
5 securities and futures contracts on those
6 securities;

7 (viii) options for the purchase or sale of any
8 of the securities, currencies, contracts, or
9 financial instruments described in items (i) to
10 (vii), inclusive;

11 (ix) regulated futures contracts;

12 (x) commodities (not described in Section
13 1221(a)(1) of the Internal Revenue Code) or
14 futures, forwards, and options with respect to
15 such commodities, provided, however, that any item
16 of a physical commodity to which title is actually
17 acquired in the partnership's capacity as a dealer
18 in such commodity shall not be a qualifying
19 investment security;

20 (xi) derivatives; and

21 (xii) a partnership interest in another
22 partnership that is an investment partnership.

23 (12) Mathematical error. The term "mathematical error"
24 includes the following types of errors, omissions, or
25 defects in a return filed by a taxpayer which prevents
26 acceptance of the return as filed for processing:

1 (A) arithmetic errors or incorrect computations on
2 the return or supporting schedules;

3 (B) entries on the wrong lines;

4 (C) omission of required supporting forms or
5 schedules or the omission of the information in whole
6 or in part called for thereon; and

7 (D) an attempt to claim, exclude, deduct, or
8 improperly report, in a manner directly contrary to the
9 provisions of the Act and regulations thereunder any
10 item of income, exemption, deduction, or credit.

11 (13) Nonbusiness income. The term "nonbusiness income"
12 means all income other than business income or
13 compensation.

14 (14) Nonresident. The term "nonresident" means a
15 person who is not a resident.

16 (15) Paid, incurred and accrued. The terms "paid",
17 "incurred" and "accrued" shall be construed according to
18 the method of accounting upon the basis of which the
19 person's base income is computed under this Act.

20 (16) Partnership and partner. The term "partnership"
21 includes a syndicate, group, pool, joint venture or other
22 unincorporated organization, through or by means of which
23 any business, financial operation, or venture is carried
24 on, and which is not, within the meaning of this Act, a
25 trust or estate or a corporation; and the term "partner"
26 includes a member in such syndicate, group, pool, joint

1 venture or organization.

2 The term "partnership" includes any entity, including
3 a limited liability company formed under the Illinois
4 Limited Liability Company Act, classified as a partnership
5 for federal income tax purposes.

6 The term "partnership" does not include a syndicate,
7 group, pool, joint venture, or other unincorporated
8 organization established for the sole purpose of playing
9 the Illinois State Lottery.

10 (17) Part-year resident. The term "part-year resident"
11 means an individual who became a resident during the
12 taxable year or ceased to be a resident during the taxable
13 year. Under Section 1501(a)(20)(A)(i) residence commences
14 with presence in this State for other than a temporary or
15 transitory purpose and ceases with absence from this State
16 for other than a temporary or transitory purpose. Under
17 Section 1501(a)(20)(A)(ii) residence commences with the
18 establishment of domicile in this State and ceases with the
19 establishment of domicile in another State.

20 (18) Person. The term "person" shall be construed to
21 mean and include an individual, a trust, estate,
22 partnership, association, firm, company, corporation,
23 limited liability company, or fiduciary. For purposes of
24 Section 1301 and 1302 of this Act, a "person" means (i) an
25 individual, (ii) a corporation, (iii) an officer, agent, or
26 employee of a corporation, (iv) a member, agent or employee

1 of a partnership, or (v) a member, manager, employee,
2 officer, director, or agent of a limited liability company
3 who in such capacity commits an offense specified in
4 Section 1301 and 1302.

5 (18A) Records. The term "records" includes all data
6 maintained by the taxpayer, whether on paper, microfilm,
7 microfiche, or any type of machine-sensible data
8 compilation.

9 (19) Regulations. The term "regulations" includes
10 rules promulgated and forms prescribed by the Department.

11 (20) Resident. The term "resident" means:

12 (A) an individual (i) who is in this State for
13 other than a temporary or transitory purpose during the
14 taxable year; or (ii) who is domiciled in this State
15 but is absent from the State for a temporary or
16 transitory purpose during the taxable year;

17 (B) The estate of a decedent who at his or her
18 death was domiciled in this State;

19 (C) A trust created by a will of a decedent who at
20 his death was domiciled in this State; and

21 (D) An irrevocable trust, the grantor of which was
22 domiciled in this State at the time such trust became
23 irrevocable. For purpose of this subparagraph, a trust
24 shall be considered irrevocable to the extent that the
25 grantor is not treated as the owner thereof under
26 Sections 671 through 678 of the Internal Revenue Code.

1 (21) Sales. The term "sales" means all gross receipts
2 of the taxpayer not allocated under Sections 301, 302 and
3 303.

4 (22) State. The term "state" when applied to a
5 jurisdiction other than this State means any state of the
6 United States, the District of Columbia, the Commonwealth
7 of Puerto Rico, any Territory or Possession of the United
8 States, and any foreign country, or any political
9 subdivision of any of the foregoing. For purposes of the
10 foreign tax credit under Section 601, the term "state"
11 means any state of the United States, the District of
12 Columbia, the Commonwealth of Puerto Rico, and any
13 territory or possession of the United States, or any
14 political subdivision of any of the foregoing, effective
15 for tax years ending on or after December 31, 1989.

16 (23) Taxable year. The term "taxable year" means the
17 calendar year, or the fiscal year ending during such
18 calendar year, upon the basis of which the base income is
19 computed under this Act. "Taxable year" means, in the case
20 of a return made for a fractional part of a year under the
21 provisions of this Act, the period for which such return is
22 made.

23 (24) Taxpayer. The term "taxpayer" means any person
24 subject to the tax imposed by this Act.

25 (25) International banking facility. The term
26 international banking facility shall have the same meaning

1 as is set forth in the Illinois Banking Act or as is set
2 forth in the laws of the United States or regulations of
3 the Board of Governors of the Federal Reserve System.

4 (26) Income Tax Return Preparer.

5 (A) The term "income tax return preparer" means any
6 person who prepares for compensation, or who employs
7 one or more persons to prepare for compensation, any
8 return of tax imposed by this Act or any claim for
9 refund of tax imposed by this Act. The preparation of a
10 substantial portion of a return or claim for refund
11 shall be treated as the preparation of that return or
12 claim for refund.

13 (B) A person is not an income tax return preparer
14 if all he or she does is

15 (i) furnish typing, reproducing, or other
16 mechanical assistance;

17 (ii) prepare returns or claims for refunds for
18 the employer by whom he or she is regularly and
19 continuously employed;

20 (iii) prepare as a fiduciary returns or claims
21 for refunds for any person; or

22 (iv) prepare claims for refunds for a taxpayer
23 in response to any notice of deficiency issued to
24 that taxpayer or in response to any waiver of
25 restriction after the commencement of an audit of
26 that taxpayer or of another taxpayer if a

1 determination in the audit of the other taxpayer
2 directly or indirectly affects the tax liability
3 of the taxpayer whose claims he or she is
4 preparing.

5 (27) Unitary business group.

6 (A) The term "unitary business group" means a group
7 of persons related through common ownership whose
8 business activities are integrated with, dependent
9 upon and contribute to each other. The group will not
10 include those members whose business activity outside
11 the United States is 80% or more of any such member's
12 total business activity; for purposes of this
13 paragraph and clause (a)(3)(B)(ii) of Section 304,
14 business activity within the United States shall be
15 measured by means of the factors ordinarily applicable
16 under subsections (a), (b), (c), (d), or (h) of Section
17 304 except that, in the case of members ordinarily
18 required to apportion business income by means of the 3
19 factor formula of property, payroll and sales
20 specified in subsection (a) of Section 304, including
21 the formula as weighted in subsection (h) of Section
22 304, such members shall not use the sales factor in the
23 computation and the results of the property and payroll
24 factor computations of subsection (a) of Section 304
25 shall be divided by 2 (by one if either the property or
26 payroll factor has a denominator of zero). The

1 computation required by the preceding sentence shall,
2 in each case, involve the division of the member's
3 property, payroll, or revenue miles in the United
4 States, insurance premiums on property or risk in the
5 United States, or financial organization business
6 income from sources within the United States, as the
7 case may be, by the respective worldwide figures for
8 such items. Common ownership in the case of
9 corporations is the direct or indirect control or
10 ownership of more than 50% of the outstanding voting
11 stock of the persons carrying on unitary business
12 activity. Unitary business activity can ordinarily be
13 illustrated where the activities of the members are:
14 (1) in the same general line (such as manufacturing,
15 wholesaling, retailing of tangible personal property,
16 insurance, transportation or finance); or (2) are
17 steps in a vertically structured enterprise or process
18 (such as the steps involved in the production of
19 natural resources, which might include exploration,
20 mining, refining, and marketing); and, in either
21 instance, the members are functionally integrated
22 through the exercise of strong centralized management
23 (where, for example, authority over such matters as
24 purchasing, financing, tax compliance, product line,
25 personnel, marketing and capital investment is not
26 left to each member).

1 (B) In no event, for taxable years beginning prior
2 to January 1, 2017, and excepting any unitary business
3 group that apportions business income under Section
4 304(b) of this Act and is subject to the insurance
5 premium tax imposed under the Illinois Insurance Code,
6 shall any unitary business group include members which
7 are ordinarily required to apportion business income
8 under different subsections of Section 304 except that
9 for tax years ending on or after December 31, 1987 this
10 prohibition shall not apply to a holding company that
11 would otherwise be a member of a unitary business group
12 with taxpayers that apportion business income under
13 any of subsections (b), (c), (c-1), or (d) of Section
14 304. If a unitary business group would, but for the
15 preceding sentence, include members that are
16 ordinarily required to apportion business income under
17 different subsections of Section 304, then for each
18 subsection of Section 304 for which there are two or
19 more members, there shall be a separate unitary
20 business group composed of such members. For purposes
21 of the preceding two sentences, a member is "ordinarily
22 required to apportion business income" under a
23 particular subsection of Section 304 if it would be
24 required to use the apportionment method prescribed by
25 such subsection except for the fact that it derives
26 business income solely from Illinois. As used in this

1 paragraph, the phrase "United States" means ~~only~~ the 50
2 states and the District of Columbia and ~~but~~ does not
3 include any territory or possession of the United
4 States, but, for taxable years ending on or after
5 December 31, 2017, does include ~~or~~ any area over which
6 the United States has asserted jurisdiction or claimed
7 exclusive rights with respect to the exploration for or
8 exploitation of natural resources.

9 (C) Holding companies.

10 (i) For purposes of this subparagraph, a
11 "holding company" is a corporation (other than a
12 corporation that is a financial organization under
13 paragraph (8) of this subsection (a) of Section
14 1501 because it is a bank holding company under the
15 provisions of the Bank Holding Company Act of 1956
16 (12 U.S.C. 1841, et seq.) or because it is owned by
17 a bank or a bank holding company) that owns a
18 controlling interest in one or more other
19 taxpayers ("controlled taxpayers"); that, during
20 the period that includes the taxable year and the 2
21 immediately preceding taxable years or, if the
22 corporation was formed during the current or
23 immediately preceding taxable year, the taxable
24 years in which the corporation has been in
25 existence, derived substantially all its gross
26 income from dividends, interest, rents, royalties,

1 fees or other charges received from controlled
2 taxpayers for the provision of services, and gains
3 on the sale or other disposition of interests in
4 controlled taxpayers or in property leased or
5 licensed to controlled taxpayers or used by the
6 taxpayer in providing services to controlled
7 taxpayers; and that incurs no substantial expenses
8 other than expenses (including interest and other
9 costs of borrowing) incurred in connection with
10 the acquisition and holding of interests in
11 controlled taxpayers and in the provision of
12 services to controlled taxpayers or in the leasing
13 or licensing of property to controlled taxpayers.

14 (ii) The income of a holding company which is a
15 member of more than one unitary business group
16 shall be included in each unitary business group of
17 which it is a member on a pro rata basis, by
18 including in each unitary business group that
19 portion of the base income of the holding company
20 that bears the same proportion to the total base
21 income of the holding company as the gross receipts
22 of the unitary business group bears to the combined
23 gross receipts of all unitary business groups (in
24 both cases without regard to the holding company)
25 or on any other reasonable basis, consistently
26 applied.

1 (iii) A holding company shall apportion its
2 business income under the subsection of Section
3 304 used by the other members of its unitary
4 business group. The apportionment factors of a
5 holding company which would be a member of more
6 than one unitary business group shall be included
7 with the apportionment factors of each unitary
8 business group of which it is a member on a pro
9 rata basis using the same method used in clause
10 (ii).

11 (iv) The provisions of this subparagraph (C)
12 are intended to clarify existing law.

13 (D) If including the base income and factors of a
14 holding company in more than one unitary business group
15 under subparagraph (C) does not fairly reflect the
16 degree of integration between the holding company and
17 one or more of the unitary business groups, the
18 dependence of the holding company and one or more of
19 the unitary business groups upon each other, or the
20 contributions between the holding company and one or
21 more of the unitary business groups, the holding
22 company may petition the Director, under the
23 procedures provided under Section 304(f), for
24 permission to include all base income and factors of
25 the holding company only with members of a unitary
26 business group apportioning their business income

1 under one subsection of subsections (a), (b), (c), or
2 (d) of Section 304. If the petition is granted, the
3 holding company shall be included in a unitary business
4 group only with persons apportioning their business
5 income under the selected subsection of Section 304
6 until the Director grants a petition of the holding
7 company either to be included in more than one unitary
8 business group under subparagraph (C) or to include its
9 base income and factors only with members of a unitary
10 business group apportioning their business income
11 under a different subsection of Section 304.

12 (E) If the unitary business group members'
13 accounting periods differ, the common parent's
14 accounting period or, if there is no common parent, the
15 accounting period of the member that is expected to
16 have, on a recurring basis, the greatest Illinois
17 income tax liability must be used to determine whether
18 to use the apportionment method provided in subsection
19 (a) or subsection (h) of Section 304. The prohibition
20 against membership in a unitary business group for
21 taxpayers ordinarily required to apportion income
22 under different subsections of Section 304 does not
23 apply to taxpayers required to apportion income under
24 subsection (a) and subsection (h) of Section 304. The
25 provisions of this amendatory Act of 1998 apply to tax
26 years ending on or after December 31, 1998.

1 (28) Subchapter S corporation. The term "Subchapter S
2 corporation" means a corporation for which there is in
3 effect an election under Section 1362 of the Internal
4 Revenue Code, or for which there is a federal election to
5 opt out of the provisions of the Subchapter S Revision Act
6 of 1982 and have applied instead the prior federal
7 Subchapter S rules as in effect on July 1, 1982.

8 (30) Foreign person. The term "foreign person" means
9 any person who is a nonresident alien individual and any
10 nonindividual entity, regardless of where created or
11 organized, whose business activity outside the United
12 States is 80% or more of the entity's total business
13 activity.

14 (b) Other definitions.

15 (1) Words denoting number, gender, and so forth, when
16 used in this Act, where not otherwise distinctly expressed
17 or manifestly incompatible with the intent thereof:

18 (A) Words importing the singular include and apply
19 to several persons, parties or things;

20 (B) Words importing the plural include the
21 singular; and

22 (C) Words importing the masculine gender include
23 the feminine as well.

24 (2) "Company" or "association" as including successors
25 and assigns. The word "company" or "association", when used

1 in reference to a corporation, shall be deemed to embrace
2 the words "successors and assigns of such company or
3 association", and in like manner as if these last-named
4 words, or words of similar import, were expressed.

5 (3) Other terms. Any term used in any Section of this
6 Act with respect to the application of, or in connection
7 with, the provisions of any other Section of this Act shall
8 have the same meaning as in such other Section.

9 (Source: P.A. 99-213, eff. 7-31-15.)

10 Section 30-15. The Film Production Services Tax Credit Act
11 of 2008 is amended by changing Section 42 as follows:

12 (35 ILCS 16/42)

13 Sec. 42. Sunset of credits. The application of credits
14 awarded pursuant to this Act shall be limited by a reasonable
15 and appropriate sunset date. A taxpayer shall not be entitled
16 to take a credit awarded pursuant to this Act for tax years
17 beginning on or after January 1, 2027 ~~10 years after the~~
18 ~~effective date of this amendatory Act of the 97th General~~
19 ~~Assembly. After the initial 10-year sunset, the General~~
20 ~~Assembly may extend the sunset date by 5-year intervals.~~

21 (Source: P.A. 97-2, eff. 5-6-11; 97-3, eff. 5-6-11.)

22 Section 30-20. The Use Tax Act is amended by changing
23 Sections 2, 3, 3-5, 3-10, 3-10.5, 3-45, 3-50, 3-55, 3-65, 3-75,

1 3a, 4, 5, 6, 7, 8, 9, 10, and 11 and by adding Section 2a-2 as
2 follows:

3 (35 ILCS 105/2) (from Ch. 120, par. 439.2)

4 Sec. 2. Definitions.

5 "Use" means the exercise by any person of any right or
6 power over tangible personal property incident to the ownership
7 of that property or the exercise by any person of any right or
8 power over, or the enjoyment of, a taxable service, except that
9 it does not include the sale of such property or taxable
10 service in any form as tangible personal property or a taxable
11 service in the regular course of business to the extent that
12 such property or taxable service is not first subjected to a
13 use for which it was purchased, and does not include the use of
14 such property or taxable service by its owner for demonstration
15 purposes: Provided that the property or service purchased is
16 deemed to be purchased for the purpose of resale, despite first
17 being used, to the extent to which it is resold as an
18 ingredient of an intentionally produced product or by-product
19 of manufacturing or is otherwise transferred to the purchaser
20 of tangible personal property or taxable service. "Use" does
21 not mean the demonstration use or interim use of tangible
22 personal property or a taxable service by a retailer before he
23 sells that tangible personal property or taxable service. For
24 watercraft or aircraft, if the period of demonstration use or
25 interim use by the retailer exceeds 18 months, the retailer

1 shall pay on the retailers' original cost price the tax imposed
2 by this Act, and no credit for that tax is permitted if the
3 watercraft or aircraft is subsequently sold by the retailer.
4 "Use" does not mean the physical incorporation of tangible
5 personal property, to the extent not first subjected to a use
6 for which it was purchased, as an ingredient or constituent,
7 into other tangible personal property (a) which is sold in the
8 regular course of business or (b) which the person
9 incorporating such ingredient or constituent therein has
10 undertaken at the time of such purchase to cause to be
11 transported in interstate commerce to destinations outside the
12 State of Illinois: Provided that the property purchased is
13 deemed to be purchased for the purpose of resale, despite first
14 being used, to the extent to which it is resold as an
15 ingredient of an intentionally produced product or by-product
16 of manufacturing.

17 "Watercraft" means a Class 2, Class 3, or Class 4
18 watercraft as defined in Section 3-2 of the Boat Registration
19 and Safety Act, a personal watercraft, or any boat equipped
20 with an inboard motor.

21 "Purchase at retail" means the acquisition of the ownership
22 of or title to tangible personal property or the acquisition of
23 a taxable service through a sale at retail.

24 "Purchaser" means anyone who, through a sale at retail,
25 acquires a taxable service or the ownership of tangible
26 personal property for a valuable consideration.

1 "Sale at retail" means any transfer of the ownership of or
2 title to tangible personal property to a purchaser or the
3 performance of a taxable service for a purchaser, for the
4 purpose of use, and not for the purpose of resale in any form
5 as tangible personal property or taxable service to the extent
6 not first subjected to a use for which it was purchased, for a
7 valuable consideration: Provided that the property purchased
8 is deemed to be purchased for the purpose of resale, despite
9 first being used, to the extent to which it is resold as an
10 ingredient of an intentionally produced product or by-product
11 of manufacturing. For this purpose, slag produced as an
12 incident to manufacturing pig iron or steel and sold is
13 considered to be an intentionally produced by-product of
14 manufacturing. "Sale at retail" includes any such transfer made
15 for resale unless made in compliance with Section 2c of the
16 Retailers' Occupation Tax Act, as incorporated by reference
17 into Section 12 of this Act. Transactions whereby the
18 possession of the property is transferred but the seller
19 retains the title as security for payment of the selling price
20 are sales.

21 "Sale at retail" shall also be construed to include any
22 Illinois florist's sales transaction in which the purchase
23 order is received in Illinois by a florist and the sale is for
24 use or consumption, but the Illinois florist has a florist in
25 another state deliver the property to the purchaser or the
26 purchaser's donee in such other state.

1 Nonreusable tangible personal property that is used by
2 persons engaged in the business of operating a restaurant,
3 cafeteria, or drive-in is a sale for resale when it is
4 transferred to customers in the ordinary course of business as
5 part of the sale of food or beverages and is used to deliver,
6 package, or consume food or beverages, regardless of where
7 consumption of the food or beverages occurs. Examples of those
8 items include, but are not limited to nonreusable, paper and
9 plastic cups, plates, baskets, boxes, sleeves, buckets or other
10 containers, utensils, straws, placemats, napkins, doggie bags,
11 and wrapping or packaging materials that are transferred to
12 customers as part of the sale of food or beverages in the
13 ordinary course of business.

14 The purchase, employment and transfer of such tangible
15 personal property as newsprint and ink for the primary purpose
16 of conveying news (with or without other information) is not a
17 purchase, use or sale of tangible personal property.

18 "Selling price" means the consideration for a sale valued
19 in money whether received in money or otherwise, including
20 cash, credits, property other than as hereinafter provided, and
21 services, but not including the value of or credit given for
22 traded-in tangible personal property where the item that is
23 traded-in is of like kind and character as that which is being
24 sold, and shall be determined without any deduction on account
25 of the cost of the property sold, the cost of materials used,
26 labor or service cost or any other expense whatsoever, but does

1 not include interest or finance charges which appear as
2 separate items on the bill of sale or sales contract nor
3 charges that are added to prices by sellers on account of the
4 seller's tax liability under the "Retailers' Occupation Tax
5 Act", or on account of the seller's duty to collect, from the
6 purchaser, the tax that is imposed by this Act, or, except as
7 otherwise provided with respect to any cigarette tax imposed by
8 a home rule unit, on account of the seller's tax liability
9 under any local occupation tax administered by the Department,
10 or, except as otherwise provided with respect to any cigarette
11 tax imposed by a home rule unit on account of the seller's duty
12 to collect, from the purchasers, the tax that is imposed under
13 any local use tax administered by the Department. Effective
14 December 1, 1985, "selling price" shall include charges that
15 are added to prices by sellers on account of the seller's tax
16 liability under the Cigarette Tax Act, on account of the
17 seller's duty to collect, from the purchaser, the tax imposed
18 under the Cigarette Use Tax Act, and on account of the seller's
19 duty to collect, from the purchaser, any cigarette tax imposed
20 by a home rule unit.

21 Notwithstanding any law to the contrary, for any motor
22 vehicle, as defined in Section 1-146 of the Vehicle Code, that
23 is sold on or after January 1, 2015 for the purpose of leasing
24 the vehicle for a defined period that is longer than one year
25 and (1) is a motor vehicle of the second division that: (A) is
26 a self-contained motor vehicle designed or permanently

1 converted to provide living quarters for recreational,
2 camping, or travel use, with direct walk through access to the
3 living quarters from the driver's seat; (B) is of the van
4 configuration designed for the transportation of not less than
5 7 nor more than 16 passengers; or (C) has a gross vehicle
6 weight rating of 8,000 pounds or less or (2) is a motor vehicle
7 of the first division, "selling price" or "amount of sale"
8 means the consideration received by the lessor pursuant to the
9 lease contract, including amounts due at lease signing and all
10 monthly or other regular payments charged over the term of the
11 lease. Also included in the selling price is any amount
12 received by the lessor from the lessee for the leased vehicle
13 that is not calculated at the time the lease is executed,
14 including, but not limited to, excess mileage charges and
15 charges for excess wear and tear. For sales that occur in
16 Illinois, with respect to any amount received by the lessor
17 from the lessee for the leased vehicle that is not calculated
18 at the time the lease is executed, the lessor who purchased the
19 motor vehicle does not incur the tax imposed by the Use Tax Act
20 on those amounts, and the retailer who makes the retail sale of
21 the motor vehicle to the lessor is not required to collect the
22 tax imposed by this Act or to pay the tax imposed by the
23 Retailers' Occupation Tax Act on those amounts. However, the
24 lessor who purchased the motor vehicle assumes the liability
25 for reporting and paying the tax on those amounts directly to
26 the Department in the same form (Illinois Retailers' Occupation

1 Tax, and local retailers' occupation taxes, if applicable) in
2 which the retailer would have reported and paid such tax if the
3 retailer had accounted for the tax to the Department. For
4 amounts received by the lessor from the lessee that are not
5 calculated at the time the lease is executed, the lessor must
6 file the return and pay the tax to the Department by the due
7 date otherwise required by this Act for returns other than
8 transaction returns. If the retailer is entitled under this Act
9 to a discount for collecting and remitting the tax imposed
10 under this Act to the Department with respect to the sale of
11 the motor vehicle to the lessor, then the right to the discount
12 provided in this Act shall be transferred to the lessor with
13 respect to the tax paid by the lessor for any amount received
14 by the lessor from the lessee for the leased vehicle that is
15 not calculated at the time the lease is executed; provided that
16 the discount is only allowed if the return is timely filed and
17 for amounts timely paid. The "selling price" of a motor vehicle
18 that is sold on or after January 1, 2015 for the purpose of
19 leasing for a defined period of longer than one year shall not
20 be reduced by the value of or credit given for traded-in
21 tangible personal property owned by the lessor, nor shall it be
22 reduced by the value of or credit given for traded-in tangible
23 personal property owned by the lessee, regardless of whether
24 the trade-in value thereof is assigned by the lessee to the
25 lessor. In the case of a motor vehicle that is sold for the
26 purpose of leasing for a defined period of longer than one

1 year, the sale occurs at the time of the delivery of the
2 vehicle, regardless of the due date of any lease payments. A
3 lessor who incurs a Retailers' Occupation Tax liability on the
4 sale of a motor vehicle coming off lease may not take a credit
5 against that liability for the Use Tax the lessor paid upon the
6 purchase of the motor vehicle (or for any tax the lessor paid
7 with respect to any amount received by the lessor from the
8 lessee for the leased vehicle that was not calculated at the
9 time the lease was executed) if the selling price of the motor
10 vehicle at the time of purchase was calculated using the
11 definition of "selling price" as defined in this paragraph.
12 Notwithstanding any other provision of this Act to the
13 contrary, lessors shall file all returns and make all payments
14 required under this paragraph to the Department by electronic
15 means in the manner and form as required by the Department.
16 This paragraph does not apply to leases of motor vehicles for
17 which, at the time the lease is entered into, the term of the
18 lease is not a defined period, including leases with a defined
19 initial period with the option to continue the lease on a
20 month-to-month or other basis beyond the initial defined
21 period.

22 The phrase "like kind and character" shall be liberally
23 construed (including but not limited to any form of motor
24 vehicle for any form of motor vehicle, or any kind of farm or
25 agricultural implement for any other kind of farm or
26 agricultural implement), while not including a kind of item

1 which, if sold at retail by that retailer, would be exempt from
2 retailers' occupation tax and use tax as an isolated or
3 occasional sale.

4 "Department" means the Department of Revenue.

5 "Person" means any natural individual, firm, partnership,
6 association, joint stock company, joint adventure, public or
7 private corporation, limited liability company, or a receiver,
8 executor, trustee, guardian or other representative appointed
9 by order of any court.

10 "Retailer" means and includes every person engaged in the
11 business of making sales at retail as defined in this Section.

12 A person who holds himself or herself out as being engaged
13 (or who habitually engages) in selling tangible personal
14 property or taxable services at retail is a retailer hereunder
15 with respect to such sales (and not primarily in a nontaxable
16 service occupation) notwithstanding the fact that such person
17 designs and produces such tangible personal property or taxable
18 service on special order for the purchaser and in such a way as
19 to render the property or service of value only to such
20 purchaser, if such tangible personal property or taxable
21 service so produced on special order serves substantially the
22 same function as stock or standard items of tangible personal
23 property or taxable service that are sold at retail.

24 A person whose activities are organized and conducted
25 primarily as a not-for-profit service enterprise, and who
26 engages in selling tangible personal property or taxable

1 services at retail (whether to the public or merely to members
2 and their guests) is a retailer with respect to such
3 transactions, excepting only a person organized and operated
4 exclusively for charitable, religious or educational purposes
5 either (1), to the extent of sales by such person to its
6 members, students, patients or inmates of tangible personal
7 property to be used primarily for the purposes of such person,
8 or (2), to the extent of sales by such person of tangible
9 personal property or taxable services which are ~~is~~ not sold or
10 offered for sale by persons organized for profit. The selling
11 of school books and school supplies by schools at retail to
12 students is not "primarily for the purposes of" the school
13 which does such selling. This paragraph does not apply to nor
14 subject to taxation occasional dinners, social or similar
15 activities of a person organized and operated exclusively for
16 charitable, religious or educational purposes, whether or not
17 such activities are open to the public.

18 A person who is the recipient of a grant or contract under
19 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
20 serves meals to participants in the federal Nutrition Program
21 for the Elderly in return for contributions established in
22 amount by the individual participant pursuant to a schedule of
23 suggested fees as provided for in the federal Act is not a
24 retailer under this Act with respect to such transactions.

25 Persons who engage in the business of transferring tangible
26 personal property or taxable services upon the redemption of

1 trading stamps are retailers hereunder when engaged in such
2 business.

3 The isolated or occasional sale of tangible personal
4 property or taxable services at retail by a person who does not
5 hold himself out as being engaged (or who does not habitually
6 engage) in selling such tangible personal property or taxable
7 services at retail or a sale through a bulk vending machine
8 does not make such person a retailer hereunder. However, any
9 person who is engaged in a business which is not subject to the
10 tax imposed by the "Retailers' Occupation Tax Act" because of
11 involving the sale of or a contract to sell real estate or a
12 construction contract to improve real estate, but who, in the
13 course of conducting such business, transfers tangible
14 personal property to users or consumers in the finished form in
15 which it was purchased, and which does not become real estate,
16 under any provision of a construction contract or real estate
17 sale or real estate sales agreement entered into with some
18 other person arising out of or because of such nontaxable
19 business, is a retailer to the extent of the value of the
20 tangible personal property so transferred. If, in such
21 transaction, a separate charge is made for the tangible
22 personal property so transferred, the value of such property,
23 for the purposes of this Act, is the amount so separately
24 charged, but not less than the cost of such property to the
25 transferor; if no separate charge is made, the value of such
26 property, for the purposes of this Act, is the cost to the

1 transferor of such tangible personal property.

2 "Retailer maintaining a place of business in this State",
3 or any like term, means and includes any of the following
4 retailers:

5 1. A retailer having or maintaining within this State,
6 directly or by a subsidiary, an office, distribution house,
7 sales house, warehouse or other place of business, or any
8 agent or other representative operating within this State
9 under the authority of the retailer or its subsidiary,
10 irrespective of whether such place of business or agent or
11 other representative is located here permanently or
12 temporarily, or whether such retailer or subsidiary is
13 licensed to do business in this State. However, the
14 ownership of property that is located at the premises of a
15 printer with which the retailer has contracted for printing
16 and that consists of the final printed product, property
17 that becomes a part of the final printed product, or copy
18 from which the printed product is produced shall not result
19 in the retailer being deemed to have or maintain an office,
20 distribution house, sales house, warehouse, or other place
21 of business within this State.

22 1.1. A retailer having a contract with a person located
23 in this State under which the person, for a commission or
24 other consideration based upon the sale of tangible
25 personal property or taxable services by the retailer,
26 directly or indirectly refers potential customers to the

1 retailer by providing to the potential customers a
2 promotional code or other mechanism that allows the
3 retailer to track purchases referred by such persons.
4 Examples of mechanisms that allow the retailer to track
5 purchases referred by such persons include but are not
6 limited to the use of a link on the person's Internet
7 website, promotional codes distributed through the
8 person's hand-delivered or mailed material, and
9 promotional codes distributed by the person through radio
10 or other broadcast media. The provisions of this paragraph
11 1.1 shall apply only if the cumulative gross receipts from
12 sales of tangible personal property or taxable service by
13 the retailer to customers who are referred to the retailer
14 by all persons in this State under such contracts exceed
15 \$10,000 during the preceding 4 quarterly periods ending on
16 the last day of March, June, September, and December. A
17 retailer meeting the requirements of this paragraph 1.1
18 shall be presumed to be maintaining a place of business in
19 this State but may rebut this presumption by submitting
20 proof that the referrals or other activities pursued within
21 this State by such persons were not sufficient to meet the
22 nexus standards of the United States Constitution during
23 the preceding 4 quarterly periods.

24 1.2. Beginning July 1, 2011, a retailer having a
25 contract with a person located in this State under which:

26 A. the retailer sells the same or substantially

1 similar line of products or taxable services as the
2 person located in this State and does so using an
3 identical or substantially similar name, trade name,
4 or trademark as the person located in this State; and

5 B. the retailer provides a commission or other
6 consideration to the person located in this State based
7 upon the sale of tangible personal property or taxable
8 service by the retailer.

9 The provisions of this paragraph 1.2 shall apply only if
10 the cumulative gross receipts from sales of tangible
11 personal property or taxable service by the retailer to
12 customers in this State under all such contracts exceed
13 \$10,000 during the preceding 4 quarterly periods ending on
14 the last day of March, June, September, and December.

15 2. A retailer soliciting orders for tangible personal
16 property or taxable service by means of a telecommunication
17 or television shopping system (which utilizes toll free
18 numbers) which is intended by the retailer to be broadcast
19 by cable television or other means of broadcasting, to
20 consumers located in this State.

21 3. A retailer, pursuant to a contract with a
22 broadcaster or publisher located in this State, soliciting
23 orders for tangible personal property or taxable service by
24 means of advertising which is disseminated primarily to
25 consumers located in this State and only secondarily to
26 bordering jurisdictions.

1 4. A retailer soliciting orders for tangible personal
2 property or taxable service by mail if the solicitations
3 are substantial and recurring and if the retailer benefits
4 from any banking, financing, debt collection,
5 telecommunication, or marketing activities occurring in
6 this State or benefits from the location in this State of
7 authorized installation, servicing, or repair facilities.

8 5. A retailer that is owned or controlled by the same
9 interests that own or control any retailer engaging in
10 business in the same or similar line of business in this
11 State.

12 6. A retailer having a franchisee or licensee operating
13 under its trade name if the franchisee or licensee is
14 required to collect the tax under this Section.

15 7. A retailer, pursuant to a contract with a cable
16 television operator located in this State, soliciting
17 orders for tangible personal property or taxable service by
18 means of advertising which is transmitted or distributed
19 over a cable television system in this State.

20 8. A retailer engaging in activities in Illinois, which
21 activities in the state in which the retail business
22 engaging in such activities is located would constitute
23 maintaining a place of business in that state.

24 "Bulk vending machine" means a vending machine, containing
25 unsorted confections, nuts, toys, or other items designed
26 primarily to be used or played with by children which, when a

1 coin or coins of a denomination not larger than \$0.50 are
2 inserted, are dispensed in equal portions, at random and
3 without selection by the customer.

4 (Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14;
5 98-1089, eff. 1-1-15; 99-78, eff. 7-20-15.)

6 (35 ILCS 105/2a-2 new)

7 Sec. 2a-2. Taxable services. Beginning January 1, 2018,
8 "taxable service" means any of the following services:

9 (1) Providing space for storage.

10 (A) "Storage" means the retaining or keeping of
11 tangible personal property in this State for any
12 purpose. For purposes of this Section, tangible
13 personal property, does not include "grain" as defined
14 in the Public Grain Warehouse and Warehouse Receipts
15 Act.

16 (B) "Space for storage" means (i) secure areas,
17 such as rooms, units, compartments or containers,
18 whether accessible from outside or from within a
19 building, that are designated for the use of a
20 purchaser, where the purchaser can store and retrieve
21 property, including self-storage units, mini-storage
22 units, and areas by any other name; (ii) any parking
23 lot, ramp, or parking garage for a vehicle, whether the
24 vehicle is parked by the operator of the vehicle or by
25 an attendant; (iii) any aircraft parking area, ramp, or

1 hanger; (iv) any boat slip, dock, or dry dock; (v) any
2 recreational vehicle parking area or garage; and (vi)
3 any other areas for storage or parking of tangible
4 personal property.

5 (C) "Self-storage or mini-storage" includes
6 storage lockers or storage units in apartment
7 complexes (if the locker or unit is utilized at the
8 tenant's option and includes payment of a fee in
9 addition to apartment rental), and in amusement parks,
10 water parks, recreational facilities, and other
11 locations where lockers are rented for self-storage.

12 (2) Laundry, drycleaning, cloth pressing, dyeing, or
13 linen service, except when the service is performed by the
14 purchaser through the use of coin-operated, self-service
15 machines.

16 (3) Private detective, private alarm, and private
17 security service for which the provider of the service is
18 required to be licensed pursuant to the Private Detective,
19 Private Alarm, Private Security, Fingerprint Vendor, and
20 Locksmith Act of 2004, or would be required to be so
21 licensed in performing those services in this State.

22 (4) Structural pest control services. "Structural pest
23 control services" means use of any device or the
24 application of any substance to prevent, repel, mitigate,
25 curb, control, or eradicate any structural pest in, on,
26 under, or around a structure, or within a part of, or

1 materials used in building, a structure; the use of any
2 pesticide, including insecticides, fungicides and other
3 wood treatment products, attractants, repellents,
4 rodenticides, fumigants, or mechanical devices for
5 preventing, controlling, eradicating, identifying,
6 mitigating, diminishing, or curbing insects, vermin, rats,
7 mice, or other pests in, on, under, or around a structure,
8 or within a part of, or materials used in building, a
9 structure; vault fumigation and fumigation of box cars,
10 trucks, ships, airplanes, docks, warehouses, and common
11 carriers or soliciting to perform any of the foregoing
12 functions.

13 (5) Tattooing and body piercing.

14 (35 ILCS 105/3) (from Ch. 120, par. 439.3)

15 Sec. 3. Tax imposed. A tax is imposed upon the privilege of
16 using in this State a taxable service or tangible personal
17 property purchased at retail from a retailer, including
18 computer software, and including photographs, negatives, and
19 positives that are the product of photoprocessing, but not
20 including products of photoprocessing produced for use in
21 motion pictures for commercial exhibition. Beginning January
22 1, 2001, prepaid telephone calling arrangements shall be
23 considered tangible personal property subject to the tax
24 imposed under this Act regardless of the form in which those
25 arrangements may be embodied, transmitted, or fixed by any

1 method now known or hereafter developed. Purchases of (1)
2 electricity delivered to customers by wire; (2) natural or
3 artificial gas that is delivered to customers through pipes,
4 pipelines, or mains; and (3) water that is delivered to
5 customers through pipes, pipelines, or mains are not subject to
6 tax under this Act. The provisions of this amendatory Act of
7 the 98th General Assembly are declaratory of existing law as to
8 the meaning and scope of this Act.

9 (Source: P.A. 98-583, eff. 1-1-14.)

10 (35 ILCS 105/3-5)

11 Sec. 3-5. Exemptions. Use of the following tangible
12 personal property or taxable service is exempt from the tax
13 imposed by this Act:

14 (1) Personal property or taxable services purchased from a
15 corporation, society, association, foundation, institution, or
16 organization, other than a limited liability company, that is
17 organized and operated as a not-for-profit service enterprise
18 for the benefit of persons 65 years of age or older if the
19 personal property or taxable service was not purchased by the
20 enterprise for the purpose of resale by the enterprise.

21 (2) Personal property or taxable service purchased by a
22 not-for-profit Illinois county fair association for use in
23 conducting, operating, or promoting the county fair.

24 (3) Personal property or taxable services purchased by a
25 not-for-profit arts or cultural organization that establishes,

1 by proof required by the Department by rule, that it has
2 received an exemption under Section 501(c)(3) of the Internal
3 Revenue Code and that is organized and operated primarily for
4 the presentation or support of arts or cultural programming,
5 activities, or services. These organizations include, but are
6 not limited to, music and dramatic arts organizations such as
7 symphony orchestras and theatrical groups, arts and cultural
8 service organizations, local arts councils, visual arts
9 organizations, and media arts organizations. On and after the
10 effective date of this amendatory Act of the 92nd General
11 Assembly, however, an entity otherwise eligible for this
12 exemption shall not make tax-free purchases unless it has an
13 active identification number issued by the Department.

14 (4) Personal property or taxable services purchased by a
15 governmental body, by a corporation, society, association,
16 foundation, or institution organized and operated exclusively
17 for charitable, religious, or educational purposes, or by a
18 not-for-profit corporation, society, association, foundation,
19 institution, or organization that has no compensated officers
20 or employees and that is organized and operated primarily for
21 the recreation of persons 55 years of age or older. A limited
22 liability company may qualify for the exemption under this
23 paragraph only if the limited liability company is organized
24 and operated exclusively for educational purposes. On and after
25 July 1, 1987, however, no entity otherwise eligible for this
26 exemption shall make tax-free purchases unless it has an active

1 exemption identification number issued by the Department.

2 (5) Until July 1, 2003, a passenger car that is a
3 replacement vehicle to the extent that the purchase price of
4 the car is subject to the Replacement Vehicle Tax.

5 (6) Until July 1, 2003 and beginning again on September 1,
6 2004 through August 30, 2014, graphic arts machinery and
7 equipment, including repair and replacement parts, both new and
8 used, and including that manufactured on special order,
9 certified by the purchaser to be used primarily for graphic
10 arts production, and including machinery and equipment
11 purchased for lease. Equipment includes chemicals or chemicals
12 acting as catalysts but only if the chemicals or chemicals
13 acting as catalysts effect a direct and immediate change upon a
14 graphic arts product. Beginning on July 1, 2017, graphic arts
15 machinery and equipment is included in the manufacturing and
16 assembling machinery and equipment exemption under paragraph
17 (18).

18 (7) Farm chemicals.

19 (8) Legal tender, currency, medallions, or gold or silver
20 coinage issued by the State of Illinois, the government of the
21 United States of America, or the government of any foreign
22 country, and bullion.

23 (9) Personal property purchased from a teacher-sponsored
24 student organization affiliated with an elementary or
25 secondary school located in Illinois.

26 (10) A motor vehicle that is used for automobile renting,

1 as defined in the Automobile Renting Occupation and Use Tax
2 Act.

3 (11) Farm machinery and equipment, both new and used,
4 including that manufactured on special order, certified by the
5 purchaser to be used primarily for production agriculture or
6 State or federal agricultural programs, including individual
7 replacement parts for the machinery and equipment, including
8 machinery and equipment purchased for lease, and including
9 implements of husbandry defined in Section 1-130 of the
10 Illinois Vehicle Code, farm machinery and agricultural
11 chemical and fertilizer spreaders, and nurse wagons required to
12 be registered under Section 3-809 of the Illinois Vehicle Code,
13 but excluding other motor vehicles required to be registered
14 under the Illinois Vehicle Code. Horticultural polyhouses or
15 hoop houses used for propagating, growing, or overwintering
16 plants shall be considered farm machinery and equipment under
17 this item (11). Agricultural chemical tender tanks and dry
18 boxes shall include units sold separately from a motor vehicle
19 required to be licensed and units sold mounted on a motor
20 vehicle required to be licensed if the selling price of the
21 tender is separately stated.

22 Farm machinery and equipment shall include precision
23 farming equipment that is installed or purchased to be
24 installed on farm machinery and equipment including, but not
25 limited to, tractors, harvesters, sprayers, planters, seeders,
26 or spreaders. Precision farming equipment includes, but is not

1 limited to, soil testing sensors, computers, monitors,
2 software, global positioning and mapping systems, and other
3 such equipment.

4 Farm machinery and equipment also includes computers,
5 sensors, software, and related equipment used primarily in the
6 computer-assisted operation of production agriculture
7 facilities, equipment, and activities such as, but not limited
8 to, the collection, monitoring, and correlation of animal and
9 crop data for the purpose of formulating animal diets and
10 agricultural chemicals. This item (11) is exempt from the
11 provisions of Section 3-90.

12 (12) Until June 30, 2013, fuel and petroleum products sold
13 to or used by an air common carrier, certified by the carrier
14 to be used for consumption, shipment, or storage in the conduct
15 of its business as an air common carrier, for a flight destined
16 for or returning from a location or locations outside the
17 United States without regard to previous or subsequent domestic
18 stopovers.

19 Beginning July 1, 2013, fuel and petroleum products sold to
20 or used by an air carrier, certified by the carrier to be used
21 for consumption, shipment, or storage in the conduct of its
22 business as an air common carrier, for a flight that (i) is
23 engaged in foreign trade or is engaged in trade between the
24 United States and any of its possessions and (ii) transports at
25 least one individual or package for hire from the city of
26 origination to the city of final destination on the same

1 aircraft, without regard to a change in the flight number of
2 that aircraft.

3 (13) Proceeds of mandatory service charges separately
4 stated on customers' bills for the purchase and consumption of
5 food and beverages or taxable services purchased at retail from
6 a retailer, to the extent that the proceeds of the service
7 charge are in fact turned over as tips or as a substitute for
8 tips to the employees who participate directly in preparing,
9 serving, hosting or cleaning up the food or beverage function
10 with respect to which the service charge is imposed.

11 (14) Until July 1, 2003, oil field exploration, drilling,
12 and production equipment, including (i) rigs and parts of rigs,
13 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
14 tubular goods, including casing and drill strings, (iii) pumps
15 and pump-jack units, (iv) storage tanks and flow lines, (v) any
16 individual replacement part for oil field exploration,
17 drilling, and production equipment, and (vi) machinery and
18 equipment purchased for lease; but excluding motor vehicles
19 required to be registered under the Illinois Vehicle Code.

20 (15) Photoprocessing machinery and equipment, including
21 repair and replacement parts, both new and used, including that
22 manufactured on special order, certified by the purchaser to be
23 used primarily for photoprocessing, and including
24 photoprocessing machinery and equipment purchased for lease.

25 (16) Coal and aggregate exploration, mining, off-highway
26 hauling, processing, maintenance, and reclamation equipment,

1 including replacement parts and equipment, and including
2 equipment purchased for lease, but excluding motor vehicles
3 required to be registered under the Illinois Vehicle Code. The
4 changes made to this Section by Public Act 97-767 apply on and
5 after July 1, 2003, but no claim for credit or refund is
6 allowed on or after August 16, 2013 (the effective date of
7 Public Act 98-456) for such taxes paid during the period
8 beginning July 1, 2003 and ending on August 16, 2013 (the
9 effective date of Public Act 98-456).

10 (17) Until July 1, 2003, distillation machinery and
11 equipment, sold as a unit or kit, assembled or installed by the
12 retailer, certified by the user to be used only for the
13 production of ethyl alcohol that will be used for consumption
14 as motor fuel or as a component of motor fuel for the personal
15 use of the user, and not subject to sale or resale.

16 (18) Manufacturing and assembling machinery and equipment
17 used primarily in the process of manufacturing or assembling
18 tangible personal property for wholesale or retail sale or
19 lease, whether that sale or lease is made directly by the
20 manufacturer or by some other person, whether the materials
21 used in the process are owned by the manufacturer or some other
22 person, or whether that sale or lease is made apart from or as
23 an incident to the seller's engaging in the service occupation
24 of producing machines, tools, dies, jigs, patterns, gauges, or
25 other similar items of no commercial value on special order for
26 a particular purchaser. The exemption provided by this

1 paragraph (18) does not include machinery and equipment used in
2 (i) the generation of electricity for wholesale or retail sale;
3 (ii) the generation or treatment of natural or artificial gas
4 for wholesale or retail sale that is delivered to customers
5 through pipes, pipelines, or mains; or (iii) the treatment of
6 water for wholesale or retail sale that is delivered to
7 customers through pipes, pipelines, or mains. The provisions of
8 Public Act 98-583 are declaratory of existing law as to the
9 meaning and scope of this exemption. Beginning on July 1, 2017,
10 the exemption provided by this paragraph (18) includes, but is
11 not limited to, graphic arts machinery and equipment, as
12 defined in paragraph (6) of this Section. Beginning on July 1,
13 2017, the exemption provided by this paragraph (18) includes,
14 but is not limited to, production related tangible personal
15 property, as defined in Section 3-50 of this Act. The exemption
16 provided by this paragraph (18) is exempt from the provisions
17 of Section 3-90.

18 (19) Personal property delivered to a purchaser or
19 purchaser's donee inside Illinois when the purchase order for
20 that personal property was received by a florist located
21 outside Illinois who has a florist located inside Illinois
22 deliver the personal property.

23 (20) Semen used for artificial insemination of livestock
24 for direct agricultural production.

25 (21) Horses, or interests in horses, registered with and
26 meeting the requirements of any of the Arabian Horse Club

1 Registry of America, Appaloosa Horse Club, American Quarter
2 Horse Association, United States Trotting Association, or
3 Jockey Club, as appropriate, used for purposes of breeding or
4 racing for prizes. This item (21) is exempt from the provisions
5 of Section 3-90, and the exemption provided for under this item
6 (21) applies for all periods beginning May 30, 1995, but no
7 claim for credit or refund is allowed on or after January 1,
8 2008 for such taxes paid during the period beginning May 30,
9 2000 and ending on January 1, 2008.

10 (22) Computers and communications equipment utilized for
11 any hospital purpose and equipment used in the diagnosis,
12 analysis, or treatment of hospital patients purchased by a
13 lessor who leases the equipment, under a lease of one year or
14 longer executed or in effect at the time the lessor would
15 otherwise be subject to the tax imposed by this Act, to a
16 hospital that has been issued an active tax exemption
17 identification number by the Department under Section 1g of the
18 Retailers' Occupation Tax Act. If the equipment is leased in a
19 manner that does not qualify for this exemption or is used in
20 any other non-exempt manner, the lessor shall be liable for the
21 tax imposed under this Act or the Service Use Tax Act, as the
22 case may be, based on the fair market value of the property at
23 the time the non-qualifying use occurs. No lessor shall collect
24 or attempt to collect an amount (however designated) that
25 purports to reimburse that lessor for the tax imposed by this
26 Act or the Service Use Tax Act, as the case may be, if the tax

1 has not been paid by the lessor. If a lessor improperly
2 collects any such amount from the lessee, the lessee shall have
3 a legal right to claim a refund of that amount from the lessor.
4 If, however, that amount is not refunded to the lessee for any
5 reason, the lessor is liable to pay that amount to the
6 Department.

7 (23) Personal property purchased by a lessor who leases the
8 property, under a lease of one year or longer executed or in
9 effect at the time the lessor would otherwise be subject to the
10 tax imposed by this Act, to a governmental body that has been
11 issued an active sales tax exemption identification number by
12 the Department under Section 1g of the Retailers' Occupation
13 Tax Act. If the property is leased in a manner that does not
14 qualify for this exemption or used in any other non-exempt
15 manner, the lessor shall be liable for the tax imposed under
16 this Act or the Service Use Tax Act, as the case may be, based
17 on the fair market value of the property at the time the
18 non-qualifying use occurs. No lessor shall collect or attempt
19 to collect an amount (however designated) that purports to
20 reimburse that lessor for the tax imposed by this Act or the
21 Service Use Tax Act, as the case may be, if the tax has not been
22 paid by the lessor. If a lessor improperly collects any such
23 amount from the lessee, the lessee shall have a legal right to
24 claim a refund of that amount from the lessor. If, however,
25 that amount is not refunded to the lessee for any reason, the
26 lessor is liable to pay that amount to the Department.

1 (24) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is donated for
4 disaster relief to be used in a State or federally declared
5 disaster area in Illinois or bordering Illinois by a
6 manufacturer or retailer that is registered in this State to a
7 corporation, society, association, foundation, or institution
8 that has been issued a sales tax exemption identification
9 number by the Department that assists victims of the disaster
10 who reside within the declared disaster area.

11 (25) Beginning with taxable years ending on or after
12 December 31, 1995 and ending with taxable years ending on or
13 before December 31, 2004, personal property that is used in the
14 performance of infrastructure repairs in this State, including
15 but not limited to municipal roads and streets, access roads,
16 bridges, sidewalks, waste disposal systems, water and sewer
17 line extensions, water distribution and purification
18 facilities, storm water drainage and retention facilities, and
19 sewage treatment facilities, resulting from a State or
20 federally declared disaster in Illinois or bordering Illinois
21 when such repairs are initiated on facilities located in the
22 declared disaster area within 6 months after the disaster.

23 (26) Beginning July 1, 1999, game or game birds purchased
24 at a "game breeding and hunting preserve area" as that term is
25 used in the Wildlife Code. This paragraph is exempt from the
26 provisions of Section 3-90.

1 (27) A motor vehicle, as that term is defined in Section
2 1-146 of the Illinois Vehicle Code, that is donated to a
3 corporation, limited liability company, society, association,
4 foundation, or institution that is determined by the Department
5 to be organized and operated exclusively for educational
6 purposes. For purposes of this exemption, "a corporation,
7 limited liability company, society, association, foundation,
8 or institution organized and operated exclusively for
9 educational purposes" means all tax-supported public schools,
10 private schools that offer systematic instruction in useful
11 branches of learning by methods common to public schools and
12 that compare favorably in their scope and intensity with the
13 course of study presented in tax-supported schools, and
14 vocational or technical schools or institutes organized and
15 operated exclusively to provide a course of study of not less
16 than 6 weeks duration and designed to prepare individuals to
17 follow a trade or to pursue a manual, technical, mechanical,
18 industrial, business, or commercial occupation.

19 (28) Beginning January 1, 2000, personal property,
20 including food, purchased through fundraising events for the
21 benefit of a public or private elementary or secondary school,
22 a group of those schools, or one or more school districts if
23 the events are sponsored by an entity recognized by the school
24 district that consists primarily of volunteers and includes
25 parents and teachers of the school children. This paragraph
26 does not apply to fundraising events (i) for the benefit of

1 private home instruction or (ii) for which the fundraising
2 entity purchases the personal property sold at the events from
3 another individual or entity that sold the property for the
4 purpose of resale by the fundraising entity and that profits
5 from the sale to the fundraising entity. This paragraph is
6 exempt from the provisions of Section 3-90.

7 (29) Beginning January 1, 2000 and through December 31,
8 2001, new or used automatic vending machines that prepare and
9 serve hot food and beverages, including coffee, soup, and other
10 items, and replacement parts for these machines. Beginning
11 January 1, 2002 and through June 30, 2003, machines and parts
12 for machines used in commercial, coin-operated amusement and
13 vending business if a use or occupation tax is paid on the
14 gross receipts derived from the use of the commercial,
15 coin-operated amusement and vending machines. This paragraph
16 is exempt from the provisions of Section 3-90.

17 (30) Beginning January 1, 2001 and through June 30, 2016,
18 food for human consumption that is to be consumed off the
19 premises where it is sold (other than alcoholic beverages, soft
20 drinks, and food that has been prepared for immediate
21 consumption) and prescription and nonprescription medicines,
22 drugs, medical appliances, and insulin, urine testing
23 materials, syringes, and needles used by diabetics, for human
24 use, when purchased for use by a person receiving medical
25 assistance under Article V of the Illinois Public Aid Code who
26 resides in a licensed long-term care facility, as defined in

1 the Nursing Home Care Act, or in a licensed facility as defined
2 in the ID/DD Community Care Act, the MC/DD Act, or the
3 Specialized Mental Health Rehabilitation Act of 2013.

4 (31) Beginning on the effective date of this amendatory Act
5 of the 92nd General Assembly, computers and communications
6 equipment utilized for any hospital purpose and equipment used
7 in the diagnosis, analysis, or treatment of hospital patients
8 purchased by a lessor who leases the equipment, under a lease
9 of one year or longer executed or in effect at the time the
10 lessor would otherwise be subject to the tax imposed by this
11 Act, to a hospital that has been issued an active tax exemption
12 identification number by the Department under Section 1g of the
13 Retailers' Occupation Tax Act. If the equipment is leased in a
14 manner that does not qualify for this exemption or is used in
15 any other nonexempt manner, the lessor shall be liable for the
16 tax imposed under this Act or the Service Use Tax Act, as the
17 case may be, based on the fair market value of the property at
18 the time the nonqualifying use occurs. No lessor shall collect
19 or attempt to collect an amount (however designated) that
20 purports to reimburse that lessor for the tax imposed by this
21 Act or the Service Use Tax Act, as the case may be, if the tax
22 has not been paid by the lessor. If a lessor improperly
23 collects any such amount from the lessee, the lessee shall have
24 a legal right to claim a refund of that amount from the lessor.
25 If, however, that amount is not refunded to the lessee for any
26 reason, the lessor is liable to pay that amount to the

1 Department. This paragraph is exempt from the provisions of
2 Section 3-90.

3 (32) Beginning on the effective date of this amendatory Act
4 of the 92nd General Assembly, personal property purchased by a
5 lessor who leases the property, under a lease of one year or
6 longer executed or in effect at the time the lessor would
7 otherwise be subject to the tax imposed by this Act, to a
8 governmental body that has been issued an active sales tax
9 exemption identification number by the Department under
10 Section 1g of the Retailers' Occupation Tax Act. If the
11 property is leased in a manner that does not qualify for this
12 exemption or used in any other nonexempt manner, the lessor
13 shall be liable for the tax imposed under this Act or the
14 Service Use Tax Act, as the case may be, based on the fair
15 market value of the property at the time the nonqualifying use
16 occurs. No lessor shall collect or attempt to collect an amount
17 (however designated) that purports to reimburse that lessor for
18 the tax imposed by this Act or the Service Use Tax Act, as the
19 case may be, if the tax has not been paid by the lessor. If a
20 lessor improperly collects any such amount from the lessee, the
21 lessee shall have a legal right to claim a refund of that
22 amount from the lessor. If, however, that amount is not
23 refunded to the lessee for any reason, the lessor is liable to
24 pay that amount to the Department. This paragraph is exempt
25 from the provisions of Section 3-90.

26 (33) On and after July 1, 2003 and through June 30, 2004,

1 the use in this State of motor vehicles of the second division
2 with a gross vehicle weight in excess of 8,000 pounds and that
3 are subject to the commercial distribution fee imposed under
4 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
5 1, 2004 and through June 30, 2005, the use in this State of
6 motor vehicles of the second division: (i) with a gross vehicle
7 weight rating in excess of 8,000 pounds; (ii) that are subject
8 to the commercial distribution fee imposed under Section
9 3-815.1 of the Illinois Vehicle Code; and (iii) that are
10 primarily used for commercial purposes. Through June 30, 2005,
11 this exemption applies to repair and replacement parts added
12 after the initial purchase of such a motor vehicle if that
13 motor vehicle is used in a manner that would qualify for the
14 rolling stock exemption otherwise provided for in this Act. For
15 purposes of this paragraph, the term "used for commercial
16 purposes" means the transportation of persons or property in
17 furtherance of any commercial or industrial enterprise,
18 whether for-hire or not.

19 (34) Beginning January 1, 2008, tangible personal property
20 used in the construction or maintenance of a community water
21 supply, as defined under Section 3.145 of the Environmental
22 Protection Act, that is operated by a not-for-profit
23 corporation that holds a valid water supply permit issued under
24 Title IV of the Environmental Protection Act. This paragraph is
25 exempt from the provisions of Section 3-90.

26 (35) Beginning January 1, 2010, materials, parts,

1 equipment, components, and furnishings incorporated into or
2 upon an aircraft as part of the modification, refurbishment,
3 completion, replacement, repair, or maintenance of the
4 aircraft. This exemption includes consumable supplies used in
5 the modification, refurbishment, completion, replacement,
6 repair, and maintenance of aircraft, but excludes any
7 materials, parts, equipment, components, and consumable
8 supplies used in the modification, replacement, repair, and
9 maintenance of aircraft engines or power plants, whether such
10 engines or power plants are installed or uninstalled upon any
11 such aircraft. "Consumable supplies" include, but are not
12 limited to, adhesive, tape, sandpaper, general purpose
13 lubricants, cleaning solution, latex gloves, and protective
14 films. This exemption applies only to the use of qualifying
15 tangible personal property by persons who modify, refurbish,
16 complete, repair, replace, or maintain aircraft and who (i)
17 hold an Air Agency Certificate and are empowered to operate an
18 approved repair station by the Federal Aviation
19 Administration, (ii) have a Class IV Rating, and (iii) conduct
20 operations in accordance with Part 145 of the Federal Aviation
21 Regulations. The exemption does not include aircraft operated
22 by a commercial air carrier providing scheduled passenger air
23 service pursuant to authority issued under Part 121 or Part 129
24 of the Federal Aviation Regulations. The changes made to this
25 paragraph (35) by Public Act 98-534 are declarative of existing
26 law.

1 (36) Tangible personal property purchased by a
2 public-facilities corporation, as described in Section
3 11-65-10 of the Illinois Municipal Code, for purposes of
4 constructing or furnishing a municipal convention hall, but
5 only if the legal title to the municipal convention hall is
6 transferred to the municipality without any further
7 consideration by or on behalf of the municipality at the time
8 of the completion of the municipal convention hall or upon the
9 retirement or redemption of any bonds or other debt instruments
10 issued by the public-facilities corporation in connection with
11 the development of the municipal convention hall. This
12 exemption includes existing public-facilities corporations as
13 provided in Section 11-65-25 of the Illinois Municipal Code.
14 This paragraph is exempt from the provisions of Section 3-90.

15 (37) Beginning January 1, 2017, menstrual pads, tampons,
16 and menstrual cups.

17 (38) Beginning January 1, 2018, taxable services performed
18 on or to tangible personal property the sale of which is exempt
19 from taxation under this Act. This paragraph is exempt from the
20 provisions of Section 2-70.

21 (39) Beginning January 1, 2018, taxable services performed
22 in a transaction that would be exempt from taxation under this
23 Act if it involved solely the sale of tangible personal
24 property. Such exemption could be due to the nature of the
25 seller or of the service provider, the purchaser or service
26 recipient, or other features of the transaction, including but

1 not limited to the location or sale-for-resale nature of the
2 transaction. Any such exemption applies to transactions
3 involving solely the sale of tangible personal property, solely
4 the performance of taxable service, or some combination
5 thereof. This paragraph is exempt from the provisions of
6 Section 2-70.

7 (40) Beginning January 1, 2018, taxable services performed
8 for or provided to businesses making purchases of service for
9 the benefit of or in furtherance of the business. This
10 paragraph is exempt from the provisions of Section 2-70.

11 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
12 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
13 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
14 7-29-15; 99-855, eff. 8-19-16.)

15 (35 ILCS 105/3-10)

16 Sec. 3-10. Rate of tax. Unless otherwise provided in this
17 Section, the tax imposed by this Act is at the rate of 6.25% of
18 either the selling price or the fair market value, if any, of
19 the tangible personal property. Beginning on July 1, 2017, the
20 tax is also imposed at the rate of 6.25% of either the selling
21 price or the fair market value, if any, of taxable services. In
22 all cases where property or service functionally used or
23 consumed is the same as the property or service that was
24 purchased at retail, then the tax is imposed on the selling
25 price of the property or taxable service. In all cases where

1 property functionally used or consumed is a by-product or waste
2 product that has been refined, manufactured, or produced from
3 property purchased at retail, then the tax is imposed on the
4 lower of the fair market value, if any, of the specific
5 property so used in this State or on the selling price of the
6 property purchased at retail. For purposes of this Section
7 "fair market value" means the price at which property or
8 service would change hands between a willing buyer and a
9 willing seller, neither being under any compulsion to buy or
10 sell and both having reasonable knowledge of the relevant
11 facts. The fair market value shall be established by Illinois
12 sales by the taxpayer of the same property or service as that
13 functionally used or consumed, or if there are no such sales by
14 the taxpayer, then comparable sales or purchases of property or
15 service of like kind and character in Illinois.

16 Beginning on July 1, 2000 and through December 31, 2000,
17 with respect to motor fuel, as defined in Section 1.1 of the
18 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
19 the Use Tax Act, the tax is imposed at the rate of 1.25%.

20 Beginning on August 6, 2010 through August 15, 2010, with
21 respect to sales tax holiday items as defined in Section 3-6 of
22 this Act, the tax is imposed at the rate of 1.25%.

23 With respect to gasohol, the tax imposed by this Act
24 applies to (i) 70% of the proceeds of sales made on or after
25 January 1, 1990, and before July 1, 2003, (ii) 80% of the
26 proceeds of sales made on or after July 1, 2003 and on or

1 before December 31, 2018, and (iii) 100% of the proceeds of
2 sales made thereafter. If, at any time, however, the tax under
3 this Act on sales of gasohol is imposed at the rate of 1.25%,
4 then the tax imposed by this Act applies to 100% of the
5 proceeds of sales of gasohol made during that time.

6 With respect to majority blended ethanol fuel, the tax
7 imposed by this Act does not apply to the proceeds of sales
8 made on or after July 1, 2003 and on or before December 31,
9 2018 but applies to 100% of the proceeds of sales made
10 thereafter.

11 With respect to biodiesel blends with no less than 1% and
12 no more than 10% biodiesel, the tax imposed by this Act applies
13 to (i) 80% of the proceeds of sales made on or after July 1,
14 2003 and on or before December 31, 2018 and (ii) 100% of the
15 proceeds of sales made thereafter. If, at any time, however,
16 the tax under this Act on sales of biodiesel blends with no
17 less than 1% and no more than 10% biodiesel is imposed at the
18 rate of 1.25%, then the tax imposed by this Act applies to 100%
19 of the proceeds of sales of biodiesel blends with no less than
20 1% and no more than 10% biodiesel made during that time.

21 With respect to 100% biodiesel and biodiesel blends with
22 more than 10% but no more than 99% biodiesel, the tax imposed
23 by this Act does not apply to the proceeds of sales made on or
24 after July 1, 2003 and on or before December 31, 2018 but
25 applies to 100% of the proceeds of sales made thereafter.

26 With respect to food for human consumption that is to be

1 consumed off the premises where it is sold (other than
2 alcoholic beverages, soft drinks, and food that has been
3 prepared for immediate consumption) and prescription and
4 nonprescription medicines, drugs, medical appliances, products
5 classified as Class III medical devices by the United States
6 Food and Drug Administration that are used for cancer treatment
7 pursuant to a prescription, as well as any accessories and
8 components related to those devices, modifications to a motor
9 vehicle for the purpose of rendering it usable by a person with
10 a disability, and insulin, urine testing materials, syringes,
11 and needles used by diabetics, for human use, the tax is
12 imposed at the rate of 1%. For the purposes of this Section,
13 until September 1, 2009: the term "soft drinks" means any
14 complete, finished, ready-to-use, non-alcoholic drink, whether
15 carbonated or not, including but not limited to soda water,
16 cola, fruit juice, vegetable juice, carbonated water, and all
17 other preparations commonly known as soft drinks of whatever
18 kind or description that are contained in any closed or sealed
19 bottle, can, carton, or container, regardless of size; but
20 "soft drinks" does not include coffee, tea, non-carbonated
21 water, infant formula, milk or milk products as defined in the
22 Grade A Pasteurized Milk and Milk Products Act, or drinks
23 containing 50% or more natural fruit or vegetable juice.

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "soft drinks" means non-alcoholic
26 beverages that contain natural or artificial sweeteners. "Soft

1 drinks" do not include beverages that contain milk or milk
2 products, soy, rice or similar milk substitutes, or greater
3 than 50% of vegetable or fruit juice by volume.

4 Until August 1, 2009, and notwithstanding any other
5 provisions of this Act, "food for human consumption that is to
6 be consumed off the premises where it is sold" includes all
7 food sold through a vending machine, except soft drinks and
8 food products that are dispensed hot from a vending machine,
9 regardless of the location of the vending machine. Beginning
10 August 1, 2009, and notwithstanding any other provisions of
11 this Act, "food for human consumption that is to be consumed
12 off the premises where it is sold" includes all food sold
13 through a vending machine, except soft drinks, candy, and food
14 products that are dispensed hot from a vending machine,
15 regardless of the location of the vending machine.

16 Notwithstanding any other provisions of this Act,
17 beginning September 1, 2009, "food for human consumption that
18 is to be consumed off the premises where it is sold" does not
19 include candy. For purposes of this Section, "candy" means a
20 preparation of sugar, honey, or other natural or artificial
21 sweeteners in combination with chocolate, fruits, nuts or other
22 ingredients or flavorings in the form of bars, drops, or
23 pieces. "Candy" does not include any preparation that contains
24 flour or requires refrigeration.

25 Notwithstanding any other provisions of this Act,
26 beginning September 1, 2009, "nonprescription medicines and

1 drugs" does not include grooming and hygiene products. For
2 purposes of this Section, "grooming and hygiene products"
3 includes, but is not limited to, soaps and cleaning solutions,
4 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
5 lotions and screens, unless those products are available by
6 prescription only, regardless of whether the products meet the
7 definition of "over-the-counter-drugs". For the purposes of
8 this paragraph, "over-the-counter-drug" means a drug for human
9 use that contains a label that identifies the product as a drug
10 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
11 label includes:

12 (A) A "Drug Facts" panel; or

13 (B) A statement of the "active ingredient(s)" with a
14 list of those ingredients contained in the compound,
15 substance or preparation.

16 Beginning on the effective date of this amendatory Act of
17 the 98th General Assembly, "prescription and nonprescription
18 medicines and drugs" includes medical cannabis purchased from a
19 registered dispensing organization under the Compassionate Use
20 of Medical Cannabis Pilot Program Act.

21 If the property that is purchased at retail from a retailer
22 is acquired outside Illinois and used outside Illinois before
23 being brought to Illinois for use here and is taxable under
24 this Act, the "selling price" on which the tax is computed
25 shall be reduced by an amount that represents a reasonable
26 allowance for depreciation for the period of prior out-of-state

1 use.

2 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
3 99-858, eff. 8-19-16.)

4 (35 ILCS 105/3-10.5)

5 Sec. 3-10.5. Direct payment of retailers' occupation tax
6 and applicable local retailers' occupation tax by purchaser;
7 purchaser relieved of paying use tax and local retailers'
8 occupation tax reimbursement liabilities to retailer.

9 (a) A retailer who makes a retail sale of tangible personal
10 property or taxable service to a purchaser who provides the
11 retailer with a copy of the purchaser's valid Direct Pay Permit
12 issued under Section 2-10.5 of the Retailers' Occupation Tax
13 Act is not required under Section 3-45 of this Act to collect
14 the tax imposed by this Act on that sale.

15 (b) A purchaser who makes a purchase from a retailer who
16 would otherwise incur retailers' occupation tax liability on
17 the transaction and who provides the retailer with a copy of a
18 valid Direct Pay Permit issued under Section 2-10.5 of the
19 Retailers' Occupation Tax Act does not incur the tax imposed by
20 this Act on the purchase. The purchaser assumes the retailer's
21 obligation to pay the retailers' occupation tax directly to the
22 Department, including all local retailers' occupation tax
23 liabilities applicable to that retail sale.

24 (c) A purchaser who makes a purchase from a retailer who
25 would not incur retailers' occupation tax liability on the

1 transaction and who provides the retailer with a copy of a
2 valid Direct Pay Permit issued under Section 2-10.5 of the
3 Retailers' Occupation Tax Act incurs the tax imposed by this
4 Act on the purchase. If, on any transaction, the retailer is
5 entitled under this Act to a discount for collecting and
6 remitting the tax imposed under this Act to the Department, the
7 right to the discount provided in Section 9 of this Act shall
8 be transferred to the Permit holder. If the retailer would not
9 be entitled to a discount as provided in Section 9 of this Act,
10 then the Permit holder is not entitled to a discount.

11 (Source: P.A. 92-484, eff. 8-23-01.)

12 (35 ILCS 105/3-45) (from Ch. 120, par. 439.3-45)

13 Sec. 3-45. Collection. The tax imposed by this Act shall be
14 collected from the purchaser by a retailer maintaining a place
15 of business in this State or a retailer authorized by the
16 Department under Section 6 of this Act, and shall be remitted
17 to the Department as provided in Section 9 of this Act, except
18 as provided in Section 3-10.5 of this Act.

19 The tax imposed by this Act that is not paid to a retailer
20 under this Section shall be paid to the Department directly by
21 any person using the property within this State as provided in
22 Section 10 of this Act.

23 Retailers shall collect the tax from users by adding the
24 tax to the selling price of tangible personal property or
25 taxable service, when sold for use, in the manner prescribed by

1 the Department. The Department may adopt and promulgate
2 reasonable rules and regulations for the adding of the tax by
3 retailers to selling prices by prescribing bracket systems for
4 the purpose of enabling the retailers to add and collect, as
5 far as practicable, the amount of the tax.

6 If a seller collects use tax measured by receipts that are
7 not subject to use tax, or if a seller, in collecting use tax
8 measured by receipts that are subject to tax under this Act,
9 collects more from the purchaser than the required amount of
10 the use tax on the transaction, the purchaser shall have a
11 legal right to claim a refund of that amount from the seller.
12 If, however, that amount is not refunded to the purchaser for
13 any reason, the seller is liable to pay that amount to the
14 Department. This paragraph does not apply to an amount
15 collected by the seller as use tax on receipts that are subject
16 to tax under this Act as long as the collection is made in
17 compliance with the tax collection brackets prescribed by the
18 Department in its rules and regulations.

19 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

20 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

21 Sec. 3-50. Manufacturing and assembly exemption. The
22 manufacturing and assembling machinery and equipment exemption
23 includes machinery and equipment that replaces machinery and
24 equipment in an existing manufacturing facility as well as
25 machinery and equipment that are for use in an expanded or new

1 manufacturing facility. The machinery and equipment exemption
2 also includes machinery and equipment used in the general
3 maintenance or repair of exempt machinery and equipment or for
4 in-house manufacture of exempt machinery and equipment.
5 Beginning on July 1, 2017, the manufacturing and assembling
6 machinery and equipment exemption also includes graphic arts
7 machinery and equipment, as defined in paragraph (6) of Section
8 3-5. Beginning on July 1, 2017, the manufacturing and
9 assembling machinery and equipment exemption also includes
10 production related tangible personal property, as defined in
11 this Section. The machinery and equipment exemption does not
12 include machinery and equipment used in (i) the generation of
13 electricity for wholesale or retail sale; (ii) the generation
14 or treatment of natural or artificial gas for wholesale or
15 retail sale that is delivered to customers through pipes,
16 pipelines, or mains; or (iii) the treatment of water for
17 wholesale or retail sale that is delivered to customers through
18 pipes, pipelines, or mains. The provisions of this amendatory
19 Act of the 98th General Assembly are declaratory of existing
20 law as to the meaning and scope of this exemption. For the
21 purposes of this exemption, terms have the following meanings:

22 (1) "Manufacturing process" means the production of an
23 article of tangible personal property, whether the article
24 is a finished product or an article for use in the process
25 of manufacturing or assembling a different article of
26 tangible personal property, by a procedure commonly

1 regarded as manufacturing, processing, fabricating, or
2 refining that changes some existing material into a
3 material with a different form, use, or name. In relation
4 to a recognized integrated business composed of a series of
5 operations that collectively constitute manufacturing, or
6 individually constitute manufacturing operations, the
7 manufacturing process commences with the first operation
8 or stage of production in the series and does not end until
9 the completion of the final product in the last operation
10 or stage of production in the series. For purposes of this
11 exemption, photoprocessing is a manufacturing process of
12 tangible personal property for wholesale or retail sale.

13 (2) "Assembling process" means the production of an
14 article of tangible personal property, whether the article
15 is a finished product or an article for use in the process
16 of manufacturing or assembling a different article of
17 tangible personal property, by the combination of existing
18 materials in a manner commonly regarded as assembling that
19 results in an article or material of a different form, use,
20 or name.

21 (3) "Machinery" means major mechanical machines or
22 major components of those machines contributing to a
23 manufacturing or assembling process.

24 (4) "Equipment" includes an independent device or tool
25 separate from machinery but essential to an integrated
26 manufacturing or assembly process; including computers

1 used primarily in a manufacturer's computer assisted
2 design, computer assisted manufacturing (CAD/CAM) system;
3 any subunit or assembly comprising a component of any
4 machinery or auxiliary, adjunct, or attachment parts of
5 machinery, such as tools, dies, jigs, fixtures, patterns,
6 and molds; and any parts that require periodic replacement
7 in the course of normal operation; but does not include
8 hand tools. Equipment includes chemicals or chemicals
9 acting as catalysts but only if the chemicals or chemicals
10 acting as catalysts effect a direct and immediate change
11 upon a product being manufactured or assembled for
12 wholesale or retail sale or lease.

13 (5) "Production related tangible personal property"
14 means all tangible personal property that is used or
15 consumed by the purchaser in a manufacturing facility in
16 which a manufacturing process takes place and includes,
17 without limitation, tangible personal property that is
18 purchased for incorporation into real estate within a
19 manufacturing facility and tangible personal property that
20 is used or consumed in activities such as research and
21 development, preproduction material handling, receiving,
22 quality control, inventory control, storage, staging, and
23 packaging for shipping and transportation purposes.
24 "Production related tangible personal property" does not
25 include (i) tangible personal property that is used, within
26 or without a manufacturing facility, in sales, purchasing,

1 accounting, fiscal management, marketing, personnel
2 recruitment or selection, or landscaping or (ii) tangible
3 personal property that is required to be titled or
4 registered with a department, agency, or unit of federal,
5 State, or local government.

6 The manufacturing and assembling machinery and equipment
7 exemption includes production related tangible personal
8 property that is purchased (i) on or after July 1, 2007 and on
9 or before June 30, 2008 or (ii) on and after July 1, 2017. The
10 exemption for production related tangible personal property
11 purchased on or after July 1, 2007 and on or before June 30,
12 2008 is subject to both of the following limitations:

13 (1) The maximum amount of the exemption for any one
14 taxpayer may not exceed 5% of the purchase price of
15 production related tangible personal property that is
16 purchased on or after July 1, 2007 and on or before June
17 30, 2008. A credit under Section 3-85 of this Act may not
18 be earned by the purchase of production related tangible
19 personal property for which an exemption is received under
20 this Section.

21 (2) The maximum aggregate amount of the exemptions for
22 production related tangible personal property awarded
23 under this Act and the Retailers' Occupation Tax Act to all
24 taxpayers may not exceed \$10,000,000. If the claims for the
25 exemption exceed \$10,000,000, then the Department shall
26 reduce the amount of the exemption to each taxpayer on a

1 pro rata basis.

2 The Department may adopt rules to implement and administer the
3 exemption for production related tangible personal property.

4 The manufacturing and assembling machinery and equipment
5 exemption includes the sale of materials to a purchaser who
6 produces exempted types of machinery, equipment, or tools and
7 who rents or leases that machinery, equipment, or tools to a
8 manufacturer of tangible personal property. This exemption
9 also includes the sale of materials to a purchaser who
10 manufactures those materials into an exempted type of
11 machinery, equipment, or tools that the purchaser uses himself
12 or herself in the manufacturing of tangible personal property.
13 This exemption includes the sale of exempted types of machinery
14 or equipment to a purchaser who is not the manufacturer, but
15 who rents or leases the use of the property to a manufacturer.
16 The purchaser of the machinery and equipment who has an active
17 resale registration number shall furnish that number to the
18 seller at the time of purchase. A user of the machinery,
19 equipment, or tools without an active resale registration
20 number shall prepare a certificate of exemption for each
21 transaction stating facts establishing the exemption for that
22 transaction, and that certificate shall be available to the
23 Department for inspection or audit. The Department shall
24 prescribe the form of the certificate. Informal rulings,
25 opinions, or letters issued by the Department in response to an
26 inquiry or request for an opinion from any person regarding the

1 coverage and applicability of this exemption to specific
2 devices shall be published, maintained as a public record, and
3 made available for public inspection and copying. If the
4 informal ruling, opinion, or letter contains trade secrets or
5 other confidential information, where possible, the Department
6 shall delete that information before publication. Whenever
7 informal rulings, opinions, or letters contain a policy of
8 general applicability, the Department shall formulate and
9 adopt that policy as a rule in accordance with the Illinois
10 Administrative Procedure Act.

11 The manufacturing and assembling machinery and equipment
12 exemption, including the addition of production related
13 tangible personal property, is exempt from the provisions of
14 Section 3-90.

15 (Source: P.A. 98-583, eff. 1-1-14.)

16 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

17 Sec. 3-55. Multistate exemption. To prevent actual or
18 likely multistate taxation, the tax imposed by this Act does
19 not apply to the use of tangible personal property in this
20 State under the following circumstances:

21 (a) The use, in this State, of tangible personal property
22 acquired outside this State by a nonresident individual and
23 brought into this State by the individual for his or her own
24 use while temporarily within this State or while passing
25 through this State.

1 (b) The use, in this State, of tangible personal property
2 by an interstate carrier for hire as rolling stock moving in
3 interstate commerce or by lessors under a lease of one year or
4 longer executed or in effect at the time of purchase of
5 tangible personal property by interstate carriers for-hire for
6 use as rolling stock moving in interstate commerce as long as
7 so used by the interstate carriers for-hire, and equipment
8 operated by a telecommunications provider, licensed as a common
9 carrier by the Federal Communications Commission, which is
10 permanently installed in or affixed to aircraft moving in
11 interstate commerce.

12 (c) The use, in this State, by owners, lessors, or shippers
13 of tangible personal property that is utilized by interstate
14 carriers for hire for use as rolling stock moving in interstate
15 commerce as long as so used by the interstate carriers for
16 hire, and equipment operated by a telecommunications provider,
17 licensed as a common carrier by the Federal Communications
18 Commission, which is permanently installed in or affixed to
19 aircraft moving in interstate commerce.

20 (d) The use, in this State, of tangible personal property
21 or taxable service that is acquired outside this State and
22 caused to be brought into or performed in this State by a
23 person who has already paid a tax in another State in respect
24 to the sale, purchase, or use of that property, to the extent
25 of the amount of the tax properly due and paid in the other
26 State.

1 (e) The temporary storage, in this State, of tangible
2 personal property that is acquired outside this State and that,
3 after being brought into this State and stored here
4 temporarily, is used solely outside this State or is physically
5 attached to or incorporated into other tangible personal
6 property that is used solely outside this State, or is altered
7 by converting, fabricating, manufacturing, printing,
8 processing, or shaping, and, as altered, is used solely outside
9 this State.

10 (f) The temporary storage in this State of building
11 materials and fixtures that are acquired either in this State
12 or outside this State by an Illinois registered combination
13 retailer and construction contractor, and that the purchaser
14 thereafter uses outside this State by incorporating that
15 property into real estate located outside this State.

16 (g) The use or purchase of tangible personal property by a
17 common carrier by rail or motor that receives the physical
18 possession of the property in Illinois, and that transports the
19 property, or shares with another common carrier in the
20 transportation of the property, out of Illinois on a standard
21 uniform bill of lading showing the seller of the property as
22 the shipper or consignor of the property to a destination
23 outside Illinois, for use outside Illinois.

24 (h) Except as provided in subsection (h-1), the use, in
25 this State, of a motor vehicle that was sold in this State to a
26 nonresident, even though the motor vehicle is delivered to the

1 nonresident in this State, if the motor vehicle is not to be
2 titled in this State, and if a drive-away permit is issued to
3 the motor vehicle as provided in Section 3-603 of the Illinois
4 Vehicle Code or if the nonresident purchaser has vehicle
5 registration plates to transfer to the motor vehicle upon
6 returning to his or her home state. The issuance of the
7 drive-away permit or having the out-of-state registration
8 plates to be transferred shall be prima facie evidence that the
9 motor vehicle will not be titled in this State.

10 (h-1) The exemption under subsection (h) does not apply if
11 the state in which the motor vehicle will be titled does not
12 allow a reciprocal exemption for the use in that state of a
13 motor vehicle sold and delivered in that state to an Illinois
14 resident but titled in Illinois. The tax collected under this
15 Act on the sale of a motor vehicle in this State to a resident
16 of another state that does not allow a reciprocal exemption
17 shall be imposed at a rate equal to the state's rate of tax on
18 taxable property in the state in which the purchaser is a
19 resident, except that the tax shall not exceed the tax that
20 would otherwise be imposed under this Act. At the time of the
21 sale, the purchaser shall execute a statement, signed under
22 penalty of perjury, of his or her intent to title the vehicle
23 in the state in which the purchaser is a resident within 30
24 days after the sale and of the fact of the payment to the State
25 of Illinois of tax in an amount equivalent to the state's rate
26 of tax on taxable property in his or her state of residence and

1 shall submit the statement to the appropriate tax collection
2 agency in his or her state of residence. In addition, the
3 retailer must retain a signed copy of the statement in his or
4 her records. Nothing in this subsection shall be construed to
5 require the removal of the vehicle from this state following
6 the filing of an intent to title the vehicle in the purchaser's
7 state of residence if the purchaser titles the vehicle in his
8 or her state of residence within 30 days after the date of
9 sale. The tax collected under this Act in accordance with this
10 subsection (h-1) shall be proportionately distributed as if the
11 tax were collected at the 6.25% general rate imposed under this
12 Act.

13 (h-2) The following exemptions apply with respect to
14 certain aircraft:

15 (1) Beginning on July 1, 2007, no tax is imposed under
16 this Act on the purchase of an aircraft, as defined in
17 Section 3 of the Illinois Aeronautics Act, if all of the
18 following conditions are met:

19 (A) the aircraft leaves this State within 15 days
20 after the later of either the issuance of the final
21 billing for the purchase of the aircraft or the
22 authorized approval for return to service, completion
23 of the maintenance record entry, and completion of the
24 test flight and ground test for inspection, as required
25 by 14 C.F.R. 91.407;

26 (B) the aircraft is not based or registered in this

1 State after the purchase of the aircraft; and

2 (C) the purchaser provides the Department with a
3 signed and dated certification, on a form prescribed by
4 the Department, certifying that the requirements of
5 this item (1) are met. The certificate must also
6 include the name and address of the purchaser, the
7 address of the location where the aircraft is to be
8 titled or registered, the address of the primary
9 physical location of the aircraft, and other
10 information that the Department may reasonably
11 require.

12 (2) Beginning on July 1, 2007, no tax is imposed under
13 this Act on the use of an aircraft, as defined in Section 3
14 of the Illinois Aeronautics Act, that is temporarily
15 located in this State for the purpose of a prepurchase
16 evaluation if all of the following conditions are met:

17 (A) the aircraft is not based or registered in this
18 State after the prepurchase evaluation; and

19 (B) the purchaser provides the Department with a
20 signed and dated certification, on a form prescribed by
21 the Department, certifying that the requirements of
22 this item (2) are met. The certificate must also
23 include the name and address of the purchaser, the
24 address of the location where the aircraft is to be
25 titled or registered, the address of the primary
26 physical location of the aircraft, and other

1 information that the Department may reasonably
2 require.

3 (3) Beginning on July 1, 2007, no tax is imposed under
4 this Act on the use of an aircraft, as defined in Section 3
5 of the Illinois Aeronautics Act, that is temporarily
6 located in this State for the purpose of a post-sale
7 customization if all of the following conditions are met:

8 (A) the aircraft leaves this State within 15 days
9 after the authorized approval for return to service,
10 completion of the maintenance record entry, and
11 completion of the test flight and ground test for
12 inspection, as required by 14 C.F.R. 91.407;

13 (B) the aircraft is not based or registered in this
14 State either before or after the post-sale
15 customization; and

16 (C) the purchaser provides the Department with a
17 signed and dated certification, on a form prescribed by
18 the Department, certifying that the requirements of
19 this item (3) are met. The certificate must also
20 include the name and address of the purchaser, the
21 address of the location where the aircraft is to be
22 titled or registered, the address of the primary
23 physical location of the aircraft, and other
24 information that the Department may reasonably
25 require.

26 If tax becomes due under this subsection (h-2) because of

1 the purchaser's use of the aircraft in this State, the
2 purchaser shall file a return with the Department and pay the
3 tax on the fair market value of the aircraft. This return and
4 payment of the tax must be made no later than 30 days after the
5 aircraft is used in a taxable manner in this State. The tax is
6 based on the fair market value of the aircraft on the date that
7 it is first used in a taxable manner in this State.

8 For purposes of this subsection (h-2):

9 "Based in this State" means hangared, stored, or otherwise
10 used, excluding post-sale customizations as defined in this
11 Section, for 10 or more days in each 12-month period
12 immediately following the date of the sale of the aircraft.

13 "Post-sale customization" means any improvement,
14 maintenance, or repair that is performed on an aircraft
15 following a transfer of ownership of the aircraft.

16 "Prepurchase evaluation" means an examination of an
17 aircraft to provide a potential purchaser with information
18 relevant to the potential purchase.

19 "Registered in this State" means an aircraft registered
20 with the Department of Transportation, Aeronautics Division,
21 or titled or registered with the Federal Aviation
22 Administration to an address located in this State.

23 This subsection (h-2) is exempt from the provisions of
24 Section 3-90.

25 (i) Beginning July 1, 1999, the use, in this State, of fuel
26 acquired outside this State and brought into this State in the

1 fuel supply tanks of locomotives engaged in freight hauling and
2 passenger service for interstate commerce. This subsection is
3 exempt from the provisions of Section 3-90.

4 (j) Beginning on January 1, 2002 and through June 30, 2016,
5 the use of tangible personal property purchased from an
6 Illinois retailer by a taxpayer engaged in centralized
7 purchasing activities in Illinois who will, upon receipt of the
8 property in Illinois, temporarily store the property in
9 Illinois (i) for the purpose of subsequently transporting it
10 outside this State for use or consumption thereafter solely
11 outside this State or (ii) for the purpose of being processed,
12 fabricated, or manufactured into, attached to, or incorporated
13 into other tangible personal property to be transported outside
14 this State and thereafter used or consumed solely outside this
15 State. The Director of Revenue shall, pursuant to rules adopted
16 in accordance with the Illinois Administrative Procedure Act,
17 issue a permit to any taxpayer in good standing with the
18 Department who is eligible for the exemption under this
19 subsection (j). The permit issued under this subsection (j)
20 shall authorize the holder, to the extent and in the manner
21 specified in the rules adopted under this Act, to purchase
22 tangible personal property from a retailer exempt from the
23 taxes imposed by this Act. Taxpayers shall maintain all
24 necessary books and records to substantiate the use and
25 consumption of all such tangible personal property outside of
26 the State of Illinois.

1 (Source: P.A. 97-73, eff. 6-30-11.)

2 (35 ILCS 105/3-65) (from Ch. 120, par. 439.3-65)

3 Sec. 3-65. R.O.T. nontaxability. If the seller of tangible
4 personal property or taxable service for use would not be
5 taxable under the Retailers' Occupation Tax Act despite all
6 elements of the sale occurring in Illinois, then the tax
7 imposed by this Act does not apply to the use of the tangible
8 personal property or taxable service in this State.

9 (Source: P.A. 91-51, eff. 6-30-99.)

10 (35 ILCS 105/3-75) (from Ch. 120, par. 439.3-75)

11 Sec. 3-75. Serviceman transfer. Tangible personal property
12 purchased by a serviceman, as defined in Section 2 of the
13 Service Occupation Tax Act, is subject to the tax imposed by
14 this Act when purchased for transfer by the serviceman
15 incidental to completion of a maintenance agreement. Effective
16 January 1, 2018, purchases of tangible personal property
17 purchased for transfer incidental to performance of a taxable
18 service is not subject to the tax imposed by this Act.

19 (Source: P.A. 91-51, eff. 6-30-99.)

20 (35 ILCS 105/3a) (from Ch. 120, par. 439.3a)

21 Sec. 3a. The tax imposed by the Act shall when collected be
22 stated as a distinct item separate and apart from the selling
23 price of the tangible personal property or taxable service.

1 However, where it is not possible to state the sales tax
2 separately in situations such as sales from vending machines or
3 sales of liquor by the drink the Department may by rule exempt
4 such sales from this requirement so long as purchasers are
5 notified by a sign that the tax is included in the selling
6 price.

7 (Source: P.A. 84-229.)

8 (35 ILCS 105/4) (from Ch. 120, par. 439.4)

9 Sec. 4. Evidence that tangible personal property or taxable
10 service was sold by any person for delivery to a person
11 residing or engaged in business in this State shall be prima
12 facie evidence that such tangible personal property or taxable
13 service was sold for use in this State.

14 (Source: Laws 1955, p. 2027.)

15 (35 ILCS 105/5) (from Ch. 120, par. 439.5)

16 Sec. 5. Except as to motor vehicles and other items of
17 tangible personal property that must be titled or registered
18 under an Illinois law, but that cannot be so titled or
19 registered without a use tax receipt or exemption determination
20 from the Department, every retailer maintaining a place of
21 business in this State and making sales of tangible personal
22 property or taxable service for use in this State (whether
23 those sales are made within or without this State) shall, when
24 collecting the tax as provided in Section 3-45 of this Act from

1 the purchaser, give to the purchaser (if demanded by the
2 purchaser) a receipt for the tax in the manner and form
3 prescribed by the Department. The receipt shall be sufficient
4 to relieve the purchaser from further liability for the tax to
5 which the receipt may refer. Each retailer shall list with the
6 Department the names and addresses of all of his or her agents
7 operating in this State and the location of any and all of his
8 or her distribution or sales houses, offices, or other places
9 of business in this State.

10 (Source: P.A. 86-1475.)

11 (35 ILCS 105/7) (from Ch. 120, par. 439.7)

12 Sec. 7.

13 It is unlawful for any retailer to advertise or hold out or
14 state to the public or to any purchaser, consumer or user,
15 directly or indirectly, that the tax or any part thereof
16 imposed by Section 3 hereof will be assumed or absorbed by the
17 retailer or that it will not be added to the selling price of
18 the property or taxable service sold, or if added that it or
19 any part thereof will be refunded other than when the retailer
20 refunds the selling price and tax because of the merchandise's
21 being returned to the retailer (or the taxable service
22 transaction's being partially or wholly cancelled) or other
23 than when the retailer credits or refunds the tax to the
24 purchaser to support a claim filed with the Department under
25 the Retailers' Occupation Tax Act or under this Act. Any person

1 violating any of the provisions of this Section within this
2 State shall be guilty of a Class A misdemeanor.

3 (Source: P.A. 77-2830.)

4 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

5 Sec. 9. Except as to motor vehicles, watercraft, aircraft,
6 and trailers that are required to be registered with an agency
7 of this State, each retailer required or authorized to collect
8 the tax imposed by this Act shall pay to the Department the
9 amount of such tax (except as otherwise provided) at the time
10 when he is required to file his return for the period during
11 which such tax was collected, less a discount of 2.1% prior to
12 January 1, 1990, and 1.75% on and after January 1, 1990, or \$5
13 per calendar year, whichever is greater, which is allowed to
14 reimburse the retailer for expenses incurred in collecting the
15 tax, keeping records, preparing and filing returns, remitting
16 the tax and supplying data to the Department on request. In the
17 case of retailers who report and pay the tax on a transaction
18 by transaction basis, as provided in this Section, such
19 discount shall be taken with each such tax remittance instead
20 of when such retailer files his periodic return. The Department
21 may disallow the discount for retailers whose certificate of
22 registration is revoked at the time the return is filed, but
23 only if the Department's decision to revoke the certificate of
24 registration has become final. A retailer need not remit that
25 part of any tax collected by him to the extent that he is

1 required to remit and does remit the tax imposed by the
2 Retailers' Occupation Tax Act, with respect to the sale of the
3 same property.

4 Where such tangible personal property or taxable service is
5 sold under a conditional sales contract, or under any other
6 form of sale wherein the payment of the principal sum, or a
7 part thereof, is extended beyond the close of the period for
8 which the return is filed, the retailer, in collecting the tax
9 (except as to motor vehicles, watercraft, aircraft, and
10 trailers that are required to be registered with an agency of
11 this State), may collect for each tax return period, only the
12 tax applicable to that part of the selling price actually
13 received during such tax return period.

14 Except as provided in this Section, on or before the
15 twentieth day of each calendar month, such retailer shall file
16 a return for the preceding calendar month. Such return shall be
17 filed on forms prescribed by the Department and shall furnish
18 such information as the Department may reasonably require.

19 The Department may require returns to be filed on a
20 quarterly basis. If so required, a return for each calendar
21 quarter shall be filed on or before the twentieth day of the
22 calendar month following the end of such calendar quarter. The
23 taxpayer shall also file a return with the Department for each
24 of the first two months of each calendar quarter, on or before
25 the twentieth day of the following calendar month, stating:

26 1. The name of the seller;

1 2. The address of the principal place of business from
2 which he engages in the business of selling tangible
3 personal property at retail in this State;

4 3. The total amount of taxable receipts received by him
5 during the preceding calendar month from sales of tangible
6 personal property by him during such preceding calendar
7 month, including receipts from charge and time sales, but
8 less all deductions allowed by law;

9 4. The amount of credit provided in Section 2d of this
10 Act;

11 5. The amount of tax due;

12 5-5. The signature of the taxpayer; and

13 6. Such other reasonable information as the Department
14 may require.

15 If a taxpayer fails to sign a return within 30 days after
16 the proper notice and demand for signature by the Department,
17 the return shall be considered valid and any amount shown to be
18 due on the return shall be deemed assessed.

19 Beginning October 1, 1993, a taxpayer who has an average
20 monthly tax liability of \$150,000 or more shall make all
21 payments required by rules of the Department by electronic
22 funds transfer. Beginning October 1, 1994, a taxpayer who has
23 an average monthly tax liability of \$100,000 or more shall make
24 all payments required by rules of the Department by electronic
25 funds transfer. Beginning October 1, 1995, a taxpayer who has
26 an average monthly tax liability of \$50,000 or more shall make

1 all payments required by rules of the Department by electronic
2 funds transfer. Beginning October 1, 2000, a taxpayer who has
3 an annual tax liability of \$200,000 or more shall make all
4 payments required by rules of the Department by electronic
5 funds transfer. The term "annual tax liability" shall be the
6 sum of the taxpayer's liabilities under this Act, and under all
7 other State and local occupation and use tax laws administered
8 by the Department, for the immediately preceding calendar year.
9 The term "average monthly tax liability" means the sum of the
10 taxpayer's liabilities under this Act, and under all other
11 State and local occupation and use tax laws administered by the
12 Department, for the immediately preceding calendar year
13 divided by 12. Beginning on October 1, 2002, a taxpayer who has
14 a tax liability in the amount set forth in subsection (b) of
15 Section 2505-210 of the Department of Revenue Law shall make
16 all payments required by rules of the Department by electronic
17 funds transfer.

18 Before August 1 of each year beginning in 1993, the
19 Department shall notify all taxpayers required to make payments
20 by electronic funds transfer. All taxpayers required to make
21 payments by electronic funds transfer shall make those payments
22 for a minimum of one year beginning on October 1.

23 Any taxpayer not required to make payments by electronic
24 funds transfer may make payments by electronic funds transfer
25 with the permission of the Department.

26 All taxpayers required to make payment by electronic funds

1 transfer and any taxpayers authorized to voluntarily make
2 payments by electronic funds transfer shall make those payments
3 in the manner authorized by the Department.

4 The Department shall adopt such rules as are necessary to
5 effectuate a program of electronic funds transfer and the
6 requirements of this Section.

7 Before October 1, 2000, if the taxpayer's average monthly
8 tax liability to the Department under this Act, the Retailers'
9 Occupation Tax Act, the Service Occupation Tax Act, the Service
10 Use Tax Act was \$10,000 or more during the preceding 4 complete
11 calendar quarters, he shall file a return with the Department
12 each month by the 20th day of the month next following the
13 month during which such tax liability is incurred and shall
14 make payments to the Department on or before the 7th, 15th,
15 22nd and last day of the month during which such liability is
16 incurred. On and after October 1, 2000, if the taxpayer's
17 average monthly tax liability to the Department under this Act,
18 the Retailers' Occupation Tax Act, the Service Occupation Tax
19 Act, and the Service Use Tax Act was \$20,000 or more during the
20 preceding 4 complete calendar quarters, he shall file a return
21 with the Department each month by the 20th day of the month
22 next following the month during which such tax liability is
23 incurred and shall make payment to the Department on or before
24 the 7th, 15th, 22nd and last day of the month during which such
25 liability is incurred. If the month during which such tax
26 liability is incurred began prior to January 1, 1985, each

1 payment shall be in an amount equal to 1/4 of the taxpayer's
2 actual liability for the month or an amount set by the
3 Department not to exceed 1/4 of the average monthly liability
4 of the taxpayer to the Department for the preceding 4 complete
5 calendar quarters (excluding the month of highest liability and
6 the month of lowest liability in such 4 quarter period). If the
7 month during which such tax liability is incurred begins on or
8 after January 1, 1985, and prior to January 1, 1987, each
9 payment shall be in an amount equal to 22.5% of the taxpayer's
10 actual liability for the month or 27.5% of the taxpayer's
11 liability for the same calendar month of the preceding year. If
12 the month during which such tax liability is incurred begins on
13 or after January 1, 1987, and prior to January 1, 1988, each
14 payment shall be in an amount equal to 22.5% of the taxpayer's
15 actual liability for the month or 26.25% of the taxpayer's
16 liability for the same calendar month of the preceding year. If
17 the month during which such tax liability is incurred begins on
18 or after January 1, 1988, and prior to January 1, 1989, or
19 begins on or after January 1, 1996, each payment shall be in an
20 amount equal to 22.5% of the taxpayer's actual liability for
21 the month or 25% of the taxpayer's liability for the same
22 calendar month of the preceding year. If the month during which
23 such tax liability is incurred begins on or after January 1,
24 1989, and prior to January 1, 1996, each payment shall be in an
25 amount equal to 22.5% of the taxpayer's actual liability for
26 the month or 25% of the taxpayer's liability for the same

1 calendar month of the preceding year or 100% of the taxpayer's
2 actual liability for the quarter monthly reporting period. The
3 amount of such quarter monthly payments shall be credited
4 against the final tax liability of the taxpayer's return for
5 that month. Before October 1, 2000, once applicable, the
6 requirement of the making of quarter monthly payments to the
7 Department shall continue until such taxpayer's average
8 monthly liability to the Department during the preceding 4
9 complete calendar quarters (excluding the month of highest
10 liability and the month of lowest liability) is less than
11 \$9,000, or until such taxpayer's average monthly liability to
12 the Department as computed for each calendar quarter of the 4
13 preceding complete calendar quarter period is less than
14 \$10,000. However, if a taxpayer can show the Department that a
15 substantial change in the taxpayer's business has occurred
16 which causes the taxpayer to anticipate that his average
17 monthly tax liability for the reasonably foreseeable future
18 will fall below the \$10,000 threshold stated above, then such
19 taxpayer may petition the Department for change in such
20 taxpayer's reporting status. On and after October 1, 2000, once
21 applicable, the requirement of the making of quarter monthly
22 payments to the Department shall continue until such taxpayer's
23 average monthly liability to the Department during the
24 preceding 4 complete calendar quarters (excluding the month of
25 highest liability and the month of lowest liability) is less
26 than \$19,000 or until such taxpayer's average monthly liability

1 to the Department as computed for each calendar quarter of the
2 4 preceding complete calendar quarter period is less than
3 \$20,000. However, if a taxpayer can show the Department that a
4 substantial change in the taxpayer's business has occurred
5 which causes the taxpayer to anticipate that his average
6 monthly tax liability for the reasonably foreseeable future
7 will fall below the \$20,000 threshold stated above, then such
8 taxpayer may petition the Department for a change in such
9 taxpayer's reporting status. The Department shall change such
10 taxpayer's reporting status unless it finds that such change is
11 seasonal in nature and not likely to be long term. If any such
12 quarter monthly payment is not paid at the time or in the
13 amount required by this Section, then the taxpayer shall be
14 liable for penalties and interest on the difference between the
15 minimum amount due and the amount of such quarter monthly
16 payment actually and timely paid, except insofar as the
17 taxpayer has previously made payments for that month to the
18 Department in excess of the minimum payments previously due as
19 provided in this Section. The Department shall make reasonable
20 rules and regulations to govern the quarter monthly payment
21 amount and quarter monthly payment dates for taxpayers who file
22 on other than a calendar monthly basis.

23 If any such payment provided for in this Section exceeds
24 the taxpayer's liabilities under this Act, the Retailers'
25 Occupation Tax Act, the Service Occupation Tax Act and the
26 Service Use Tax Act, as shown by an original monthly return,

1 the Department shall issue to the taxpayer a credit memorandum
2 no later than 30 days after the date of payment, which
3 memorandum may be submitted by the taxpayer to the Department
4 in payment of tax liability subsequently to be remitted by the
5 taxpayer to the Department or be assigned by the taxpayer to a
6 similar taxpayer under this Act, the Retailers' Occupation Tax
7 Act, the Service Occupation Tax Act or the Service Use Tax Act,
8 in accordance with reasonable rules and regulations to be
9 prescribed by the Department, except that if such excess
10 payment is shown on an original monthly return and is made
11 after December 31, 1986, no credit memorandum shall be issued,
12 unless requested by the taxpayer. If no such request is made,
13 the taxpayer may credit such excess payment against tax
14 liability subsequently to be remitted by the taxpayer to the
15 Department under this Act, the Retailers' Occupation Tax Act,
16 the Service Occupation Tax Act or the Service Use Tax Act, in
17 accordance with reasonable rules and regulations prescribed by
18 the Department. If the Department subsequently determines that
19 all or any part of the credit taken was not actually due to the
20 taxpayer, the taxpayer's 2.1% or 1.75% vendor's discount shall
21 be reduced by 2.1% or 1.75% of the difference between the
22 credit taken and that actually due, and the taxpayer shall be
23 liable for penalties and interest on such difference.

24 If the retailer is otherwise required to file a monthly
25 return and if the retailer's average monthly tax liability to
26 the Department does not exceed \$200, the Department may

1 authorize his returns to be filed on a quarter annual basis,
2 with the return for January, February, and March of a given
3 year being due by April 20 of such year; with the return for
4 April, May and June of a given year being due by July 20 of such
5 year; with the return for July, August and September of a given
6 year being due by October 20 of such year, and with the return
7 for October, November and December of a given year being due by
8 January 20 of the following year.

9 If the retailer is otherwise required to file a monthly or
10 quarterly return and if the retailer's average monthly tax
11 liability to the Department does not exceed \$50, the Department
12 may authorize his returns to be filed on an annual basis, with
13 the return for a given year being due by January 20 of the
14 following year.

15 Such quarter annual and annual returns, as to form and
16 substance, shall be subject to the same requirements as monthly
17 returns.

18 Notwithstanding any other provision in this Act concerning
19 the time within which a retailer may file his return, in the
20 case of any retailer who ceases to engage in a kind of business
21 which makes him responsible for filing returns under this Act,
22 such retailer shall file a final return under this Act with the
23 Department not more than one month after discontinuing such
24 business.

25 In addition, with respect to motor vehicles, watercraft,
26 aircraft, and trailers that are required to be registered with

1 an agency of this State, every retailer selling this kind of
2 tangible personal property shall file, with the Department,
3 upon a form to be prescribed and supplied by the Department, a
4 separate return for each such item of tangible personal
5 property which the retailer sells, except that if, in the same
6 transaction, (i) a retailer of aircraft, watercraft, motor
7 vehicles or trailers transfers more than one aircraft,
8 watercraft, motor vehicle or trailer to another aircraft,
9 watercraft, motor vehicle or trailer retailer for the purpose
10 of resale or (ii) a retailer of aircraft, watercraft, motor
11 vehicles, or trailers transfers more than one aircraft,
12 watercraft, motor vehicle, or trailer to a purchaser for use as
13 a qualifying rolling stock as provided in Section 3-55 of this
14 Act, then that seller may report the transfer of all the
15 aircraft, watercraft, motor vehicles or trailers involved in
16 that transaction to the Department on the same uniform
17 invoice-transaction reporting return form. For purposes of
18 this Section, "watercraft" means a Class 2, Class 3, or Class 4
19 watercraft as defined in Section 3-2 of the Boat Registration
20 and Safety Act, a personal watercraft, or any boat equipped
21 with an inboard motor.

22 The transaction reporting return in the case of motor
23 vehicles or trailers that are required to be registered with an
24 agency of this State, shall be the same document as the Uniform
25 Invoice referred to in Section 5-402 of the Illinois Vehicle
26 Code and must show the name and address of the seller; the name

1 and address of the purchaser; the amount of the selling price
2 including the amount allowed by the retailer for traded-in
3 property, if any; the amount allowed by the retailer for the
4 traded-in tangible personal property, if any, to the extent to
5 which Section 2 of this Act allows an exemption for the value
6 of traded-in property; the balance payable after deducting such
7 trade-in allowance from the total selling price; the amount of
8 tax due from the retailer with respect to such transaction; the
9 amount of tax collected from the purchaser by the retailer on
10 such transaction (or satisfactory evidence that such tax is not
11 due in that particular instance, if that is claimed to be the
12 fact); the place and date of the sale; a sufficient
13 identification of the property sold; such other information as
14 is required in Section 5-402 of the Illinois Vehicle Code, and
15 such other information as the Department may reasonably
16 require.

17 The transaction reporting return in the case of watercraft
18 and aircraft must show the name and address of the seller; the
19 name and address of the purchaser; the amount of the selling
20 price including the amount allowed by the retailer for
21 traded-in property, if any; the amount allowed by the retailer
22 for the traded-in tangible personal property, if any, to the
23 extent to which Section 2 of this Act allows an exemption for
24 the value of traded-in property; the balance payable after
25 deducting such trade-in allowance from the total selling price;
26 the amount of tax due from the retailer with respect to such

1 transaction; the amount of tax collected from the purchaser by
2 the retailer on such transaction (or satisfactory evidence that
3 such tax is not due in that particular instance, if that is
4 claimed to be the fact); the place and date of the sale, a
5 sufficient identification of the property sold, and such other
6 information as the Department may reasonably require.

7 Such transaction reporting return shall be filed not later
8 than 20 days after the date of delivery of the item that is
9 being sold, but may be filed by the retailer at any time sooner
10 than that if he chooses to do so. The transaction reporting
11 return and tax remittance or proof of exemption from the tax
12 that is imposed by this Act may be transmitted to the
13 Department by way of the State agency with which, or State
14 officer with whom, the tangible personal property must be
15 titled or registered (if titling or registration is required)
16 if the Department and such agency or State officer determine
17 that this procedure will expedite the processing of
18 applications for title or registration.

19 With each such transaction reporting return, the retailer
20 shall remit the proper amount of tax due (or shall submit
21 satisfactory evidence that the sale is not taxable if that is
22 the case), to the Department or its agents, whereupon the
23 Department shall issue, in the purchaser's name, a tax receipt
24 (or a certificate of exemption if the Department is satisfied
25 that the particular sale is tax exempt) which such purchaser
26 may submit to the agency with which, or State officer with

1 whom, he must title or register the tangible personal property
2 that is involved (if titling or registration is required) in
3 support of such purchaser's application for an Illinois
4 certificate or other evidence of title or registration to such
5 tangible personal property.

6 No retailer's failure or refusal to remit tax under this
7 Act precludes a user, who has paid the proper tax to the
8 retailer, from obtaining his certificate of title or other
9 evidence of title or registration (if titling or registration
10 is required) upon satisfying the Department that such user has
11 paid the proper tax (if tax is due) to the retailer. The
12 Department shall adopt appropriate rules to carry out the
13 mandate of this paragraph.

14 If the user who would otherwise pay tax to the retailer
15 wants the transaction reporting return filed and the payment of
16 tax or proof of exemption made to the Department before the
17 retailer is willing to take these actions and such user has not
18 paid the tax to the retailer, such user may certify to the fact
19 of such delay by the retailer, and may (upon the Department
20 being satisfied of the truth of such certification) transmit
21 the information required by the transaction reporting return
22 and the remittance for tax or proof of exemption directly to
23 the Department and obtain his tax receipt or exemption
24 determination, in which event the transaction reporting return
25 and tax remittance (if a tax payment was required) shall be
26 credited by the Department to the proper retailer's account

1 with the Department, but without the 2.1% or 1.75% discount
2 provided for in this Section being allowed. When the user pays
3 the tax directly to the Department, he shall pay the tax in the
4 same amount and in the same form in which it would be remitted
5 if the tax had been remitted to the Department by the retailer.

6 Where a retailer collects the tax with respect to the
7 selling price of tangible personal property or taxable service
8 which he sells and the purchaser thereafter returns such
9 tangible personal property or cancels the providing of taxable
10 service and the retailer refunds the selling price thereof to
11 the purchaser, such retailer shall also refund, to the
12 purchaser, the tax so collected from the purchaser. When filing
13 his return for the period in which he refunds such tax to the
14 purchaser, the retailer may deduct the amount of the tax so
15 refunded by him to the purchaser from any other use tax which
16 such retailer may be required to pay or remit to the
17 Department, as shown by such return, if the amount of the tax
18 to be deducted was previously remitted to the Department by
19 such retailer. If the retailer has not previously remitted the
20 amount of such tax to the Department, he is entitled to no
21 deduction under this Act upon refunding such tax to the
22 purchaser.

23 Any retailer filing a return under this Section shall also
24 include (for the purpose of paying tax thereon) the total tax
25 covered by such return upon the selling price of tangible
26 personal property or taxable service purchased by him at retail

1 from a retailer, but as to which the tax imposed by this Act
2 was not collected from the retailer filing such return, and
3 such retailer shall remit the amount of such tax to the
4 Department when filing such return.

5 If experience indicates such action to be practicable, the
6 Department may prescribe and furnish a combination or joint
7 return which will enable retailers, who are required to file
8 returns hereunder and also under the Retailers' Occupation Tax
9 Act, to furnish all the return information required by both
10 Acts on the one form.

11 Where the retailer has more than one business registered
12 with the Department under separate registration under this Act,
13 such retailer may not file each return that is due as a single
14 return covering all such registered businesses, but shall file
15 separate returns for each such registered business.

16 Beginning January 1, 1990, each month the Department shall
17 pay into the State and Local Sales Tax Reform Fund, a special
18 fund in the State Treasury which is hereby created, the net
19 revenue realized for the preceding month from the 1% tax on
20 sales of food for human consumption which is to be consumed off
21 the premises where it is sold (other than alcoholic beverages,
22 soft drinks and food which has been prepared for immediate
23 consumption) and prescription and nonprescription medicines,
24 drugs, medical appliances, products classified as Class III
25 medical devices by the United States Food and Drug
26 Administration that are used for cancer treatment pursuant to a

1 prescription, as well as any accessories and components related
2 to those devices, and insulin, urine testing materials,
3 syringes and needles used by diabetics.

4 Beginning January 1, 1990, each month the Department shall
5 pay into the County and Mass Transit District Fund 4% of the
6 net revenue realized for the preceding month from the 6.25%
7 general rate on the selling price of tangible personal property
8 which is purchased outside Illinois at retail from a retailer
9 and which is titled or registered by an agency of this State's
10 government.

11 Beginning January 1, 1990, each month the Department shall
12 pay into the State and Local Sales Tax Reform Fund, a special
13 fund in the State Treasury, 20% of the net revenue realized for
14 the preceding month from the 6.25% general rate on the selling
15 price of tangible personal property, other than tangible
16 personal property which is purchased outside Illinois at retail
17 from a retailer and which is titled or registered by an agency
18 of this State's government.

19 From July 1, 2017 through June 30, 2018, no deposits shall
20 be made into the State and Local Sales Tax Reform Fund from the
21 net revenue realized from the 6.25% general rate on taxable
22 services. Beginning July 1, 2018 and through June 30, 2019,
23 each month the Department shall pay into the State and Local
24 Sales Tax Reform Fund 7% of the net revenue realized for the
25 preceding month from the 6.25% general rate on the selling
26 price of taxable services. Beginning July 1, 2019 and through

1 June 30, 2020, each month the Department shall pay into the
2 State and Local Sales Tax Reform Fund 13% of the net revenue
3 realized for the preceding month from the 6.25% general rate on
4 the selling price of taxable services. Beginning July 1, 2020,
5 each month the Department shall pay into the State and Local
6 Sales Tax Reform Fund 20% of the net revenue realized for the
7 preceding month from the 6.25% general rate on the selling
8 price of taxable services.

9 Beginning August 1, 2000, each month the Department shall
10 pay into the State and Local Sales Tax Reform Fund 100% of the
11 net revenue realized for the preceding month from the 1.25%
12 rate on the selling price of motor fuel and gasohol. Beginning
13 September 1, 2010, each month the Department shall pay into the
14 State and Local Sales Tax Reform Fund 100% of the net revenue
15 realized for the preceding month from the 1.25% rate on the
16 selling price of sales tax holiday items.

17 Beginning January 1, 1990, each month the Department shall
18 pay into the Local Government Tax Fund 16% of the net revenue
19 realized for the preceding month from the 6.25% general rate on
20 the selling price of tangible personal property which is
21 purchased outside Illinois at retail from a retailer and which
22 is titled or registered by an agency of this State's
23 government.

24 Beginning October 1, 2009, each month the Department shall
25 pay into the Capital Projects Fund an amount that is equal to
26 an amount estimated by the Department to represent 80% of the

1 net revenue realized for the preceding month from the sale of
2 candy, grooming and hygiene products, and soft drinks that had
3 been taxed at a rate of 1% prior to September 1, 2009 but that
4 are now taxed at 6.25%.

5 Beginning July 1, 2011, each month the Department shall pay
6 into the Clean Air Act Permit Fund 80% of the net revenue
7 realized for the preceding month from the 6.25% general rate on
8 the selling price of sorbents used in Illinois in the process
9 of sorbent injection as used to comply with the Environmental
10 Protection Act or the federal Clean Air Act, but the total
11 payment into the Clean Air Act Permit Fund under this Act and
12 the Retailers' Occupation Tax Act shall not exceed \$2,000,000
13 in any fiscal year.

14 Beginning July 1, 2013, each month the Department shall pay
15 into the Underground Storage Tank Fund from the proceeds
16 collected under this Act, the Service Use Tax Act, the Service
17 Occupation Tax Act, and the Retailers' Occupation Tax Act an
18 amount equal to the average monthly deficit in the Underground
19 Storage Tank Fund during the prior year, as certified annually
20 by the Illinois Environmental Protection Agency, but the total
21 payment into the Underground Storage Tank Fund under this Act,
22 the Service Use Tax Act, the Service Occupation Tax Act, and
23 the Retailers' Occupation Tax Act shall not exceed \$18,000,000
24 in any State fiscal year. As used in this paragraph, the
25 "average monthly deficit" shall be equal to the difference
26 between the average monthly claims for payment by the fund and

1 the average monthly revenues deposited into the fund, excluding
2 payments made pursuant to this paragraph.

3 Beginning July 1, 2015, of the remainder of the moneys
4 received by the Department under this Act, the Service Use Tax
5 Act, the Service Occupation Tax Act, and the Retailers'
6 Occupation Tax Act, each month the Department shall deposit
7 \$500,000 into the State Crime Laboratory Fund.

8 Of the remainder of the moneys received by the Department
9 pursuant to this Act, (a) 1.75% thereof shall be paid into the
10 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
11 and after July 1, 1989, 3.8% thereof shall be paid into the
12 Build Illinois Fund; provided, however, that if in any fiscal
13 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
14 may be, of the moneys received by the Department and required
15 to be paid into the Build Illinois Fund pursuant to Section 3
16 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
17 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
18 Service Occupation Tax Act, such Acts being hereinafter called
19 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
20 may be, of moneys being hereinafter called the "Tax Act
21 Amount", and (2) the amount transferred to the Build Illinois
22 Fund from the State and Local Sales Tax Reform Fund shall be
23 less than the Annual Specified Amount (as defined in Section 3
24 of the Retailers' Occupation Tax Act), an amount equal to the
25 difference shall be immediately paid into the Build Illinois
26 Fund from other moneys received by the Department pursuant to

1 the Tax Acts; and further provided, that if on the last
2 business day of any month the sum of (1) the Tax Act Amount
3 required to be deposited into the Build Illinois Bond Account
4 in the Build Illinois Fund during such month and (2) the amount
5 transferred during such month to the Build Illinois Fund from
6 the State and Local Sales Tax Reform Fund shall have been less
7 than 1/12 of the Annual Specified Amount, an amount equal to
8 the difference shall be immediately paid into the Build
9 Illinois Fund from other moneys received by the Department
10 pursuant to the Tax Acts; and, further provided, that in no
11 event shall the payments required under the preceding proviso
12 result in aggregate payments into the Build Illinois Fund
13 pursuant to this clause (b) for any fiscal year in excess of
14 the greater of (i) the Tax Act Amount or (ii) the Annual
15 Specified Amount for such fiscal year; and, further provided,
16 that the amounts payable into the Build Illinois Fund under
17 this clause (b) shall be payable only until such time as the
18 aggregate amount on deposit under each trust indenture securing
19 Bonds issued and outstanding pursuant to the Build Illinois
20 Bond Act is sufficient, taking into account any future
21 investment income, to fully provide, in accordance with such
22 indenture, for the defeasance of or the payment of the
23 principal of, premium, if any, and interest on the Bonds
24 secured by such indenture and on any Bonds expected to be
25 issued thereafter and all fees and costs payable with respect
26 thereto, all as certified by the Director of the Bureau of the

1 Budget (now Governor's Office of Management and Budget). If on
2 the last business day of any month in which Bonds are
3 outstanding pursuant to the Build Illinois Bond Act, the
4 aggregate of the moneys deposited in the Build Illinois Bond
5 Account in the Build Illinois Fund in such month shall be less
6 than the amount required to be transferred in such month from
7 the Build Illinois Bond Account to the Build Illinois Bond
8 Retirement and Interest Fund pursuant to Section 13 of the
9 Build Illinois Bond Act, an amount equal to such deficiency
10 shall be immediately paid from other moneys received by the
11 Department pursuant to the Tax Acts to the Build Illinois Fund;
12 provided, however, that any amounts paid to the Build Illinois
13 Fund in any fiscal year pursuant to this sentence shall be
14 deemed to constitute payments pursuant to clause (b) of the
15 preceding sentence and shall reduce the amount otherwise
16 payable for such fiscal year pursuant to clause (b) of the
17 preceding sentence. The moneys received by the Department
18 pursuant to this Act and required to be deposited into the
19 Build Illinois Fund are subject to the pledge, claim and charge
20 set forth in Section 12 of the Build Illinois Bond Act.

21 Subject to payment of amounts into the Build Illinois Fund
22 as provided in the preceding paragraph or in any amendment
23 thereto hereafter enacted, the following specified monthly
24 installment of the amount requested in the certificate of the
25 Chairman of the Metropolitan Pier and Exposition Authority
26 provided under Section 8.25f of the State Finance Act, but not

1 in excess of the sums designated as "Total Deposit", shall be
2 deposited in the aggregate from collections under Section 9 of
3 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
4 9 of the Service Occupation Tax Act, and Section 3 of the
5 Retailers' Occupation Tax Act into the McCormick Place
6 Expansion Project Fund in the specified fiscal years.

7	Fiscal Year	Total Deposit
8	1993	\$0
9	1994	53,000,000
10	1995	58,000,000
11	1996	61,000,000
12	1997	64,000,000
13	1998	68,000,000
14	1999	71,000,000
15	2000	75,000,000
16	2001	80,000,000
17	2002	93,000,000
18	2003	99,000,000
19	2004	103,000,000
20	2005	108,000,000
21	2006	113,000,000
22	2007	119,000,000
23	2008	126,000,000
24	2009	132,000,000
25	2010	139,000,000
26	2011	146,000,000

1	2012	153,000,000
2	2013	161,000,000
3	2014	170,000,000
4	2015	179,000,000
5	2016	189,000,000
6	2017	199,000,000
7	2018	210,000,000
8	2019	221,000,000
9	2020	233,000,000
10	2021	246,000,000
11	2022	260,000,000
12	2023	275,000,000
13	2024	275,000,000
14	2025	275,000,000
15	2026	279,000,000
16	2027	292,000,000
17	2028	307,000,000
18	2029	322,000,000
19	2030	338,000,000
20	2031	350,000,000
21	2032	350,000,000

22 and
23 each fiscal year
24 thereafter that bonds
25 are outstanding under
26 Section 13.2 of the

1 Metropolitan Pier and
2 Exposition Authority Act,
3 but not after fiscal year 2060.

4 Beginning July 20, 1993 and in each month of each fiscal
5 year thereafter, one-eighth of the amount requested in the
6 certificate of the Chairman of the Metropolitan Pier and
7 Exposition Authority for that fiscal year, less the amount
8 deposited into the McCormick Place Expansion Project Fund by
9 the State Treasurer in the respective month under subsection
10 (g) of Section 13 of the Metropolitan Pier and Exposition
11 Authority Act, plus cumulative deficiencies in the deposits
12 required under this Section for previous months and years,
13 shall be deposited into the McCormick Place Expansion Project
14 Fund, until the full amount requested for the fiscal year, but
15 not in excess of the amount specified above as "Total Deposit",
16 has been deposited.

17 Subject to payment of amounts into the Build Illinois Fund
18 and the McCormick Place Expansion Project Fund pursuant to the
19 preceding paragraphs or in any amendments thereto hereafter
20 enacted, beginning July 1, 1993 and ending on September 30,
21 2013, the Department shall each month pay into the Illinois Tax
22 Increment Fund 0.27% of 80% of the net revenue realized for the
23 preceding month from the 6.25% general rate on the selling
24 price of tangible personal property.

25 Subject to payment of amounts into the Build Illinois Fund
26 and the McCormick Place Expansion Project Fund pursuant to the

1 preceding paragraphs or in any amendments thereto hereafter
2 enacted, beginning with the receipt of the first report of
3 taxes paid by an eligible business and continuing for a 25-year
4 period, the Department shall each month pay into the Energy
5 Infrastructure Fund 80% of the net revenue realized from the
6 6.25% general rate on the selling price of Illinois-mined coal
7 that was sold to an eligible business. For purposes of this
8 paragraph, the term "eligible business" means a new electric
9 generating facility certified pursuant to Section 605-332 of
10 the Department of Commerce and Economic Opportunity Law of the
11 Civil Administrative Code of Illinois.

12 Subject to payment of amounts into the Build Illinois Fund,
13 the McCormick Place Expansion Project Fund, the Illinois Tax
14 Increment Fund, and the Energy Infrastructure Fund pursuant to
15 the preceding paragraphs or in any amendments to this Section
16 hereafter enacted, beginning on the first day of the first
17 calendar month to occur on or after August 26, 2014 (the
18 effective date of Public Act 98-1098) ~~this amendatory Act of~~
19 ~~the 98th General Assembly~~, each month, from the collections
20 made under Section 9 of the Use Tax Act, Section 9 of the
21 Service Use Tax Act, Section 9 of the Service Occupation Tax
22 Act, and Section 3 of the Retailers' Occupation Tax Act, the
23 Department shall pay into the Tax Compliance and Administration
24 Fund, to be used, subject to appropriation, to fund additional
25 auditors and compliance personnel at the Department of Revenue,
26 an amount equal to 1/12 of 5% of 80% of the cash receipts

1 collected during the preceding fiscal year by the Audit Bureau
2 of the Department under the Use Tax Act, the Service Use Tax
3 Act, the Service Occupation Tax Act, the Retailers' Occupation
4 Tax Act, and associated local occupation and use taxes
5 administered by the Department.

6 Of the remainder of the moneys received by the Department
7 pursuant to this Act, 75% thereof shall be paid into the State
8 Treasury and 25% shall be reserved in a special account and
9 used only for the transfer to the Common School Fund as part of
10 the monthly transfer from the General Revenue Fund in
11 accordance with Section 8a of the State Finance Act.

12 As soon as possible after the first day of each month, upon
13 certification of the Department of Revenue, the Comptroller
14 shall order transferred and the Treasurer shall transfer from
15 the General Revenue Fund to the Motor Fuel Tax Fund an amount
16 equal to 1.7% of 80% of the net revenue realized under this Act
17 for the second preceding month. Beginning April 1, 2000, this
18 transfer is no longer required and shall not be made.

19 Net revenue realized for a month shall be the revenue
20 collected by the State pursuant to this Act, less the amount
21 paid out during that month as refunds to taxpayers for
22 overpayment of liability.

23 For greater simplicity of administration, manufacturers,
24 importers and wholesalers whose products are sold at retail in
25 Illinois by numerous retailers, and who wish to do so, may
26 assume the responsibility for accounting and paying to the

1 Department all tax accruing under this Act with respect to such
2 sales, if the retailers who are affected do not make written
3 objection to the Department to this arrangement.

4 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
5 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
6 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
7 eff. 1-27-17; revised 2-3-17.)

8 (35 ILCS 105/10) (from Ch. 120, par. 439.10)

9 Sec. 10. Except as to motor vehicles, aircraft, watercraft,
10 and trailers, and except as to cigarettes as defined in the
11 Cigarette Use Tax Act, when tangible personal property or
12 (beginning January 1, 2018 a taxable service) is purchased from
13 a retailer for use in this State by a purchaser who did not pay
14 the tax imposed by this Act to the retailer, and who does not
15 file returns with the Department as a retailer under Section 9
16 of this Act, such purchaser (by the last day of the month
17 following the calendar month in which such purchaser makes any
18 payment upon the selling price of such property) shall, except
19 as otherwise provided in this Section, file a return with the
20 Department and pay the tax upon that portion of the selling
21 price so paid by the purchaser during the preceding calendar
22 month. When tangible personal property, including but not
23 limited to motor vehicles and aircraft, is purchased by a
24 lessor, under a lease for one year or longer, executed or in
25 effect at the time of purchase to an interstate carrier for

1 hire, who did not pay the tax imposed by this Act to the
2 retailer, such lessor (by the last day of the month following
3 the calendar month in which such property reverts to the use of
4 such lessor) shall file a return with the Department and pay
5 the tax upon the fair market value of such property on the date
6 of such reversion. However, in determining the fair market
7 value at the time of reversion, the fair market value of such
8 property shall not exceed the original purchase price of the
9 property that was paid by the lessor at the time of purchase.
10 Such return shall be filed on a form prescribed by the
11 Department and shall contain such information as the Department
12 may reasonably require. Such return and payment from the
13 purchaser shall be submitted to the Department sooner than the
14 last day of the month after the month in which the purchase is
15 made to the extent that that may be necessary in order to
16 secure the title to a motor vehicle or the certificate of
17 registration for an aircraft. However, except as to motor
18 vehicles and aircraft, and except as to cigarettes as defined
19 in the Cigarette Use Tax Act, if the purchaser's annual use tax
20 liability does not exceed \$600, the purchaser may file the
21 return on an annual basis on or before April 15th of the year
22 following the year use tax liability was incurred. Individual
23 purchasers with an annual use tax liability that does not
24 exceed \$600 may, in lieu of the filing and payment requirements
25 in this Section, file and pay in compliance with Section 502.1
26 of the Illinois Income Tax Act.

1 If cigarettes, as defined in the Cigarette Use Tax Act, are
2 purchased from a retailer for use in this State by a purchaser
3 who did not pay the tax imposed by this Act to the retailer,
4 and who does not file returns with the Department as a retailer
5 under Section 9 of this Act, such purchaser must, within 30
6 days after acquiring the cigarettes, file a return with the
7 Department and pay the tax upon that portion of the selling
8 price so paid by the purchaser for the cigarettes.

9 In addition with respect to motor vehicles, aircraft,
10 watercraft, and trailers, a purchaser of such tangible personal
11 property for use in this State, who purchases such tangible
12 personal property from an out-of-state retailer, shall file
13 with the Department, upon a form to be prescribed and supplied
14 by the Department, a return for each such item of tangible
15 personal property purchased, except that if, in the same
16 transaction, (i) a purchaser of motor vehicles, aircraft,
17 watercraft, or trailers who is a retailer of motor vehicles,
18 aircraft, watercraft, or trailers purchases more than one motor
19 vehicle, aircraft, watercraft, or trailer for the purpose of
20 resale or (ii) a purchaser of motor vehicles, aircraft,
21 watercraft, or trailers purchases more than one motor vehicle,
22 aircraft, watercraft, or trailer for use as qualifying rolling
23 stock as provided in Section 3-55 of this Act, then the
24 purchaser may report the purchase of all motor vehicles,
25 aircraft, watercraft, or trailers involved in that transaction
26 to the Department on a single return prescribed by the

1 Department. Such return in the case of motor vehicles and
2 aircraft must show the name and address of the seller, the
3 name, address of purchaser, the amount of the selling price
4 including the amount allowed by the retailer for traded in
5 property, if any; the amount allowed by the retailer for the
6 traded-in tangible personal property, if any, to the extent to
7 which Section 2 of this Act allows an exemption for the value
8 of traded-in property; the balance payable after deducting such
9 trade-in allowance from the total selling price; the amount of
10 tax due from the purchaser with respect to such transaction;
11 the amount of tax collected from the purchaser by the retailer
12 on such transaction (or satisfactory evidence that such tax is
13 not due in that particular instance if that is claimed to be
14 the fact); the place and date of the sale, a sufficient
15 identification of the property sold, and such other information
16 as the Department may reasonably require.

17 Such return shall be filed not later than 30 days after
18 such motor vehicle or aircraft is brought into this State for
19 use.

20 For purposes of this Section, "watercraft" means a Class 2,
21 Class 3, or Class 4 watercraft as defined in Section 3-2 of the
22 Boat Registration and Safety Act, a personal watercraft, or any
23 boat equipped with an inboard motor.

24 The return and tax remittance or proof of exemption from
25 the tax that is imposed by this Act may be transmitted to the
26 Department by way of the State agency with which, or State

1 officer with whom, the tangible personal property must be
2 titled or registered (if titling or registration is required)
3 if the Department and such agency or State officer determine
4 that this procedure will expedite the processing of
5 applications for title or registration.

6 With each such return, the purchaser shall remit the proper
7 amount of tax due (or shall submit satisfactory evidence that
8 the sale is not taxable if that is the case), to the Department
9 or its agents, whereupon the Department shall issue, in the
10 purchaser's name, a tax receipt (or a certificate of exemption
11 if the Department is satisfied that the particular sale is tax
12 exempt) which such purchaser may submit to the agency with
13 which, or State officer with whom, he must title or register
14 the tangible personal property that is involved (if titling or
15 registration is required) in support of such purchaser's
16 application for an Illinois certificate or other evidence of
17 title or registration to such tangible personal property.

18 When a purchaser pays a tax imposed by this Act directly to
19 the Department, the Department (upon request therefor from such
20 purchaser) shall issue an appropriate receipt to such purchaser
21 showing that he has paid such tax to the Department. Such
22 receipt shall be sufficient to relieve the purchaser from
23 further liability for the tax to which such receipt may refer.

24 A user who is liable to pay use tax directly to the
25 Department only occasionally and not on a frequently recurring
26 basis, and who is not required to file returns with the

1 Department as a retailer under Section 9 of this Act, or under
2 the "Retailers' Occupation Tax Act", or as a registrant with
3 the Department under the "Service Occupation Tax Act" or the
4 "Service Use Tax Act", need not register with the Department.
5 However, if such a user has a frequently recurring direct use
6 tax liability to pay to the Department, such user shall be
7 required to register with the Department on forms prescribed by
8 the Department and to obtain and display a certificate of
9 registration from the Department. In that event, all of the
10 provisions of Section 9 of this Act concerning the filing of
11 regular monthly, quarterly or annual tax returns and all of the
12 provisions of Section 2a of the "Retailers' Occupation Tax Act"
13 concerning the requirements for registrants to post bond or
14 other security with the Department, as the provisions of such
15 sections now exist or may hereafter be amended, shall apply to
16 such users to the same extent as if such provisions were
17 included herein.

18 (Source: P.A. 96-520, eff. 8-14-09; 96-1000, eff. 7-2-10;
19 96-1388, eff. 7-29-10.)

20 (35 ILCS 105/11) (from Ch. 120, par. 439.11)

21 Sec. 11. Every retailer required or authorized to collect
22 taxes hereunder and every person using in this State tangible
23 personal property or taxable service purchased at retail from a
24 retailer on or after the effective date hereof shall keep such
25 records, receipts, invoices and other pertinent books,

1 documents, memoranda and papers as the Department shall
2 require, in such form as the Department shall require. The
3 Department may adopt rules that establish requirements,
4 including record forms and formats, for records required to be
5 kept and maintained by taxpayers. For purposes of this Section,
6 "records" means all data maintained by the taxpayer, including
7 data on paper, microfilm, microfiche or any type of
8 machine-sensible data compilation. For the purpose of
9 administering and enforcing the provisions hereof, the
10 Department, or any officer or employee of the Department
11 designated, in writing, by the Director thereof, may hold
12 investigations and hearings concerning any matters covered
13 herein and may examine any books, papers, records, documents or
14 memoranda of any retailer or purchaser bearing upon the sales
15 or purchases of tangible personal property, the privilege of
16 using which is taxed hereunder, and may require the attendance
17 of such person or any officer or employee of such person, or of
18 any person having knowledge of the facts, and may take
19 testimony and require proof for its information.

20 (Source: P.A. 88-480.)

21 Section 30-25. The Service Use Tax Act is amended by
22 changing Sections 2 and 3-5 as follows:

23 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

24 Sec. 2. Definitions.

1 "Use" means the exercise by any person of any right or
2 power over tangible personal property incident to the ownership
3 of that property, but does not include the sale or use for
4 demonstration by him of that property in any form as tangible
5 personal property in the regular course of business. "Use" does
6 not mean the interim use of tangible personal property nor the
7 physical incorporation of tangible personal property, as an
8 ingredient or constituent, into other tangible personal
9 property, (a) which is sold in the regular course of business
10 or (b) which the person incorporating such ingredient or
11 constituent therein has undertaken at the time of such purchase
12 to cause to be transported in interstate commerce to
13 destinations outside the State of Illinois.

14 "Purchased from a serviceman" means the acquisition of the
15 ownership of, or title to, tangible personal property through a
16 sale of service.

17 "Purchaser" means any person who, through a sale of
18 service, acquires the ownership of, or title to, any tangible
19 personal property.

20 "Cost price" means the consideration paid by the serviceman
21 for a purchase valued in money, whether paid in money or
22 otherwise, including cash, credits and services, and shall be
23 determined without any deduction on account of the supplier's
24 cost of the property sold or on account of any other expense
25 incurred by the supplier. When a serviceman contracts out part
26 or all of the services required in his sale of service, it

1 shall be presumed that the cost price to the serviceman of the
2 property transferred to him or her by his or her subcontractor
3 is equal to 50% of the subcontractor's charges to the
4 serviceman in the absence of proof of the consideration paid by
5 the subcontractor for the purchase of such property.

6 "Selling price" means the consideration for a sale valued
7 in money whether received in money or otherwise, including
8 cash, credits and service, and shall be determined without any
9 deduction on account of the serviceman's cost of the property
10 sold, the cost of materials used, labor or service cost or any
11 other expense whatsoever, but does not include interest or
12 finance charges which appear as separate items on the bill of
13 sale or sales contract nor charges that are added to prices by
14 sellers on account of the seller's duty to collect, from the
15 purchaser, the tax that is imposed by this Act.

16 "Department" means the Department of Revenue.

17 "Person" means any natural individual, firm, partnership,
18 association, joint stock company, joint venture, public or
19 private corporation, limited liability company, and any
20 receiver, executor, trustee, guardian or other representative
21 appointed by order of any court.

22 "Sale of service" means any transaction except:

23 (1) a retail sale of tangible personal property taxable
24 under the Retailers' Occupation Tax Act or under the Use
25 Tax Act.

26 (2) a sale of tangible personal property for the

1 purpose of resale made in compliance with Section 2c of the
2 Retailers' Occupation Tax Act.

3 (3) except as hereinafter provided, a sale or transfer
4 of tangible personal property as an incident to the
5 rendering of service for or by any governmental body, or
6 for or by any corporation, society, association,
7 foundation or institution organized and operated
8 exclusively for charitable, religious or educational
9 purposes or any not-for-profit corporation, society,
10 association, foundation, institution or organization which
11 has no compensated officers or employees and which is
12 organized and operated primarily for the recreation of
13 persons 55 years of age or older. A limited liability
14 company may qualify for the exemption under this paragraph
15 only if the limited liability company is organized and
16 operated exclusively for educational purposes.

17 (4) a sale or transfer of tangible personal property as
18 an incident to the rendering of service for interstate
19 carriers for hire for use as rolling stock moving in
20 interstate commerce or by lessors under a lease of one year
21 or longer, executed or in effect at the time of purchase of
22 personal property, to interstate carriers for hire for use
23 as rolling stock moving in interstate commerce so long as
24 so used by such interstate carriers for hire, and equipment
25 operated by a telecommunications provider, licensed as a
26 common carrier by the Federal Communications Commission,

1 which is permanently installed in or affixed to aircraft
2 moving in interstate commerce.

3 (4a) a sale or transfer of tangible personal property
4 as an incident to the rendering of service for owners,
5 lessors, or shippers of tangible personal property which is
6 utilized by interstate carriers for hire for use as rolling
7 stock moving in interstate commerce so long as so used by
8 interstate carriers for hire, and equipment operated by a
9 telecommunications provider, licensed as a common carrier
10 by the Federal Communications Commission, which is
11 permanently installed in or affixed to aircraft moving in
12 interstate commerce.

13 (4a-5) on and after July 1, 2003 and through June 30,
14 2004, a sale or transfer of a motor vehicle of the second
15 division with a gross vehicle weight in excess of 8,000
16 pounds as an incident to the rendering of service if that
17 motor vehicle is subject to the commercial distribution fee
18 imposed under Section 3-815.1 of the Illinois Vehicle Code.
19 Beginning on July 1, 2004 and through June 30, 2005, the
20 use in this State of motor vehicles of the second division:
21 (i) with a gross vehicle weight rating in excess of 8,000
22 pounds; (ii) that are subject to the commercial
23 distribution fee imposed under Section 3-815.1 of the
24 Illinois Vehicle Code; and (iii) that are primarily used
25 for commercial purposes. Through June 30, 2005, this
26 exemption applies to repair and replacement parts added

1 after the initial purchase of such a motor vehicle if that
2 motor vehicle is used in a manner that would qualify for
3 the rolling stock exemption otherwise provided for in this
4 Act. For purposes of this paragraph, "used for commercial
5 purposes" means the transportation of persons or property
6 in furtherance of any commercial or industrial enterprise
7 whether for-hire or not.

8 (5) a sale or transfer of machinery and equipment used
9 primarily in the process of the manufacturing or
10 assembling, either in an existing, an expanded or a new
11 manufacturing facility, of tangible personal property for
12 wholesale or retail sale or lease, whether such sale or
13 lease is made directly by the manufacturer or by some other
14 person, whether the materials used in the process are owned
15 by the manufacturer or some other person, or whether such
16 sale or lease is made apart from or as an incident to the
17 seller's engaging in a service occupation and the
18 applicable tax is a Service Use Tax or Service Occupation
19 Tax, rather than Use Tax or Retailers' Occupation Tax. The
20 exemption provided by this paragraph (5) does not include
21 machinery and equipment used in (i) the generation of
22 electricity for wholesale or retail sale; (ii) the
23 generation or treatment of natural or artificial gas for
24 wholesale or retail sale that is delivered to customers
25 through pipes, pipelines, or mains; or (iii) the treatment
26 of water for wholesale or retail sale that is delivered to

1 customers through pipes, pipelines, or mains. The
2 provisions of this amendatory Act of the 98th General
3 Assembly are declaratory of existing law as to the meaning
4 and scope of this exemption. The exemption under this
5 paragraph (5) is exempt from the provisions of Section
6 3-75.

7 (5a) the repairing, reconditioning or remodeling, for
8 a common carrier by rail, of tangible personal property
9 which belongs to such carrier for hire, and as to which
10 such carrier receives the physical possession of the
11 repaired, reconditioned or remodeled item of tangible
12 personal property in Illinois, and which such carrier
13 transports, or shares with another common carrier in the
14 transportation of such property, out of Illinois on a
15 standard uniform bill of lading showing the person who
16 repaired, reconditioned or remodeled the property to a
17 destination outside Illinois, for use outside Illinois.

18 (5b) a sale or transfer of tangible personal property
19 which is produced by the seller thereof on special order in
20 such a way as to have made the applicable tax the Service
21 Occupation Tax or the Service Use Tax, rather than the
22 Retailers' Occupation Tax or the Use Tax, for an interstate
23 carrier by rail which receives the physical possession of
24 such property in Illinois, and which transports such
25 property, or shares with another common carrier in the
26 transportation of such property, out of Illinois on a

1 standard uniform bill of lading showing the seller of the
2 property as the shipper or consignor of such property to a
3 destination outside Illinois, for use outside Illinois.

4 (6) until July 1, 2003, a sale or transfer of
5 distillation machinery and equipment, sold as a unit or kit
6 and assembled or installed by the retailer, which machinery
7 and equipment is certified by the user to be used only for
8 the production of ethyl alcohol that will be used for
9 consumption as motor fuel or as a component of motor fuel
10 for the personal use of such user and not subject to sale
11 or resale.

12 (7) at the election of any serviceman not required to
13 be otherwise registered as a retailer under Section 2a of
14 the Retailers' Occupation Tax Act, made for each fiscal
15 year sales of service in which the aggregate annual cost
16 price of tangible personal property transferred as an
17 incident to the sales of service is less than 35%, or 75%
18 in the case of servicemen transferring prescription drugs
19 or servicemen engaged in graphic arts production, of the
20 aggregate annual total gross receipts from all sales of
21 service. The purchase of such tangible personal property by
22 the serviceman shall be subject to tax under the Retailers'
23 Occupation Tax Act and the Use Tax Act. However, if a
24 primary serviceman who has made the election described in
25 this paragraph subcontracts service work to a secondary
26 serviceman who has also made the election described in this

1 paragraph, the primary serviceman does not incur a Use Tax
2 liability if the secondary serviceman (i) has paid or will
3 pay Use Tax on his or her cost price of any tangible
4 personal property transferred to the primary serviceman
5 and (ii) certifies that fact in writing to the primary
6 serviceman.

7 Tangible personal property transferred incident to the
8 completion of a maintenance agreement is exempt from the tax
9 imposed pursuant to this Act.

10 Exemption (5) also includes machinery and equipment used in
11 the general maintenance or repair of such exempt machinery and
12 equipment or for in-house manufacture of exempt machinery and
13 equipment. On and after July 1, 2017, exemption (5) also
14 includes production related tangible personal property, as
15 defined in Section 3-50 of the Use Tax Act. On and after July
16 1, 2017, exemption (5) also includes graphic arts machinery and
17 equipment, as defined in paragraph (5) of Section 3-5. The
18 machinery and equipment exemption does not include machinery
19 and equipment used in (i) the generation of electricity for
20 wholesale or retail sale; (ii) the generation or treatment of
21 natural or artificial gas for wholesale or retail sale that is
22 delivered to customers through pipes, pipelines, or mains; or
23 (iii) the treatment of water for wholesale or retail sale that
24 is delivered to customers through pipes, pipelines, or mains.
25 The provisions of this amendatory Act of the 98th General
26 Assembly are declaratory of existing law as to the meaning and

1 scope of this exemption. For the purposes of exemption (5),
2 each of these terms shall have the following meanings: (1)
3 "manufacturing process" shall mean the production of any
4 article of tangible personal property, whether such article is
5 a finished product or an article for use in the process of
6 manufacturing or assembling a different article of tangible
7 personal property, by procedures commonly regarded as
8 manufacturing, processing, fabricating, or refining which
9 changes some existing material or materials into a material
10 with a different form, use or name. In relation to a recognized
11 integrated business composed of a series of operations which
12 collectively constitute manufacturing, or individually
13 constitute manufacturing operations, the manufacturing process
14 shall be deemed to commence with the first operation or stage
15 of production in the series, and shall not be deemed to end
16 until the completion of the final product in the last operation
17 or stage of production in the series; and further, for purposes
18 of exemption (5), photoprocessing is deemed to be a
19 manufacturing process of tangible personal property for
20 wholesale or retail sale; (2) "assembling process" shall mean
21 the production of any article of tangible personal property,
22 whether such article is a finished product or an article for
23 use in the process of manufacturing or assembling a different
24 article of tangible personal property, by the combination of
25 existing materials in a manner commonly regarded as assembling
26 which results in a material of a different form, use or name;

1 (3) "machinery" shall mean major mechanical machines or major
2 components of such machines contributing to a manufacturing or
3 assembling process; and (4) "equipment" shall include any
4 independent device or tool separate from any machinery but
5 essential to an integrated manufacturing or assembly process;
6 including computers used primarily in a manufacturer's
7 computer assisted design, computer assisted manufacturing
8 (CAD/CAM) system; or any subunit or assembly comprising a
9 component of any machinery or auxiliary, adjunct or attachment
10 parts of machinery, such as tools, dies, jigs, fixtures,
11 patterns and molds; or any parts which require periodic
12 replacement in the course of normal operation; but shall not
13 include hand tools. Equipment includes chemicals or chemicals
14 acting as catalysts but only if the chemicals or chemicals
15 acting as catalysts effect a direct and immediate change upon a
16 product being manufactured or assembled for wholesale or retail
17 sale or lease. The purchaser of such machinery and equipment
18 who has an active resale registration number shall furnish such
19 number to the seller at the time of purchase. The user of such
20 machinery and equipment and tools without an active resale
21 registration number shall prepare a certificate of exemption
22 for each transaction stating facts establishing the exemption
23 for that transaction, which certificate shall be available to
24 the Department for inspection or audit. The Department shall
25 prescribe the form of the certificate.

26 Any informal rulings, opinions or letters issued by the

1 Department in response to an inquiry or request for any opinion
2 from any person regarding the coverage and applicability of
3 exemption (5) to specific devices shall be published,
4 maintained as a public record, and made available for public
5 inspection and copying. If the informal ruling, opinion or
6 letter contains trade secrets or other confidential
7 information, where possible the Department shall delete such
8 information prior to publication. Whenever such informal
9 rulings, opinions, or letters contain any policy of general
10 applicability, the Department shall formulate and adopt such
11 policy as a rule in accordance with the provisions of the
12 Illinois Administrative Procedure Act.

13 On and after July 1, 1987, no entity otherwise eligible
14 under exemption (3) of this Section shall make tax free
15 purchases unless it has an active exemption identification
16 number issued by the Department.

17 The purchase, employment and transfer of such tangible
18 personal property as newsprint and ink for the primary purpose
19 of conveying news (with or without other information) is not a
20 purchase, use or sale of service or of tangible personal
21 property within the meaning of this Act.

22 "Serviceman" means any person who is engaged in the
23 occupation of making sales of service.

24 "Sale at retail" means "sale at retail" as defined in the
25 Retailers' Occupation Tax Act.

26 "Supplier" means any person who makes sales of tangible

1 personal property to servicemen for the purpose of resale as an
2 incident to a sale of service.

3 "Serviceman maintaining a place of business in this State",
4 or any like term, means and includes any serviceman:

5 1. having or maintaining within this State, directly or
6 by a subsidiary, an office, distribution house, sales
7 house, warehouse or other place of business, or any agent
8 or other representative operating within this State under
9 the authority of the serviceman or its subsidiary,
10 irrespective of whether such place of business or agent or
11 other representative is located here permanently or
12 temporarily, or whether such serviceman or subsidiary is
13 licensed to do business in this State;

14 1.1. having a contract with a person located in this
15 State under which the person, for a commission or other
16 consideration based on the sale of service by the
17 serviceman, directly or indirectly refers potential
18 customers to the serviceman by providing to the potential
19 customers a promotional code or other mechanism that allows
20 the serviceman to track purchases referred by such persons.
21 Examples of mechanisms that allow the serviceman to track
22 purchases referred by such persons include but are not
23 limited to the use of a link on the person's Internet
24 website, promotional codes distributed through the
25 person's hand-delivered or mailed material, and
26 promotional codes distributed by the person through radio

1 or other broadcast media. The provisions of this paragraph
2 1.1 shall apply only if the cumulative gross receipts from
3 sales of service by the serviceman to customers who are
4 referred to the serviceman by all persons in this State
5 under such contracts exceed \$10,000 during the preceding 4
6 quarterly periods ending on the last day of March, June,
7 September, and December; a serviceman meeting the
8 requirements of this paragraph 1.1 shall be presumed to be
9 maintaining a place of business in this State but may rebut
10 this presumption by submitting proof that the referrals or
11 other activities pursued within this State by such persons
12 were not sufficient to meet the nexus standards of the
13 United States Constitution during the preceding 4
14 quarterly periods;

15 1.2. beginning July 1, 2011, having a contract with a
16 person located in this State under which:

17 A. the serviceman sells the same or substantially
18 similar line of services as the person located in this
19 State and does so using an identical or substantially
20 similar name, trade name, or trademark as the person
21 located in this State; and

22 B. the serviceman provides a commission or other
23 consideration to the person located in this State based
24 upon the sale of services by the serviceman.

25 The provisions of this paragraph 1.2 shall apply only if
26 the cumulative gross receipts from sales of service by the

1 serviceman to customers in this State under all such
2 contracts exceed \$10,000 during the preceding 4 quarterly
3 periods ending on the last day of March, June, September,
4 and December;

5 2. soliciting orders for tangible personal property by
6 means of a telecommunication or television shopping system
7 (which utilizes toll free numbers) which is intended by the
8 retailer to be broadcast by cable television or other means
9 of broadcasting, to consumers located in this State;

10 3. pursuant to a contract with a broadcaster or
11 publisher located in this State, soliciting orders for
12 tangible personal property by means of advertising which is
13 disseminated primarily to consumers located in this State
14 and only secondarily to bordering jurisdictions;

15 4. soliciting orders for tangible personal property by
16 mail if the solicitations are substantial and recurring and
17 if the retailer benefits from any banking, financing, debt
18 collection, telecommunication, or marketing activities
19 occurring in this State or benefits from the location in
20 this State of authorized installation, servicing, or
21 repair facilities;

22 5. being owned or controlled by the same interests
23 which own or control any retailer engaging in business in
24 the same or similar line of business in this State;

25 6. having a franchisee or licensee operating under its
26 trade name if the franchisee or licensee is required to

1 collect the tax under this Section;

2 7. pursuant to a contract with a cable television
3 operator located in this State, soliciting orders for
4 tangible personal property by means of advertising which is
5 transmitted or distributed over a cable television system
6 in this State; or

7 8. engaging in activities in Illinois, which
8 activities in the state in which the supply business
9 engaging in such activities is located would constitute
10 maintaining a place of business in that state.

11 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

12 (35 ILCS 110/3-5)

13 Sec. 3-5. Exemptions. Use of the following tangible
14 personal property is exempt from the tax imposed by this Act:

15 (1) Personal property purchased from a corporation,
16 society, association, foundation, institution, or
17 organization, other than a limited liability company, that is
18 organized and operated as a not-for-profit service enterprise
19 for the benefit of persons 65 years of age or older if the
20 personal property was not purchased by the enterprise for the
21 purpose of resale by the enterprise.

22 (2) Personal property purchased by a non-profit Illinois
23 county fair association for use in conducting, operating, or
24 promoting the county fair.

25 (3) Personal property purchased by a not-for-profit arts or

1 cultural organization that establishes, by proof required by
2 the Department by rule, that it has received an exemption under
3 Section 501(c)(3) of the Internal Revenue Code and that is
4 organized and operated primarily for the presentation or
5 support of arts or cultural programming, activities, or
6 services. These organizations include, but are not limited to,
7 music and dramatic arts organizations such as symphony
8 orchestras and theatrical groups, arts and cultural service
9 organizations, local arts councils, visual arts organizations,
10 and media arts organizations. On and after the effective date
11 of this amendatory Act of the 92nd General Assembly, however,
12 an entity otherwise eligible for this exemption shall not make
13 tax-free purchases unless it has an active identification
14 number issued by the Department.

15 (4) Legal tender, currency, medallions, or gold or silver
16 coinage issued by the State of Illinois, the government of the
17 United States of America, or the government of any foreign
18 country, and bullion.

19 (5) Until July 1, 2003 and beginning again on September 1,
20 2004 through August 30, 2014, graphic arts machinery and
21 equipment, including repair and replacement parts, both new and
22 used, and including that manufactured on special order or
23 purchased for lease, certified by the purchaser to be used
24 primarily for graphic arts production. Equipment includes
25 chemicals or chemicals acting as catalysts but only if the
26 chemicals or chemicals acting as catalysts effect a direct and

1 immediate change upon a graphic arts product. Beginning on July
2 1, 2017, graphic arts machinery and equipment is included in
3 the manufacturing and assembling machinery and equipment
4 exemption under Section 2 of this Act.

5 (6) Personal property purchased from a teacher-sponsored
6 student organization affiliated with an elementary or
7 secondary school located in Illinois.

8 (7) Farm machinery and equipment, both new and used,
9 including that manufactured on special order, certified by the
10 purchaser to be used primarily for production agriculture or
11 State or federal agricultural programs, including individual
12 replacement parts for the machinery and equipment, including
13 machinery and equipment purchased for lease, and including
14 implements of husbandry defined in Section 1-130 of the
15 Illinois Vehicle Code, farm machinery and agricultural
16 chemical and fertilizer spreaders, and nurse wagons required to
17 be registered under Section 3-809 of the Illinois Vehicle Code,
18 but excluding other motor vehicles required to be registered
19 under the Illinois Vehicle Code. Horticultural polyhouses or
20 hoop houses used for propagating, growing, or overwintering
21 plants shall be considered farm machinery and equipment under
22 this item (7). Agricultural chemical tender tanks and dry boxes
23 shall include units sold separately from a motor vehicle
24 required to be licensed and units sold mounted on a motor
25 vehicle required to be licensed if the selling price of the
26 tender is separately stated.

1 Farm machinery and equipment shall include precision
2 farming equipment that is installed or purchased to be
3 installed on farm machinery and equipment including, but not
4 limited to, tractors, harvesters, sprayers, planters, seeders,
5 or spreaders. Precision farming equipment includes, but is not
6 limited to, soil testing sensors, computers, monitors,
7 software, global positioning and mapping systems, and other
8 such equipment.

9 Farm machinery and equipment also includes computers,
10 sensors, software, and related equipment used primarily in the
11 computer-assisted operation of production agriculture
12 facilities, equipment, and activities such as, but not limited
13 to, the collection, monitoring, and correlation of animal and
14 crop data for the purpose of formulating animal diets and
15 agricultural chemicals. This item (7) is exempt from the
16 provisions of Section 3-75.

17 (8) Until June 30, 2013, fuel and petroleum products sold
18 to or used by an air common carrier, certified by the carrier
19 to be used for consumption, shipment, or storage in the conduct
20 of its business as an air common carrier, for a flight destined
21 for or returning from a location or locations outside the
22 United States without regard to previous or subsequent domestic
23 stopovers.

24 Beginning July 1, 2013, fuel and petroleum products sold to
25 or used by an air carrier, certified by the carrier to be used
26 for consumption, shipment, or storage in the conduct of its

1 business as an air common carrier, for a flight that (i) is
2 engaged in foreign trade or is engaged in trade between the
3 United States and any of its possessions and (ii) transports at
4 least one individual or package for hire from the city of
5 origination to the city of final destination on the same
6 aircraft, without regard to a change in the flight number of
7 that aircraft.

8 (9) Proceeds of mandatory service charges separately
9 stated on customers' bills for the purchase and consumption of
10 food and beverages acquired as an incident to the purchase of a
11 service from a serviceman, to the extent that the proceeds of
12 the service charge are in fact turned over as tips or as a
13 substitute for tips to the employees who participate directly
14 in preparing, serving, hosting or cleaning up the food or
15 beverage function with respect to which the service charge is
16 imposed.

17 (10) Until July 1, 2003, oil field exploration, drilling,
18 and production equipment, including (i) rigs and parts of rigs,
19 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
20 tubular goods, including casing and drill strings, (iii) pumps
21 and pump-jack units, (iv) storage tanks and flow lines, (v) any
22 individual replacement part for oil field exploration,
23 drilling, and production equipment, and (vi) machinery and
24 equipment purchased for lease; but excluding motor vehicles
25 required to be registered under the Illinois Vehicle Code.

26 (11) Proceeds from the sale of photoprocessing machinery

1 and equipment, including repair and replacement parts, both new
2 and used, including that manufactured on special order,
3 certified by the purchaser to be used primarily for
4 photoprocessing, and including photoprocessing machinery and
5 equipment purchased for lease.

6 (12) Coal and aggregate exploration, mining, off-highway
7 hauling, processing, maintenance, and reclamation equipment,
8 including replacement parts and equipment, and including
9 equipment purchased for lease, but excluding motor vehicles
10 required to be registered under the Illinois Vehicle Code. The
11 changes made to this Section by Public Act 97-767 apply on and
12 after July 1, 2003, but no claim for credit or refund is
13 allowed on or after August 16, 2013 (the effective date of
14 Public Act 98-456) for such taxes paid during the period
15 beginning July 1, 2003 and ending on August 16, 2013 (the
16 effective date of Public Act 98-456).

17 (13) Semen used for artificial insemination of livestock
18 for direct agricultural production.

19 (14) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes. This item (14) is exempt from the provisions
25 of Section 3-75, and the exemption provided for under this item
26 (14) applies for all periods beginning May 30, 1995, but no

1 claim for credit or refund is allowed on or after the effective
2 date of this amendatory Act of the 95th General Assembly for
3 such taxes paid during the period beginning May 30, 2000 and
4 ending on the effective date of this amendatory Act of the 95th
5 General Assembly.

6 (15) Computers and communications equipment utilized for
7 any hospital purpose and equipment used in the diagnosis,
8 analysis, or treatment of hospital patients purchased by a
9 lessor who leases the equipment, under a lease of one year or
10 longer executed or in effect at the time the lessor would
11 otherwise be subject to the tax imposed by this Act, to a
12 hospital that has been issued an active tax exemption
13 identification number by the Department under Section 1g of the
14 Retailers' Occupation Tax Act. If the equipment is leased in a
15 manner that does not qualify for this exemption or is used in
16 any other non-exempt manner, the lessor shall be liable for the
17 tax imposed under this Act or the Use Tax Act, as the case may
18 be, based on the fair market value of the property at the time
19 the non-qualifying use occurs. No lessor shall collect or
20 attempt to collect an amount (however designated) that purports
21 to reimburse that lessor for the tax imposed by this Act or the
22 Use Tax Act, as the case may be, if the tax has not been paid by
23 the lessor. If a lessor improperly collects any such amount
24 from the lessee, the lessee shall have a legal right to claim a
25 refund of that amount from the lessor. If, however, that amount
26 is not refunded to the lessee for any reason, the lessor is

1 liable to pay that amount to the Department.

2 (16) Personal property purchased by a lessor who leases the
3 property, under a lease of one year or longer executed or in
4 effect at the time the lessor would otherwise be subject to the
5 tax imposed by this Act, to a governmental body that has been
6 issued an active tax exemption identification number by the
7 Department under Section 1g of the Retailers' Occupation Tax
8 Act. If the property is leased in a manner that does not
9 qualify for this exemption or is used in any other non-exempt
10 manner, the lessor shall be liable for the tax imposed under
11 this Act or the Use Tax Act, as the case may be, based on the
12 fair market value of the property at the time the
13 non-qualifying use occurs. No lessor shall collect or attempt
14 to collect an amount (however designated) that purports to
15 reimburse that lessor for the tax imposed by this Act or the
16 Use Tax Act, as the case may be, if the tax has not been paid by
17 the lessor. If a lessor improperly collects any such amount
18 from the lessee, the lessee shall have a legal right to claim a
19 refund of that amount from the lessor. If, however, that amount
20 is not refunded to the lessee for any reason, the lessor is
21 liable to pay that amount to the Department.

22 (17) Beginning with taxable years ending on or after
23 December 31, 1995 and ending with taxable years ending on or
24 before December 31, 2004, personal property that is donated for
25 disaster relief to be used in a State or federally declared
26 disaster area in Illinois or bordering Illinois by a

1 manufacturer or retailer that is registered in this State to a
2 corporation, society, association, foundation, or institution
3 that has been issued a sales tax exemption identification
4 number by the Department that assists victims of the disaster
5 who reside within the declared disaster area.

6 (18) Beginning with taxable years ending on or after
7 December 31, 1995 and ending with taxable years ending on or
8 before December 31, 2004, personal property that is used in the
9 performance of infrastructure repairs in this State, including
10 but not limited to municipal roads and streets, access roads,
11 bridges, sidewalks, waste disposal systems, water and sewer
12 line extensions, water distribution and purification
13 facilities, storm water drainage and retention facilities, and
14 sewage treatment facilities, resulting from a State or
15 federally declared disaster in Illinois or bordering Illinois
16 when such repairs are initiated on facilities located in the
17 declared disaster area within 6 months after the disaster.

18 (19) Beginning July 1, 1999, game or game birds purchased
19 at a "game breeding and hunting preserve area" as that term is
20 used in the Wildlife Code. This paragraph is exempt from the
21 provisions of Section 3-75.

22 (20) A motor vehicle, as that term is defined in Section
23 1-146 of the Illinois Vehicle Code, that is donated to a
24 corporation, limited liability company, society, association,
25 foundation, or institution that is determined by the Department
26 to be organized and operated exclusively for educational

1 purposes. For purposes of this exemption, "a corporation,
2 limited liability company, society, association, foundation,
3 or institution organized and operated exclusively for
4 educational purposes" means all tax-supported public schools,
5 private schools that offer systematic instruction in useful
6 branches of learning by methods common to public schools and
7 that compare favorably in their scope and intensity with the
8 course of study presented in tax-supported schools, and
9 vocational or technical schools or institutes organized and
10 operated exclusively to provide a course of study of not less
11 than 6 weeks duration and designed to prepare individuals to
12 follow a trade or to pursue a manual, technical, mechanical,
13 industrial, business, or commercial occupation.

14 (21) Beginning January 1, 2000, personal property,
15 including food, purchased through fundraising events for the
16 benefit of a public or private elementary or secondary school,
17 a group of those schools, or one or more school districts if
18 the events are sponsored by an entity recognized by the school
19 district that consists primarily of volunteers and includes
20 parents and teachers of the school children. This paragraph
21 does not apply to fundraising events (i) for the benefit of
22 private home instruction or (ii) for which the fundraising
23 entity purchases the personal property sold at the events from
24 another individual or entity that sold the property for the
25 purpose of resale by the fundraising entity and that profits
26 from the sale to the fundraising entity. This paragraph is

1 exempt from the provisions of Section 3-75.

2 (22) Beginning January 1, 2000 and through December 31,
3 2001, new or used automatic vending machines that prepare and
4 serve hot food and beverages, including coffee, soup, and other
5 items, and replacement parts for these machines. Beginning
6 January 1, 2002 and through June 30, 2003, machines and parts
7 for machines used in commercial, coin-operated amusement and
8 vending business if a use or occupation tax is paid on the
9 gross receipts derived from the use of the commercial,
10 coin-operated amusement and vending machines. This paragraph
11 is exempt from the provisions of Section 3-75.

12 (23) Beginning August 23, 2001 and through June 30, 2016,
13 food for human consumption that is to be consumed off the
14 premises where it is sold (other than alcoholic beverages, soft
15 drinks, and food that has been prepared for immediate
16 consumption) and prescription and nonprescription medicines,
17 drugs, medical appliances, and insulin, urine testing
18 materials, syringes, and needles used by diabetics, for human
19 use, when purchased for use by a person receiving medical
20 assistance under Article V of the Illinois Public Aid Code who
21 resides in a licensed long-term care facility, as defined in
22 the Nursing Home Care Act, or in a licensed facility as defined
23 in the ID/DD Community Care Act, the MC/DD Act, or the
24 Specialized Mental Health Rehabilitation Act of 2013.

25 (24) Beginning on the effective date of this amendatory Act
26 of the 92nd General Assembly, computers and communications

1 equipment utilized for any hospital purpose and equipment used
2 in the diagnosis, analysis, or treatment of hospital patients
3 purchased by a lessor who leases the equipment, under a lease
4 of one year or longer executed or in effect at the time the
5 lessor would otherwise be subject to the tax imposed by this
6 Act, to a hospital that has been issued an active tax exemption
7 identification number by the Department under Section 1g of the
8 Retailers' Occupation Tax Act. If the equipment is leased in a
9 manner that does not qualify for this exemption or is used in
10 any other nonexempt manner, the lessor shall be liable for the
11 tax imposed under this Act or the Use Tax Act, as the case may
12 be, based on the fair market value of the property at the time
13 the nonqualifying use occurs. No lessor shall collect or
14 attempt to collect an amount (however designated) that purports
15 to reimburse that lessor for the tax imposed by this Act or the
16 Use Tax Act, as the case may be, if the tax has not been paid by
17 the lessor. If a lessor improperly collects any such amount
18 from the lessee, the lessee shall have a legal right to claim a
19 refund of that amount from the lessor. If, however, that amount
20 is not refunded to the lessee for any reason, the lessor is
21 liable to pay that amount to the Department. This paragraph is
22 exempt from the provisions of Section 3-75.

23 (25) Beginning on the effective date of this amendatory Act
24 of the 92nd General Assembly, personal property purchased by a
25 lessor who leases the property, under a lease of one year or
26 longer executed or in effect at the time the lessor would

1 otherwise be subject to the tax imposed by this Act, to a
2 governmental body that has been issued an active tax exemption
3 identification number by the Department under Section 1g of the
4 Retailers' Occupation Tax Act. If the property is leased in a
5 manner that does not qualify for this exemption or is used in
6 any other nonexempt manner, the lessor shall be liable for the
7 tax imposed under this Act or the Use Tax Act, as the case may
8 be, based on the fair market value of the property at the time
9 the nonqualifying use occurs. No lessor shall collect or
10 attempt to collect an amount (however designated) that purports
11 to reimburse that lessor for the tax imposed by this Act or the
12 Use Tax Act, as the case may be, if the tax has not been paid by
13 the lessor. If a lessor improperly collects any such amount
14 from the lessee, the lessee shall have a legal right to claim a
15 refund of that amount from the lessor. If, however, that amount
16 is not refunded to the lessee for any reason, the lessor is
17 liable to pay that amount to the Department. This paragraph is
18 exempt from the provisions of Section 3-75.

19 (26) Beginning January 1, 2008, tangible personal property
20 used in the construction or maintenance of a community water
21 supply, as defined under Section 3.145 of the Environmental
22 Protection Act, that is operated by a not-for-profit
23 corporation that holds a valid water supply permit issued under
24 Title IV of the Environmental Protection Act. This paragraph is
25 exempt from the provisions of Section 3-75.

26 (27) Beginning January 1, 2010, materials, parts,

1 equipment, components, and furnishings incorporated into or
2 upon an aircraft as part of the modification, refurbishment,
3 completion, replacement, repair, or maintenance of the
4 aircraft. This exemption includes consumable supplies used in
5 the modification, refurbishment, completion, replacement,
6 repair, and maintenance of aircraft, but excludes any
7 materials, parts, equipment, components, and consumable
8 supplies used in the modification, replacement, repair, and
9 maintenance of aircraft engines or power plants, whether such
10 engines or power plants are installed or uninstalled upon any
11 such aircraft. "Consumable supplies" include, but are not
12 limited to, adhesive, tape, sandpaper, general purpose
13 lubricants, cleaning solution, latex gloves, and protective
14 films. This exemption applies only to the use of qualifying
15 tangible personal property transferred incident to the
16 modification, refurbishment, completion, replacement, repair,
17 or maintenance of aircraft by persons who (i) hold an Air
18 Agency Certificate and are empowered to operate an approved
19 repair station by the Federal Aviation Administration, (ii)
20 have a Class IV Rating, and (iii) conduct operations in
21 accordance with Part 145 of the Federal Aviation Regulations.
22 The exemption does not include aircraft operated by a
23 commercial air carrier providing scheduled passenger air
24 service pursuant to authority issued under Part 121 or Part 129
25 of the Federal Aviation Regulations. The changes made to this
26 paragraph (27) by Public Act 98-534 are declarative of existing

1 law.

2 (28) Tangible personal property purchased by a
3 public-facilities corporation, as described in Section
4 11-65-10 of the Illinois Municipal Code, for purposes of
5 constructing or furnishing a municipal convention hall, but
6 only if the legal title to the municipal convention hall is
7 transferred to the municipality without any further
8 consideration by or on behalf of the municipality at the time
9 of the completion of the municipal convention hall or upon the
10 retirement or redemption of any bonds or other debt instruments
11 issued by the public-facilities corporation in connection with
12 the development of the municipal convention hall. This
13 exemption includes existing public-facilities corporations as
14 provided in Section 11-65-25 of the Illinois Municipal Code.
15 This paragraph is exempt from the provisions of Section 3-75.

16 (29) Beginning January 1, 2017, menstrual pads, tampons,
17 and menstrual cups.

18 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
19 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
20 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

21 Section 30-30. The Service Occupation Tax Act is amended by
22 changing Sections 2 and 3-5 as follows:

23 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

24 Sec. 2. "Transfer" means any transfer of the title to

1 property or of the ownership of property whether or not the
2 transferor retains title as security for the payment of amounts
3 due him from the transferee.

4 "Cost Price" means the consideration paid by the serviceman
5 for a purchase valued in money, whether paid in money or
6 otherwise, including cash, credits and services, and shall be
7 determined without any deduction on account of the supplier's
8 cost of the property sold or on account of any other expense
9 incurred by the supplier. When a serviceman contracts out part
10 or all of the services required in his sale of service, it
11 shall be presumed that the cost price to the serviceman of the
12 property transferred to him by his or her subcontractor is
13 equal to 50% of the subcontractor's charges to the serviceman
14 in the absence of proof of the consideration paid by the
15 subcontractor for the purchase of such property.

16 "Department" means the Department of Revenue.

17 "Person" means any natural individual, firm, partnership,
18 association, joint stock company, joint venture, public or
19 private corporation, limited liability company, and any
20 receiver, executor, trustee, guardian or other representative
21 appointed by order of any court.

22 "Sale of Service" means any transaction except:

23 (a) A retail sale of tangible personal property taxable
24 under the Retailers' Occupation Tax Act or under the Use Tax
25 Act.

26 (b) A sale of tangible personal property for the purpose of

1 resale made in compliance with Section 2c of the Retailers'
2 Occupation Tax Act.

3 (c) Except as hereinafter provided, a sale or transfer of
4 tangible personal property as an incident to the rendering of
5 service for or by any governmental body or for or by any
6 corporation, society, association, foundation or institution
7 organized and operated exclusively for charitable, religious
8 or educational purposes or any not-for-profit corporation,
9 society, association, foundation, institution or organization
10 which has no compensated officers or employees and which is
11 organized and operated primarily for the recreation of persons
12 55 years of age or older. A limited liability company may
13 qualify for the exemption under this paragraph only if the
14 limited liability company is organized and operated
15 exclusively for educational purposes.

16 (d) A sale or transfer of tangible personal property as an
17 incident to the rendering of service for interstate carriers
18 for hire for use as rolling stock moving in interstate commerce
19 or lessors under leases of one year or longer, executed or in
20 effect at the time of purchase, to interstate carriers for hire
21 for use as rolling stock moving in interstate commerce, and
22 equipment operated by a telecommunications provider, licensed
23 as a common carrier by the Federal Communications Commission,
24 which is permanently installed in or affixed to aircraft moving
25 in interstate commerce.

26 (d-1) A sale or transfer of tangible personal property as

1 an incident to the rendering of service for owners, lessors or
2 shippers of tangible personal property which is utilized by
3 interstate carriers for hire for use as rolling stock moving in
4 interstate commerce, and equipment operated by a
5 telecommunications provider, licensed as a common carrier by
6 the Federal Communications Commission, which is permanently
7 installed in or affixed to aircraft moving in interstate
8 commerce.

9 (d-1.1) On and after July 1, 2003 and through June 30,
10 2004, a sale or transfer of a motor vehicle of the second
11 division with a gross vehicle weight in excess of 8,000 pounds
12 as an incident to the rendering of service if that motor
13 vehicle is subject to the commercial distribution fee imposed
14 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
15 on July 1, 2004 and through June 30, 2005, the use in this
16 State of motor vehicles of the second division: (i) with a
17 gross vehicle weight rating in excess of 8,000 pounds; (ii)
18 that are subject to the commercial distribution fee imposed
19 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
20 that are primarily used for commercial purposes. Through June
21 30, 2005, this exemption applies to repair and replacement
22 parts added after the initial purchase of such a motor vehicle
23 if that motor vehicle is used in a manner that would qualify
24 for the rolling stock exemption otherwise provided for in this
25 Act. For purposes of this paragraph, "used for commercial
26 purposes" means the transportation of persons or property in

1 furtherance of any commercial or industrial enterprise whether
2 for-hire or not.

3 (d-2) The repairing, reconditioning or remodeling, for a
4 common carrier by rail, of tangible personal property which
5 belongs to such carrier for hire, and as to which such carrier
6 receives the physical possession of the repaired,
7 reconditioned or remodeled item of tangible personal property
8 in Illinois, and which such carrier transports, or shares with
9 another common carrier in the transportation of such property,
10 out of Illinois on a standard uniform bill of lading showing
11 the person who repaired, reconditioned or remodeled the
12 property as the shipper or consignor of such property to a
13 destination outside Illinois, for use outside Illinois.

14 (d-3) A sale or transfer of tangible personal property
15 which is produced by the seller thereof on special order in
16 such a way as to have made the applicable tax the Service
17 Occupation Tax or the Service Use Tax, rather than the
18 Retailers' Occupation Tax or the Use Tax, for an interstate
19 carrier by rail which receives the physical possession of such
20 property in Illinois, and which transports such property, or
21 shares with another common carrier in the transportation of
22 such property, out of Illinois on a standard uniform bill of
23 lading showing the seller of the property as the shipper or
24 consignor of such property to a destination outside Illinois,
25 for use outside Illinois.

26 (d-4) Until January 1, 1997, a sale, by a registered

1 serviceman paying tax under this Act to the Department, of
2 special order printed materials delivered outside Illinois and
3 which are not returned to this State, if delivery is made by
4 the seller or agent of the seller, including an agent who
5 causes the product to be delivered outside Illinois by a common
6 carrier or the U.S. postal service.

7 (e) A sale or transfer of machinery and equipment used
8 primarily in the process of the manufacturing or assembling,
9 either in an existing, an expanded or a new manufacturing
10 facility, of tangible personal property for wholesale or retail
11 sale or lease, whether such sale or lease is made directly by
12 the manufacturer or by some other person, whether the materials
13 used in the process are owned by the manufacturer or some other
14 person, or whether such sale or lease is made apart from or as
15 an incident to the seller's engaging in a service occupation
16 and the applicable tax is a Service Occupation Tax or Service
17 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
18 exemption provided by this paragraph (e) does not include
19 machinery and equipment used in (i) the generation of
20 electricity for wholesale or retail sale; (ii) the generation
21 or treatment of natural or artificial gas for wholesale or
22 retail sale that is delivered to customers through pipes,
23 pipelines, or mains; or (iii) the treatment of water for
24 wholesale or retail sale that is delivered to customers through
25 pipes, pipelines, or mains. The provisions of this amendatory
26 Act of the 98th General Assembly are declaratory of existing

1 law as to the meaning and scope of this exemption. The
2 exemption under this subsection (e) is exempt from the
3 provisions of Section 3-75.

4 (f) Until July 1, 2003, the sale or transfer of
5 distillation machinery and equipment, sold as a unit or kit and
6 assembled or installed by the retailer, which machinery and
7 equipment is certified by the user to be used only for the
8 production of ethyl alcohol that will be used for consumption
9 as motor fuel or as a component of motor fuel for the personal
10 use of such user and not subject to sale or resale.

11 (g) At the election of any serviceman not required to be
12 otherwise registered as a retailer under Section 2a of the
13 Retailers' Occupation Tax Act, made for each fiscal year sales
14 of service in which the aggregate annual cost price of tangible
15 personal property transferred as an incident to the sales of
16 service is less than 35% (75% in the case of servicemen
17 transferring prescription drugs or servicemen engaged in
18 graphic arts production) of the aggregate annual total gross
19 receipts from all sales of service. The purchase of such
20 tangible personal property by the serviceman shall be subject
21 to tax under the Retailers' Occupation Tax Act and the Use Tax
22 Act. However, if a primary serviceman who has made the election
23 described in this paragraph subcontracts service work to a
24 secondary serviceman who has also made the election described
25 in this paragraph, the primary serviceman does not incur a Use
26 Tax liability if the secondary serviceman (i) has paid or will

1 pay Use Tax on his or her cost price of any tangible personal
2 property transferred to the primary serviceman and (ii)
3 certifies that fact in writing to the primary serviceman.

4 Tangible personal property transferred incident to the
5 completion of a maintenance agreement is exempt from the tax
6 imposed pursuant to this Act.

7 Exemption (e) also includes machinery and equipment used in
8 the general maintenance or repair of such exempt machinery and
9 equipment or for in-house manufacture of exempt machinery and
10 equipment. On and after July 1, 2017, exemption (e) also
11 includes production related tangible personal property, as
12 defined in Section 2-45 of the Retailers' Occupation Tax Act.
13 On and after July 1, 2017, exemption (e) also includes graphic
14 arts machinery and equipment, as defined in paragraph (5) of
15 Section 3-5. The machinery and equipment exemption does not
16 include machinery and equipment used in (i) the generation of
17 electricity for wholesale or retail sale; (ii) the generation
18 or treatment of natural or artificial gas for wholesale or
19 retail sale that is delivered to customers through pipes,
20 pipelines, or mains; or (iii) the treatment of water for
21 wholesale or retail sale that is delivered to customers through
22 pipes, pipelines, or mains. The provisions of this amendatory
23 Act of the 98th General Assembly are declaratory of existing
24 law as to the meaning and scope of this exemption. For the
25 purposes of exemption (e), each of these terms shall have the
26 following meanings: (1) "manufacturing process" shall mean the

1 production of any article of tangible personal property,
2 whether such article is a finished product or an article for
3 use in the process of manufacturing or assembling a different
4 article of tangible personal property, by procedures commonly
5 regarded as manufacturing, processing, fabricating, or
6 refining which changes some existing material or materials into
7 a material with a different form, use or name. In relation to a
8 recognized integrated business composed of a series of
9 operations which collectively constitute manufacturing, or
10 individually constitute manufacturing operations, the
11 manufacturing process shall be deemed to commence with the
12 first operation or stage of production in the series, and shall
13 not be deemed to end until the completion of the final product
14 in the last operation or stage of production in the series; and
15 further for purposes of exemption (e), photoprocessing is
16 deemed to be a manufacturing process of tangible personal
17 property for wholesale or retail sale; (2) "assembling process"
18 shall mean the production of any article of tangible personal
19 property, whether such article is a finished product or an
20 article for use in the process of manufacturing or assembling a
21 different article of tangible personal property, by the
22 combination of existing materials in a manner commonly regarded
23 as assembling which results in a material of a different form,
24 use or name; (3) "machinery" shall mean major mechanical
25 machines or major components of such machines contributing to a
26 manufacturing or assembling process; and (4) "equipment" shall

1 include any independent device or tool separate from any
2 machinery but essential to an integrated manufacturing or
3 assembly process; including computers used primarily in a
4 manufacturer's computer assisted design, computer assisted
5 manufacturing (CAD/CAM) system; or any subunit or assembly
6 comprising a component of any machinery or auxiliary, adjunct
7 or attachment parts of machinery, such as tools, dies, jigs,
8 fixtures, patterns and molds; or any parts which require
9 periodic replacement in the course of normal operation; but
10 shall not include hand tools. Equipment includes chemicals or
11 chemicals acting as catalysts but only if the chemicals or
12 chemicals acting as catalysts effect a direct and immediate
13 change upon a product being manufactured or assembled for
14 wholesale or retail sale or lease. The purchaser of such
15 machinery and equipment who has an active resale registration
16 number shall furnish such number to the seller at the time of
17 purchase. The purchaser of such machinery and equipment and
18 tools without an active resale registration number shall
19 furnish to the seller a certificate of exemption for each
20 transaction stating facts establishing the exemption for that
21 transaction, which certificate shall be available to the
22 Department for inspection or audit.

23 Except as provided in Section 2d of this Act, the rolling
24 stock exemption applies to rolling stock used by an interstate
25 carrier for hire, even just between points in Illinois, if such
26 rolling stock transports, for hire, persons whose journeys or

1 property whose shipments originate or terminate outside
2 Illinois.

3 Any informal rulings, opinions or letters issued by the
4 Department in response to an inquiry or request for any opinion
5 from any person regarding the coverage and applicability of
6 exemption (e) to specific devices shall be published,
7 maintained as a public record, and made available for public
8 inspection and copying. If the informal ruling, opinion or
9 letter contains trade secrets or other confidential
10 information, where possible the Department shall delete such
11 information prior to publication. Whenever such informal
12 rulings, opinions, or letters contain any policy of general
13 applicability, the Department shall formulate and adopt such
14 policy as a rule in accordance with the provisions of the
15 Illinois Administrative Procedure Act.

16 On and after July 1, 1987, no entity otherwise eligible
17 under exemption (c) of this Section shall make tax free
18 purchases unless it has an active exemption identification
19 number issued by the Department.

20 "Serviceman" means any person who is engaged in the
21 occupation of making sales of service.

22 "Sale at Retail" means "sale at retail" as defined in the
23 Retailers' Occupation Tax Act.

24 "Supplier" means any person who makes sales of tangible
25 personal property to servicemen for the purpose of resale as an
26 incident to a sale of service.

1 (Source: P.A. 98-583, eff. 1-1-14.)

2 (35 ILCS 115/3-5)

3 Sec. 3-5. Exemptions. The following tangible personal
4 property is exempt from the tax imposed by this Act:

5 (1) Personal property sold by a corporation, society,
6 association, foundation, institution, or organization, other
7 than a limited liability company, that is organized and
8 operated as a not-for-profit service enterprise for the benefit
9 of persons 65 years of age or older if the personal property
10 was not purchased by the enterprise for the purpose of resale
11 by the enterprise.

12 (2) Personal property purchased by a not-for-profit
13 Illinois county fair association for use in conducting,
14 operating, or promoting the county fair.

15 (3) Personal property purchased by any not-for-profit arts
16 or cultural organization that establishes, by proof required by
17 the Department by rule, that it has received an exemption under
18 Section 501(c)(3) of the Internal Revenue Code and that is
19 organized and operated primarily for the presentation or
20 support of arts or cultural programming, activities, or
21 services. These organizations include, but are not limited to,
22 music and dramatic arts organizations such as symphony
23 orchestras and theatrical groups, arts and cultural service
24 organizations, local arts councils, visual arts organizations,
25 and media arts organizations. On and after the effective date

1 of this amendatory Act of the 92nd General Assembly, however,
2 an entity otherwise eligible for this exemption shall not make
3 tax-free purchases unless it has an active identification
4 number issued by the Department.

5 (4) Legal tender, currency, medallions, or gold or silver
6 coinage issued by the State of Illinois, the government of the
7 United States of America, or the government of any foreign
8 country, and bullion.

9 (5) Until July 1, 2003 and beginning again on September 1,
10 2004 through August 30, 2014, graphic arts machinery and
11 equipment, including repair and replacement parts, both new and
12 used, and including that manufactured on special order or
13 purchased for lease, certified by the purchaser to be used
14 primarily for graphic arts production. Equipment includes
15 chemicals or chemicals acting as catalysts but only if the
16 chemicals or chemicals acting as catalysts effect a direct and
17 immediate change upon a graphic arts product. Beginning on July
18 1, 2017, graphic arts machinery and equipment is included in
19 the manufacturing and assembling machinery and equipment
20 exemption under Section 2 of this Act.

21 (6) Personal property sold by a teacher-sponsored student
22 organization affiliated with an elementary or secondary school
23 located in Illinois.

24 (7) Farm machinery and equipment, both new and used,
25 including that manufactured on special order, certified by the
26 purchaser to be used primarily for production agriculture or

1 State or federal agricultural programs, including individual
2 replacement parts for the machinery and equipment, including
3 machinery and equipment purchased for lease, and including
4 implements of husbandry defined in Section 1-130 of the
5 Illinois Vehicle Code, farm machinery and agricultural
6 chemical and fertilizer spreaders, and nurse wagons required to
7 be registered under Section 3-809 of the Illinois Vehicle Code,
8 but excluding other motor vehicles required to be registered
9 under the Illinois Vehicle Code. Horticultural polyhouses or
10 hoop houses used for propagating, growing, or overwintering
11 plants shall be considered farm machinery and equipment under
12 this item (7). Agricultural chemical tender tanks and dry boxes
13 shall include units sold separately from a motor vehicle
14 required to be licensed and units sold mounted on a motor
15 vehicle required to be licensed if the selling price of the
16 tender is separately stated.

17 Farm machinery and equipment shall include precision
18 farming equipment that is installed or purchased to be
19 installed on farm machinery and equipment including, but not
20 limited to, tractors, harvesters, sprayers, planters, seeders,
21 or spreaders. Precision farming equipment includes, but is not
22 limited to, soil testing sensors, computers, monitors,
23 software, global positioning and mapping systems, and other
24 such equipment.

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals. This item (7) is exempt from the
6 provisions of Section 3-55.

7 (8) Until June 30, 2013, fuel and petroleum products sold
8 to or used by an air common carrier, certified by the carrier
9 to be used for consumption, shipment, or storage in the conduct
10 of its business as an air common carrier, for a flight destined
11 for or returning from a location or locations outside the
12 United States without regard to previous or subsequent domestic
13 stopovers.

14 Beginning July 1, 2013, fuel and petroleum products sold to
15 or used by an air carrier, certified by the carrier to be used
16 for consumption, shipment, or storage in the conduct of its
17 business as an air common carrier, for a flight that (i) is
18 engaged in foreign trade or is engaged in trade between the
19 United States and any of its possessions and (ii) transports at
20 least one individual or package for hire from the city of
21 origination to the city of final destination on the same
22 aircraft, without regard to a change in the flight number of
23 that aircraft.

24 (9) Proceeds of mandatory service charges separately
25 stated on customers' bills for the purchase and consumption of
26 food and beverages, to the extent that the proceeds of the

1 service charge are in fact turned over as tips or as a
2 substitute for tips to the employees who participate directly
3 in preparing, serving, hosting or cleaning up the food or
4 beverage function with respect to which the service charge is
5 imposed.

6 (10) Until July 1, 2003, oil field exploration, drilling,
7 and production equipment, including (i) rigs and parts of rigs,
8 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
9 tubular goods, including casing and drill strings, (iii) pumps
10 and pump-jack units, (iv) storage tanks and flow lines, (v) any
11 individual replacement part for oil field exploration,
12 drilling, and production equipment, and (vi) machinery and
13 equipment purchased for lease; but excluding motor vehicles
14 required to be registered under the Illinois Vehicle Code.

15 (11) Photoprocessing machinery and equipment, including
16 repair and replacement parts, both new and used, including that
17 manufactured on special order, certified by the purchaser to be
18 used primarily for photoprocessing, and including
19 photoprocessing machinery and equipment purchased for lease.

20 (12) Coal and aggregate exploration, mining, off-highway
21 hauling, processing, maintenance, and reclamation equipment,
22 including replacement parts and equipment, and including
23 equipment purchased for lease, but excluding motor vehicles
24 required to be registered under the Illinois Vehicle Code. The
25 changes made to this Section by Public Act 97-767 apply on and
26 after July 1, 2003, but no claim for credit or refund is

1 allowed on or after August 16, 2013 (the effective date of
2 Public Act 98-456) for such taxes paid during the period
3 beginning July 1, 2003 and ending on August 16, 2013 (the
4 effective date of Public Act 98-456).

5 (13) Beginning January 1, 1992 and through June 30, 2016,
6 food for human consumption that is to be consumed off the
7 premises where it is sold (other than alcoholic beverages, soft
8 drinks and food that has been prepared for immediate
9 consumption) and prescription and non-prescription medicines,
10 drugs, medical appliances, and insulin, urine testing
11 materials, syringes, and needles used by diabetics, for human
12 use, when purchased for use by a person receiving medical
13 assistance under Article V of the Illinois Public Aid Code who
14 resides in a licensed long-term care facility, as defined in
15 the Nursing Home Care Act, or in a licensed facility as defined
16 in the ID/DD Community Care Act, the MC/DD Act, or the
17 Specialized Mental Health Rehabilitation Act of 2013.

18 (14) Semen used for artificial insemination of livestock
19 for direct agricultural production.

20 (15) Horses, or interests in horses, registered with and
21 meeting the requirements of any of the Arabian Horse Club
22 Registry of America, Appaloosa Horse Club, American Quarter
23 Horse Association, United States Trotting Association, or
24 Jockey Club, as appropriate, used for purposes of breeding or
25 racing for prizes. This item (15) is exempt from the provisions
26 of Section 3-55, and the exemption provided for under this item

1 (15) applies for all periods beginning May 30, 1995, but no
2 claim for credit or refund is allowed on or after January 1,
3 2008 (the effective date of Public Act 95-88) for such taxes
4 paid during the period beginning May 30, 2000 and ending on
5 January 1, 2008 (the effective date of Public Act 95-88).

6 (16) Computers and communications equipment utilized for
7 any hospital purpose and equipment used in the diagnosis,
8 analysis, or treatment of hospital patients sold to a lessor
9 who leases the equipment, under a lease of one year or longer
10 executed or in effect at the time of the purchase, to a
11 hospital that has been issued an active tax exemption
12 identification number by the Department under Section 1g of the
13 Retailers' Occupation Tax Act.

14 (17) Personal property sold to a lessor who leases the
15 property, under a lease of one year or longer executed or in
16 effect at the time of the purchase, to a governmental body that
17 has been issued an active tax exemption identification number
18 by the Department under Section 1g of the Retailers' Occupation
19 Tax Act.

20 (18) Beginning with taxable years ending on or after
21 December 31, 1995 and ending with taxable years ending on or
22 before December 31, 2004, personal property that is donated for
23 disaster relief to be used in a State or federally declared
24 disaster area in Illinois or bordering Illinois by a
25 manufacturer or retailer that is registered in this State to a
26 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification
2 number by the Department that assists victims of the disaster
3 who reside within the declared disaster area.

4 (19) Beginning with taxable years ending on or after
5 December 31, 1995 and ending with taxable years ending on or
6 before December 31, 2004, personal property that is used in the
7 performance of infrastructure repairs in this State, including
8 but not limited to municipal roads and streets, access roads,
9 bridges, sidewalks, waste disposal systems, water and sewer
10 line extensions, water distribution and purification
11 facilities, storm water drainage and retention facilities, and
12 sewage treatment facilities, resulting from a State or
13 federally declared disaster in Illinois or bordering Illinois
14 when such repairs are initiated on facilities located in the
15 declared disaster area within 6 months after the disaster.

16 (20) Beginning July 1, 1999, game or game birds sold at a
17 "game breeding and hunting preserve area" as that term is used
18 in the Wildlife Code. This paragraph is exempt from the
19 provisions of Section 3-55.

20 (21) A motor vehicle, as that term is defined in Section
21 1-146 of the Illinois Vehicle Code, that is donated to a
22 corporation, limited liability company, society, association,
23 foundation, or institution that is determined by the Department
24 to be organized and operated exclusively for educational
25 purposes. For purposes of this exemption, "a corporation,
26 limited liability company, society, association, foundation,

1 or institution organized and operated exclusively for
2 educational purposes" means all tax-supported public schools,
3 private schools that offer systematic instruction in useful
4 branches of learning by methods common to public schools and
5 that compare favorably in their scope and intensity with the
6 course of study presented in tax-supported schools, and
7 vocational or technical schools or institutes organized and
8 operated exclusively to provide a course of study of not less
9 than 6 weeks duration and designed to prepare individuals to
10 follow a trade or to pursue a manual, technical, mechanical,
11 industrial, business, or commercial occupation.

12 (22) Beginning January 1, 2000, personal property,
13 including food, purchased through fundraising events for the
14 benefit of a public or private elementary or secondary school,
15 a group of those schools, or one or more school districts if
16 the events are sponsored by an entity recognized by the school
17 district that consists primarily of volunteers and includes
18 parents and teachers of the school children. This paragraph
19 does not apply to fundraising events (i) for the benefit of
20 private home instruction or (ii) for which the fundraising
21 entity purchases the personal property sold at the events from
22 another individual or entity that sold the property for the
23 purpose of resale by the fundraising entity and that profits
24 from the sale to the fundraising entity. This paragraph is
25 exempt from the provisions of Section 3-55.

26 (23) Beginning January 1, 2000 and through December 31,

1 2001, new or used automatic vending machines that prepare and
2 serve hot food and beverages, including coffee, soup, and other
3 items, and replacement parts for these machines. Beginning
4 January 1, 2002 and through June 30, 2003, machines and parts
5 for machines used in commercial, coin-operated amusement and
6 vending business if a use or occupation tax is paid on the
7 gross receipts derived from the use of the commercial,
8 coin-operated amusement and vending machines. This paragraph
9 is exempt from the provisions of Section 3-55.

10 (24) Beginning on the effective date of this amendatory Act
11 of the 92nd General Assembly, computers and communications
12 equipment utilized for any hospital purpose and equipment used
13 in the diagnosis, analysis, or treatment of hospital patients
14 sold to a lessor who leases the equipment, under a lease of one
15 year or longer executed or in effect at the time of the
16 purchase, to a hospital that has been issued an active tax
17 exemption identification number by the Department under
18 Section 1g of the Retailers' Occupation Tax Act. This paragraph
19 is exempt from the provisions of Section 3-55.

20 (25) Beginning on the effective date of this amendatory Act
21 of the 92nd General Assembly, personal property sold to a
22 lessor who leases the property, under a lease of one year or
23 longer executed or in effect at the time of the purchase, to a
24 governmental body that has been issued an active tax exemption
25 identification number by the Department under Section 1g of the
26 Retailers' Occupation Tax Act. This paragraph is exempt from

1 the provisions of Section 3-55.

2 (26) Beginning on January 1, 2002 and through June 30,
3 2016, tangible personal property purchased from an Illinois
4 retailer by a taxpayer engaged in centralized purchasing
5 activities in Illinois who will, upon receipt of the property
6 in Illinois, temporarily store the property in Illinois (i) for
7 the purpose of subsequently transporting it outside this State
8 for use or consumption thereafter solely outside this State or
9 (ii) for the purpose of being processed, fabricated, or
10 manufactured into, attached to, or incorporated into other
11 tangible personal property to be transported outside this State
12 and thereafter used or consumed solely outside this State. The
13 Director of Revenue shall, pursuant to rules adopted in
14 accordance with the Illinois Administrative Procedure Act,
15 issue a permit to any taxpayer in good standing with the
16 Department who is eligible for the exemption under this
17 paragraph (26). The permit issued under this paragraph (26)
18 shall authorize the holder, to the extent and in the manner
19 specified in the rules adopted under this Act, to purchase
20 tangible personal property from a retailer exempt from the
21 taxes imposed by this Act. Taxpayers shall maintain all
22 necessary books and records to substantiate the use and
23 consumption of all such tangible personal property outside of
24 the State of Illinois.

25 (27) Beginning January 1, 2008, tangible personal property
26 used in the construction or maintenance of a community water

1 supply, as defined under Section 3.145 of the Environmental
2 Protection Act, that is operated by a not-for-profit
3 corporation that holds a valid water supply permit issued under
4 Title IV of the Environmental Protection Act. This paragraph is
5 exempt from the provisions of Section 3-55.

6 (28) Tangible personal property sold to a
7 public-facilities corporation, as described in Section
8 11-65-10 of the Illinois Municipal Code, for purposes of
9 constructing or furnishing a municipal convention hall, but
10 only if the legal title to the municipal convention hall is
11 transferred to the municipality without any further
12 consideration by or on behalf of the municipality at the time
13 of the completion of the municipal convention hall or upon the
14 retirement or redemption of any bonds or other debt instruments
15 issued by the public-facilities corporation in connection with
16 the development of the municipal convention hall. This
17 exemption includes existing public-facilities corporations as
18 provided in Section 11-65-25 of the Illinois Municipal Code.
19 This paragraph is exempt from the provisions of Section 3-55.

20 (29) Beginning January 1, 2010, materials, parts,
21 equipment, components, and furnishings incorporated into or
22 upon an aircraft as part of the modification, refurbishment,
23 completion, replacement, repair, or maintenance of the
24 aircraft. This exemption includes consumable supplies used in
25 the modification, refurbishment, completion, replacement,
26 repair, and maintenance of aircraft, but excludes any

1 materials, parts, equipment, components, and consumable
2 supplies used in the modification, replacement, repair, and
3 maintenance of aircraft engines or power plants, whether such
4 engines or power plants are installed or uninstalled upon any
5 such aircraft. "Consumable supplies" include, but are not
6 limited to, adhesive, tape, sandpaper, general purpose
7 lubricants, cleaning solution, latex gloves, and protective
8 films. This exemption applies only to the transfer of
9 qualifying tangible personal property incident to the
10 modification, refurbishment, completion, replacement, repair,
11 or maintenance of an aircraft by persons who (i) hold an Air
12 Agency Certificate and are empowered to operate an approved
13 repair station by the Federal Aviation Administration, (ii)
14 have a Class IV Rating, and (iii) conduct operations in
15 accordance with Part 145 of the Federal Aviation Regulations.
16 The exemption does not include aircraft operated by a
17 commercial air carrier providing scheduled passenger air
18 service pursuant to authority issued under Part 121 or Part 129
19 of the Federal Aviation Regulations. The changes made to this
20 paragraph (29) by Public Act 98-534 are declarative of existing
21 law.

22 (30) Beginning January 1, 2017, menstrual pads, tampons,
23 and menstrual cups.

24 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
25 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
26 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

1 Section 30-35. The Retailers' Occupation Tax Act is amended
2 by changing Sections 1, 2, 2-5, 2-10, 2-10.5, 2-12, 2-45, 2-55,
3 2a, 2b, 2c, 3, 7, and 13 and by adding Section 1b as follows:

4 (35 ILCS 120/1) (from Ch. 120, par. 440)

5 Sec. 1. Definitions. "Sale at retail" means any transfer of
6 the ownership of or title to tangible personal property to a
7 purchaser or the performance of a taxable service for a
8 purchaser, for the purpose of use or consumption, and not for
9 the purpose of resale in any form as tangible personal property
10 or taxable service to the extent not first subjected to a use
11 for which it was purchased, for a valuable consideration:
12 Provided that the property or service purchased is deemed to be
13 purchased for the purpose of resale, despite first being used,
14 to the extent to which it is resold as an ingredient of an
15 intentionally produced product or byproduct of manufacturing
16 or otherwise transferred to the purchaser of tangible personal
17 property or taxable service. For this purpose, slag produced as
18 an incident to manufacturing pig iron or steel and sold is
19 considered to be an intentionally produced byproduct of
20 manufacturing. Transactions whereby the possession of the
21 property is transferred but the seller retains the title as
22 security for payment of the selling price shall be deemed to be
23 sales.

24 "Sale at retail" shall be construed to include any transfer

1 of the ownership of or title to tangible personal property to a
2 purchaser or the performance of a taxable service for a
3 purchaser, for use or consumption by any other person to whom
4 such purchaser may transfer the tangible personal property or
5 taxable service without a valuable consideration, and to
6 include any transfer, whether made for or without a valuable
7 consideration, for resale in any form as tangible personal
8 property or taxable service unless made in compliance with
9 Section 2c of this Act.

10 Sales of tangible personal property, which property, to the
11 extent not first subjected to a use for which it was purchased,
12 as an ingredient or constituent, goes into and forms a part of
13 tangible personal property subsequently the subject of a "Sale
14 at retail", or transferred to a purchaser of a taxable service
15 that is a "sale at retail" are not sales at retail as defined
16 in this Act: Provided that the property purchased is deemed to
17 be purchased for the purpose of resale, despite first being
18 used, to the extent to which it is resold as an ingredient of
19 an intentionally produced product or byproduct of
20 manufacturing.

21 "Sale at retail" shall be construed to include any Illinois
22 florist's sales transaction in which the purchase order is
23 received in Illinois by a florist and the sale is for use or
24 consumption, but the Illinois florist has a florist in another
25 state deliver the property to the purchaser or the purchaser's
26 donee in such other state.

1 Nonreusable tangible personal property that is used by
2 persons engaged in the business of operating a restaurant,
3 cafeteria, or drive-in is a sale for resale when it is
4 transferred to customers in the ordinary course of business as
5 part of the sale of food or beverages and is used to deliver,
6 package, or consume food or beverages, regardless of where
7 consumption of the food or beverages occurs. Examples of those
8 items include, but are not limited to nonreusable, paper and
9 plastic cups, plates, baskets, boxes, sleeves, buckets or other
10 containers, utensils, straws, placemats, napkins, doggie bags,
11 and wrapping or packaging materials that are transferred to
12 customers as part of the sale of food or beverages in the
13 ordinary course of business.

14 The purchase, employment and transfer of such tangible
15 personal property as newsprint and ink for the primary purpose
16 of conveying news (with or without other information) is not a
17 purchase, use or sale of tangible personal property.

18 A person whose activities are organized and conducted
19 primarily as a not-for-profit service enterprise, and who
20 engages in selling tangible personal property or taxable
21 service at retail (whether to the public or merely to members
22 and their guests) is engaged in the business of selling
23 tangible personal property or taxable service at retail with
24 respect to such transactions, excepting only a person organized
25 and operated exclusively for charitable, religious or
26 educational purposes either (1), to the extent of sales by such

1 person to its members, students, patients or inmates of
2 tangible personal property or taxable service to be used
3 primarily for the purposes of such person, or (2), to the
4 extent of sales by such person of tangible personal property or
5 taxable service which is not sold or offered for sale by
6 persons organized for profit. The selling of school books and
7 school supplies by schools at retail to students is not
8 "primarily for the purposes of" the school which does such
9 selling. The provisions of this paragraph shall not apply to
10 nor subject to taxation occasional dinners, socials or similar
11 activities of a person organized and operated exclusively for
12 charitable, religious or educational purposes, whether or not
13 such activities are open to the public.

14 A person who is the recipient of a grant or contract under
15 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
16 serves meals to participants in the federal Nutrition Program
17 for the Elderly in return for contributions established in
18 amount by the individual participant pursuant to a schedule of
19 suggested fees as provided for in the federal Act is not
20 engaged in the business of selling tangible personal property
21 or taxable service at retail with respect to such transactions.

22 "Purchaser" means anyone who, through a sale at retail,
23 acquires the ownership of or title to tangible personal
24 property or taxable service for a valuable consideration.

25 "Reseller of motor fuel" means any person engaged in the
26 business of selling or delivering or transferring title of

1 motor fuel to another person other than for use or consumption.
2 No person shall act as a reseller of motor fuel within this
3 State without first being registered as a reseller pursuant to
4 Section 2c or a retailer pursuant to Section 2a.

5 "Selling price" or the "amount of sale" means the
6 consideration for a sale valued in money whether received in
7 money or otherwise, including cash, credits, property, other
8 than as hereinafter provided, and services, but not including
9 the value of or credit given for traded-in tangible personal
10 property where the item that is traded-in is of like kind and
11 character as that which is being sold, and shall be determined
12 without any deduction on account of the cost of the property
13 sold, the cost of materials used, labor or service cost or any
14 other expense whatsoever, but does not include charges that are
15 added to prices by sellers on account of the seller's tax
16 liability under this Act, or on account of the seller's duty to
17 collect, from the purchaser, the tax that is imposed by the Use
18 Tax Act, or, except as otherwise provided with respect to any
19 cigarette tax imposed by a home rule unit, on account of the
20 seller's tax liability under any local occupation tax
21 administered by the Department, or, except as otherwise
22 provided with respect to any cigarette tax imposed by a home
23 rule unit on account of the seller's duty to collect, from the
24 purchasers, the tax that is imposed under any local use tax
25 administered by the Department. Effective December 1, 1985,
26 "selling price" shall include charges that are added to prices

1 by sellers on account of the seller's tax liability under the
2 Cigarette Tax Act, on account of the sellers' duty to collect,
3 from the purchaser, the tax imposed under the Cigarette Use Tax
4 Act, and on account of the seller's duty to collect, from the
5 purchaser, any cigarette tax imposed by a home rule unit.

6 Notwithstanding any law to the contrary, for any motor
7 vehicle, as defined in Section 1-146 of the Vehicle Code, that
8 is sold on or after January 1, 2015 for the purpose of leasing
9 the vehicle for a defined period that is longer than one year
10 and (1) is a motor vehicle of the second division that: (A) is
11 a self-contained motor vehicle designed or permanently
12 converted to provide living quarters for recreational,
13 camping, or travel use, with direct walk through access to the
14 living quarters from the driver's seat; (B) is of the van
15 configuration designed for the transportation of not less than
16 7 nor more than 16 passengers; or (C) has a gross vehicle
17 weight rating of 8,000 pounds or less or (2) is a motor vehicle
18 of the first division, "selling price" or "amount of sale"
19 means the consideration received by the lessor pursuant to the
20 lease contract, including amounts due at lease signing and all
21 monthly or other regular payments charged over the term of the
22 lease. Also included in the selling price is any amount
23 received by the lessor from the lessee for the leased vehicle
24 that is not calculated at the time the lease is executed,
25 including, but not limited to, excess mileage charges and
26 charges for excess wear and tear. For sales that occur in

1 Illinois, with respect to any amount received by the lessor
2 from the lessee for the leased vehicle that is not calculated
3 at the time the lease is executed, the lessor who purchased the
4 motor vehicle does not incur the tax imposed by the Use Tax Act
5 on those amounts, and the retailer who makes the retail sale of
6 the motor vehicle to the lessor is not required to collect the
7 tax imposed by the Use Tax Act or to pay the tax imposed by this
8 Act on those amounts. However, the lessor who purchased the
9 motor vehicle assumes the liability for reporting and paying
10 the tax on those amounts directly to the Department in the same
11 form (Illinois Retailers' Occupation Tax, and local retailers'
12 occupation taxes, if applicable) in which the retailer would
13 have reported and paid such tax if the retailer had accounted
14 for the tax to the Department. For amounts received by the
15 lessor from the lessee that are not calculated at the time the
16 lease is executed, the lessor must file the return and pay the
17 tax to the Department by the due date otherwise required by
18 this Act for returns other than transaction returns. If the
19 retailer is entitled under this Act to a discount for
20 collecting and remitting the tax imposed under this Act to the
21 Department with respect to the sale of the motor vehicle to the
22 lessor, then the right to the discount provided in this Act
23 shall be transferred to the lessor with respect to the tax paid
24 by the lessor for any amount received by the lessor from the
25 lessee for the leased vehicle that is not calculated at the
26 time the lease is executed; provided that the discount is only

1 allowed if the return is timely filed and for amounts timely
2 paid. The "selling price" of a motor vehicle that is sold on or
3 after January 1, 2015 for the purpose of leasing for a defined
4 period of longer than one year shall not be reduced by the
5 value of or credit given for traded-in tangible personal
6 property owned by the lessor, nor shall it be reduced by the
7 value of or credit given for traded-in tangible personal
8 property owned by the lessee, regardless of whether the
9 trade-in value thereof is assigned by the lessee to the lessor.
10 In the case of a motor vehicle that is sold for the purpose of
11 leasing for a defined period of longer than one year, the sale
12 occurs at the time of the delivery of the vehicle, regardless
13 of the due date of any lease payments. A lessor who incurs a
14 Retailers' Occupation Tax liability on the sale of a motor
15 vehicle coming off lease may not take a credit against that
16 liability for the Use Tax the lessor paid upon the purchase of
17 the motor vehicle (or for any tax the lessor paid with respect
18 to any amount received by the lessor from the lessee for the
19 leased vehicle that was not calculated at the time the lease
20 was executed) if the selling price of the motor vehicle at the
21 time of purchase was calculated using the definition of
22 "selling price" as defined in this paragraph. Notwithstanding
23 any other provision of this Act to the contrary, lessors shall
24 file all returns and make all payments required under this
25 paragraph to the Department by electronic means in the manner
26 and form as required by the Department. This paragraph does not

1 apply to leases of motor vehicles for which, at the time the
2 lease is entered into, the term of the lease is not a defined
3 period, including leases with a defined initial period with the
4 option to continue the lease on a month-to-month or other basis
5 beyond the initial defined period.

6 The phrase "like kind and character" shall be liberally
7 construed (including but not limited to any form of motor
8 vehicle for any form of motor vehicle, or any kind of farm or
9 agricultural implement for any other kind of farm or
10 agricultural implement), while not including a kind of item
11 which, if sold at retail by that retailer, would be exempt from
12 retailers' occupation tax and use tax as an isolated or
13 occasional sale.

14 "Gross receipts" from the sales of tangible personal
15 property or taxable service at retail means the total selling
16 price or the amount of such sales, as hereinbefore defined. In
17 the case of charge and time sales, the amount thereof shall be
18 included only as and when payments are received by the seller.
19 Receipts or other consideration derived by a seller from the
20 sale, transfer or assignment of accounts receivable to a wholly
21 owned subsidiary will not be deemed payments prior to the time
22 the purchaser makes payment on such accounts.

23 "Department" means the Department of Revenue.

24 "Person" means any natural individual, firm, partnership,
25 association, joint stock company, joint adventure, public or
26 private corporation, limited liability company, or a receiver,

1 executor, trustee, guardian or other representative appointed
2 by order of any court.

3 The isolated or occasional sale of tangible personal
4 property or taxable service at retail by a person who does not
5 hold himself out as being engaged (or who does not habitually
6 engage) in selling such tangible personal property or taxable
7 service at retail, or a sale through a bulk vending machine,
8 does not constitute engaging in a business of selling such
9 tangible personal property or taxable service at retail within
10 the meaning of this Act; provided that any person who is
11 engaged in a business which is not subject to the tax imposed
12 by this Act because of involving the sale of or a contract to
13 sell real estate or a construction contract to improve real
14 estate or a construction contract to engineer, install, and
15 maintain an integrated system of products, but who, in the
16 course of conducting such business, transfers tangible
17 personal property to users or consumers in the finished form in
18 which it was purchased, and which does not become real estate
19 or was not engineered and installed, under any provision of a
20 construction contract or real estate sale or real estate sales
21 agreement entered into with some other person arising out of or
22 because of such nontaxable business, is engaged in the business
23 of selling tangible personal property at retail to the extent
24 of the value of the tangible personal property so transferred.
25 If, in such a transaction, a separate charge is made for the
26 tangible personal property so transferred, the value of such

1 property, for the purpose of this Act, shall be the amount so
2 separately charged, but not less than the cost of such property
3 to the transferor; if no separate charge is made, the value of
4 such property, for the purposes of this Act, is the cost to the
5 transferor of such tangible personal property. Construction
6 contracts for the improvement of real estate consisting of
7 engineering, installation, and maintenance of voice, data,
8 video, security, and all telecommunication systems do not
9 constitute engaging in a business of selling tangible personal
10 property or taxable service at retail within the meaning of
11 this Act if they are sold at one specified contract price.

12 A person who holds himself or herself out as being engaged
13 (or who habitually engages) in selling tangible personal
14 property or taxable service at retail is a person engaged in
15 the business of selling tangible personal property or taxable
16 service at retail hereunder with respect to such sales (and not
17 primarily in a nontaxable service occupation) notwithstanding
18 the fact that such person designs and produces such tangible
19 personal property or taxable service on special order for the
20 purchaser and in such a way as to render the property or
21 service of value only to such purchaser, if such tangible
22 personal property or taxable service so produced on special
23 order serves substantially the same function as stock or
24 standard items of tangible personal property or taxable service
25 that are sold at retail.

26 Persons who engage in the business of transferring tangible

1 personal property or taxable service upon the redemption of
2 trading stamps are engaged in the business of selling such
3 property or service at retail and shall be liable for and shall
4 pay the tax imposed by this Act on the basis of the retail
5 value of the property or service transferred upon redemption of
6 such stamps.

7 "Bulk vending machine" means a vending machine, containing
8 unsorted confections, nuts, toys, or other items designed
9 primarily to be used or played with by children which, when a
10 coin or coins of a denomination not larger than \$0.50 are
11 inserted, are dispensed in equal portions, at random and
12 without selection by the customer.

13 (Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14.)

14 (35 ILCS 120/1b new)

15 Sec. 1b. Taxable service. Beginning January 1, 2018,
16 "taxable service" has the meaning provided in Section 2a-2 of
17 the Use Tax Act.

18 (35 ILCS 120/2) (from Ch. 120, par. 441)

19 Sec. 2. Tax imposed. A tax is imposed upon persons engaged
20 in the business of selling at retail taxable service or
21 tangible personal property, or both, including computer
22 software, and including photographs, negatives, and positives
23 that are the product of photoprocessing, but not including
24 products of photoprocessing produced for use in motion pictures

1 for public commercial exhibition. Beginning January 1, 2001,
2 prepaid telephone calling arrangements shall be considered
3 tangible personal property subject to the tax imposed under
4 this Act regardless of the form in which those arrangements may
5 be embodied, transmitted, or fixed by any method now known or
6 hereafter developed. Sales of (1) electricity delivered to
7 customers by wire; (2) natural or artificial gas that is
8 delivered to customers through pipes, pipelines, or mains; and
9 (3) water that is delivered to customers through pipes,
10 pipelines, or mains are not subject to tax under this Act. The
11 provisions of this amendatory Act of the 98th General Assembly
12 are declaratory of existing law as to the meaning and scope of
13 this Act.

14 (Source: P.A. 98-583, eff. 1-1-14.)

15 (35 ILCS 120/2-5)

16 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
17 sale of the following tangible personal property and taxable
18 services are exempt from the tax imposed by this Act:

19 (1) Farm chemicals.

20 (2) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by the
22 purchaser to be used primarily for production agriculture or
23 State or federal agricultural programs, including individual
24 replacement parts for the machinery and equipment, including
25 machinery and equipment purchased for lease, and including

1 implements of husbandry defined in Section 1-130 of the
2 Illinois Vehicle Code, farm machinery and agricultural
3 chemical and fertilizer spreaders, and nurse wagons required to
4 be registered under Section 3-809 of the Illinois Vehicle Code,
5 but excluding other motor vehicles required to be registered
6 under the Illinois Vehicle Code. Horticultural polyhouses or
7 hoop houses used for propagating, growing, or overwintering
8 plants shall be considered farm machinery and equipment under
9 this item (2). Agricultural chemical tender tanks and dry boxes
10 shall include units sold separately from a motor vehicle
11 required to be licensed and units sold mounted on a motor
12 vehicle required to be licensed, if the selling price of the
13 tender is separately stated.

14 Farm machinery and equipment shall include precision
15 farming equipment that is installed or purchased to be
16 installed on farm machinery and equipment including, but not
17 limited to, tractors, harvesters, sprayers, planters, seeders,
18 or spreaders. Precision farming equipment includes, but is not
19 limited to, soil testing sensors, computers, monitors,
20 software, global positioning and mapping systems, and other
21 such equipment.

22 Farm machinery and equipment also includes computers,
23 sensors, software, and related equipment used primarily in the
24 computer-assisted operation of production agriculture
25 facilities, equipment, and activities such as, but not limited
26 to, the collection, monitoring, and correlation of animal and

1 crop data for the purpose of formulating animal diets and
2 agricultural chemicals. This item (2) is exempt from the
3 provisions of Section 2-70.

4 (3) Until July 1, 2003, distillation machinery and
5 equipment, sold as a unit or kit, assembled or installed by the
6 retailer, certified by the user to be used only for the
7 production of ethyl alcohol that will be used for consumption
8 as motor fuel or as a component of motor fuel for the personal
9 use of the user, and not subject to sale or resale.

10 (4) Until July 1, 2003 and beginning again September 1,
11 2004 through August 30, 2014, graphic arts machinery and
12 equipment, including repair and replacement parts, both new and
13 used, and including that manufactured on special order or
14 purchased for lease, certified by the purchaser to be used
15 primarily for graphic arts production. Equipment includes
16 chemicals or chemicals acting as catalysts but only if the
17 chemicals or chemicals acting as catalysts effect a direct and
18 immediate change upon a graphic arts product. Beginning on July
19 1, 2017, graphic arts machinery and equipment is included in
20 the manufacturing and assembling machinery and equipment
21 exemption under paragraph (14).

22 (5) A motor vehicle that is used for automobile renting, as
23 defined in the Automobile Renting Occupation and Use Tax Act.
24 This paragraph is exempt from the provisions of Section 2-70.

25 (6) Personal property sold by a teacher-sponsored student
26 organization affiliated with an elementary or secondary school

1 located in Illinois.

2 (7) Until July 1, 2003, proceeds of that portion of the
3 selling price of a passenger car the sale of which is subject
4 to the Replacement Vehicle Tax.

5 (8) Personal property sold to an Illinois county fair
6 association for use in conducting, operating, or promoting the
7 county fair.

8 (9) Personal property sold to or taxable service performed
9 for a not-for-profit arts or cultural organization that
10 establishes, by proof required by the Department by rule, that
11 it has received an exemption under Section 501(c)(3) of the
12 Internal Revenue Code and that is organized and operated
13 primarily for the presentation or support of arts or cultural
14 programming, activities, or services. These organizations
15 include, but are not limited to, music and dramatic arts
16 organizations such as symphony orchestras and theatrical
17 groups, arts and cultural service organizations, local arts
18 councils, visual arts organizations, and media arts
19 organizations. On and after the effective date of this
20 amendatory Act of the 92nd General Assembly, however, an entity
21 otherwise eligible for this exemption shall not make tax-free
22 purchases unless it has an active identification number issued
23 by the Department.

24 (10) Personal property sold or taxable service performed by
25 a corporation, society, association, foundation, institution,
26 or organization, other than a limited liability company, that

1 is organized and operated as a not-for-profit service
2 enterprise for the benefit of persons 65 years of age or older
3 if the personal property was not purchased by the enterprise
4 for the purpose of resale by the enterprise.

5 (11) Personal property or taxable service sold to a
6 governmental body, to a corporation, society, association,
7 foundation, or institution organized and operated exclusively
8 for charitable, religious, or educational purposes, or to a
9 not-for-profit corporation, society, association, foundation,
10 institution, or organization that has no compensated officers
11 or employees and that is organized and operated primarily for
12 the recreation of persons 55 years of age or older. A limited
13 liability company may qualify for the exemption under this
14 paragraph only if the limited liability company is organized
15 and operated exclusively for educational purposes. On and after
16 July 1, 1987, however, no entity otherwise eligible for this
17 exemption shall make tax-free purchases unless it has an active
18 identification number issued by the Department.

19 (12) Tangible personal property sold to interstate
20 carriers for hire for use as rolling stock moving in interstate
21 commerce or to lessors under leases of one year or longer
22 executed or in effect at the time of purchase by interstate
23 carriers for hire for use as rolling stock moving in interstate
24 commerce and equipment operated by a telecommunications
25 provider, licensed as a common carrier by the Federal
26 Communications Commission, which is permanently installed in

1 or affixed to aircraft moving in interstate commerce.

2 (12-5) On and after July 1, 2003 and through June 30, 2004,
3 motor vehicles of the second division with a gross vehicle
4 weight in excess of 8,000 pounds that are subject to the
5 commercial distribution fee imposed under Section 3-815.1 of
6 the Illinois Vehicle Code. Beginning on July 1, 2004 and
7 through June 30, 2005, the use in this State of motor vehicles
8 of the second division: (i) with a gross vehicle weight rating
9 in excess of 8,000 pounds; (ii) that are subject to the
10 commercial distribution fee imposed under Section 3-815.1 of
11 the Illinois Vehicle Code; and (iii) that are primarily used
12 for commercial purposes. Through June 30, 2005, this exemption
13 applies to repair and replacement parts added after the initial
14 purchase of such a motor vehicle if that motor vehicle is used
15 in a manner that would qualify for the rolling stock exemption
16 otherwise provided for in this Act. For purposes of this
17 paragraph, "used for commercial purposes" means the
18 transportation of persons or property in furtherance of any
19 commercial or industrial enterprise whether for-hire or not.

20 (13) Proceeds from sales to owners, lessors, or shippers of
21 tangible personal property that is utilized by interstate
22 carriers for hire for use as rolling stock moving in interstate
23 commerce and equipment operated by a telecommunications
24 provider, licensed as a common carrier by the Federal
25 Communications Commission, which is permanently installed in
26 or affixed to aircraft moving in interstate commerce.

1 (14) Machinery and equipment that will be used by the
2 purchaser, or a lessee of the purchaser, primarily in the
3 process of manufacturing or assembling tangible personal
4 property for wholesale or retail sale or lease, whether the
5 sale or lease is made directly by the manufacturer or by some
6 other person, whether the materials used in the process are
7 owned by the manufacturer or some other person, or whether the
8 sale or lease is made apart from or as an incident to the
9 seller's engaging in the service occupation of producing
10 machines, tools, dies, jigs, patterns, gauges, or other similar
11 items of no commercial value on special order for a particular
12 purchaser. The exemption provided by this paragraph (14) does
13 not include machinery and equipment used in (i) the generation
14 of electricity for wholesale or retail sale; (ii) the
15 generation or treatment of natural or artificial gas for
16 wholesale or retail sale that is delivered to customers through
17 pipes, pipelines, or mains; or (iii) the treatment of water for
18 wholesale or retail sale that is delivered to customers through
19 pipes, pipelines, or mains. The provisions of Public Act 98-583
20 are declaratory of existing law as to the meaning and scope of
21 this exemption. Beginning on July 1, 2017, the exemption
22 provided by this paragraph (14) includes, but is not limited
23 to, graphic arts machinery and equipment, as defined in
24 paragraph (4) of this Section. Beginning on July 1, 2017, the
25 exemption provided by this paragraph (14) includes, but is not
26 limited to, production related tangible personal property, as

1 defined in Section 2-45 of this Act. The exemption provided by
2 this paragraph (14) is exempt from the provisions of Section
3 2-70.

4 (15) Proceeds of mandatory service charges separately
5 stated on customers' bills for purchase and consumption of food
6 and beverages or of taxable service, to the extent that the
7 proceeds of the service charge are in fact turned over as tips
8 or as a substitute for tips to the employees who participate
9 directly in preparing, serving, hosting or cleaning up the food
10 or beverage function with respect to which the service charge
11 is imposed.

12 (16) Petroleum products sold to a purchaser if the seller
13 is prohibited by federal law from charging tax to the
14 purchaser.

15 (17) Tangible personal property sold to a common carrier by
16 rail or motor that receives the physical possession of the
17 property in Illinois and that transports the property, or
18 shares with another common carrier in the transportation of the
19 property, out of Illinois on a standard uniform bill of lading
20 showing the seller of the property as the shipper or consignor
21 of the property to a destination outside Illinois, for use
22 outside Illinois.

23 (18) Legal tender, currency, medallions, or gold or silver
24 coinage issued by the State of Illinois, the government of the
25 United States of America, or the government of any foreign
26 country, and bullion.

1 (19) Until July 1 2003, oil field exploration, drilling,
2 and production equipment, including (i) rigs and parts of rigs,
3 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
4 tubular goods, including casing and drill strings, (iii) pumps
5 and pump-jack units, (iv) storage tanks and flow lines, (v) any
6 individual replacement part for oil field exploration,
7 drilling, and production equipment, and (vi) machinery and
8 equipment purchased for lease; but excluding motor vehicles
9 required to be registered under the Illinois Vehicle Code.

10 (20) Photoprocessing machinery and equipment, including
11 repair and replacement parts, both new and used, including that
12 manufactured on special order, certified by the purchaser to be
13 used primarily for photoprocessing, and including
14 photoprocessing machinery and equipment purchased for lease.

15 (21) Coal and aggregate exploration, mining, off-highway
16 hauling, processing, maintenance, and reclamation equipment,
17 including replacement parts and equipment, and including
18 equipment purchased for lease, but excluding motor vehicles
19 required to be registered under the Illinois Vehicle Code. The
20 changes made to this Section by Public Act 97-767 apply on and
21 after July 1, 2003, but no claim for credit or refund is
22 allowed on or after August 16, 2013 (the effective date of
23 Public Act 98-456) for such taxes paid during the period
24 beginning July 1, 2003 and ending on August 16, 2013 (the
25 effective date of Public Act 98-456).

26 (22) Until June 30, 2013, fuel and petroleum products sold

1 to or used by an air carrier, certified by the carrier to be
2 used for consumption, shipment, or storage in the conduct of
3 its business as an air common carrier, for a flight destined
4 for or returning from a location or locations outside the
5 United States without regard to previous or subsequent domestic
6 stopovers.

7 Beginning July 1, 2013, fuel and petroleum products sold to
8 or used by an air carrier, certified by the carrier to be used
9 for consumption, shipment, or storage in the conduct of its
10 business as an air common carrier, for a flight that (i) is
11 engaged in foreign trade or is engaged in trade between the
12 United States and any of its possessions and (ii) transports at
13 least one individual or package for hire from the city of
14 origination to the city of final destination on the same
15 aircraft, without regard to a change in the flight number of
16 that aircraft.

17 (23) A transaction in which the purchase order is received
18 by a florist who is located outside Illinois, but who has a
19 florist located in Illinois deliver the property to the
20 purchaser or the purchaser's donee in Illinois.

21 (24) Fuel consumed or used in the operation of ships,
22 barges, or vessels that are used primarily in or for the
23 transportation of property or the conveyance of persons for
24 hire on rivers bordering on this State if the fuel is delivered
25 by the seller to the purchaser's barge, ship, or vessel while
26 it is afloat upon that bordering river.

1 (25) Except as provided in item (25-5) of this Section, a
2 motor vehicle sold in this State to a nonresident even though
3 the motor vehicle is delivered to the nonresident in this
4 State, if the motor vehicle is not to be titled in this State,
5 and if a drive-away permit is issued to the motor vehicle as
6 provided in Section 3-603 of the Illinois Vehicle Code or if
7 the nonresident purchaser has vehicle registration plates to
8 transfer to the motor vehicle upon returning to his or her home
9 state. The issuance of the drive-away permit or having the
10 out-of-state registration plates to be transferred is prima
11 facie evidence that the motor vehicle will not be titled in
12 this State.

13 (25-5) The exemption under item (25) does not apply if the
14 state in which the motor vehicle will be titled does not allow
15 a reciprocal exemption for a motor vehicle sold and delivered
16 in that state to an Illinois resident but titled in Illinois.
17 The tax collected under this Act on the sale of a motor vehicle
18 in this State to a resident of another state that does not
19 allow a reciprocal exemption shall be imposed at a rate equal
20 to the state's rate of tax on taxable property in the state in
21 which the purchaser is a resident, except that the tax shall
22 not exceed the tax that would otherwise be imposed under this
23 Act. At the time of the sale, the purchaser shall execute a
24 statement, signed under penalty of perjury, of his or her
25 intent to title the vehicle in the state in which the purchaser
26 is a resident within 30 days after the sale and of the fact of

1 the payment to the State of Illinois of tax in an amount
2 equivalent to the state's rate of tax on taxable property in
3 his or her state of residence and shall submit the statement to
4 the appropriate tax collection agency in his or her state of
5 residence. In addition, the retailer must retain a signed copy
6 of the statement in his or her records. Nothing in this item
7 shall be construed to require the removal of the vehicle from
8 this state following the filing of an intent to title the
9 vehicle in the purchaser's state of residence if the purchaser
10 titles the vehicle in his or her state of residence within 30
11 days after the date of sale. The tax collected under this Act
12 in accordance with this item (25-5) shall be proportionately
13 distributed as if the tax were collected at the 6.25% general
14 rate imposed under this Act.

15 (25-7) Beginning on July 1, 2007, no tax is imposed under
16 this Act on the sale of an aircraft, as defined in Section 3 of
17 the Illinois Aeronautics Act, if all of the following
18 conditions are met:

19 (1) the aircraft leaves this State within 15 days after
20 the later of either the issuance of the final billing for
21 the sale of the aircraft, or the authorized approval for
22 return to service, completion of the maintenance record
23 entry, and completion of the test flight and ground test
24 for inspection, as required by 14 C.F.R. 91.407;

25 (2) the aircraft is not based or registered in this
26 State after the sale of the aircraft; and

1 (3) the seller retains in his or her books and records
2 and provides to the Department a signed and dated
3 certification from the purchaser, on a form prescribed by
4 the Department, certifying that the requirements of this
5 item (25-7) are met. The certificate must also include the
6 name and address of the purchaser, the address of the
7 location where the aircraft is to be titled or registered,
8 the address of the primary physical location of the
9 aircraft, and other information that the Department may
10 reasonably require.

11 For purposes of this item (25-7):

12 "Based in this State" means hangared, stored, or otherwise
13 used, excluding post-sale customizations as defined in this
14 Section, for 10 or more days in each 12-month period
15 immediately following the date of the sale of the aircraft.

16 "Registered in this State" means an aircraft registered
17 with the Department of Transportation, Aeronautics Division,
18 or titled or registered with the Federal Aviation
19 Administration to an address located in this State.

20 This paragraph (25-7) is exempt from the provisions of
21 Section 2-70.

22 (26) Semen used for artificial insemination of livestock
23 for direct agricultural production.

24 (27) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes. This item (27) is exempt from the provisions
4 of Section 2-70, and the exemption provided for under this item
5 (27) applies for all periods beginning May 30, 1995, but no
6 claim for credit or refund is allowed on or after January 1,
7 2008 (the effective date of Public Act 95-88) for such taxes
8 paid during the period beginning May 30, 2000 and ending on
9 January 1, 2008 (the effective date of Public Act 95-88).

10 (28) Computers and communications equipment utilized for
11 any hospital purpose and equipment used in the diagnosis,
12 analysis, or treatment of hospital patients sold to a lessor
13 who leases the equipment, under a lease of one year or longer
14 executed or in effect at the time of the purchase, to a
15 hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of
17 this Act.

18 (29) Personal property sold to a lessor who leases the
19 property, under a lease of one year or longer executed or in
20 effect at the time of the purchase, to a governmental body that
21 has been issued an active tax exemption identification number
22 by the Department under Section 1g of this Act.

23 (30) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is donated for
26 disaster relief to be used in a State or federally declared

1 disaster area in Illinois or bordering Illinois by a
2 manufacturer or retailer that is registered in this State to a
3 corporation, society, association, foundation, or institution
4 that has been issued a sales tax exemption identification
5 number by the Department that assists victims of the disaster
6 who reside within the declared disaster area.

7 (31) Beginning with taxable years ending on or after
8 December 31, 1995 and ending with taxable years ending on or
9 before December 31, 2004, personal property that is used in the
10 performance of infrastructure repairs in this State, including
11 but not limited to municipal roads and streets, access roads,
12 bridges, sidewalks, waste disposal systems, water and sewer
13 line extensions, water distribution and purification
14 facilities, storm water drainage and retention facilities, and
15 sewage treatment facilities, resulting from a State or
16 federally declared disaster in Illinois or bordering Illinois
17 when such repairs are initiated on facilities located in the
18 declared disaster area within 6 months after the disaster.

19 (32) Beginning July 1, 1999, game or game birds sold at a
20 "game breeding and hunting preserve area" as that term is used
21 in the Wildlife Code. This paragraph is exempt from the
22 provisions of Section 2-70.

23 (33) A motor vehicle, as that term is defined in Section
24 1-146 of the Illinois Vehicle Code, that is donated to a
25 corporation, limited liability company, society, association,
26 foundation, or institution that is determined by the Department

1 to be organized and operated exclusively for educational
2 purposes. For purposes of this exemption, "a corporation,
3 limited liability company, society, association, foundation,
4 or institution organized and operated exclusively for
5 educational purposes" means all tax-supported public schools,
6 private schools that offer systematic instruction in useful
7 branches of learning by methods common to public schools and
8 that compare favorably in their scope and intensity with the
9 course of study presented in tax-supported schools, and
10 vocational or technical schools or institutes organized and
11 operated exclusively to provide a course of study of not less
12 than 6 weeks duration and designed to prepare individuals to
13 follow a trade or to pursue a manual, technical, mechanical,
14 industrial, business, or commercial occupation.

15 (34) Beginning January 1, 2000, personal property,
16 including food, purchased through fundraising events for the
17 benefit of a public or private elementary or secondary school,
18 a group of those schools, or one or more school districts if
19 the events are sponsored by an entity recognized by the school
20 district that consists primarily of volunteers and includes
21 parents and teachers of the school children. This paragraph
22 does not apply to fundraising events (i) for the benefit of
23 private home instruction or (ii) for which the fundraising
24 entity purchases the personal property sold at the events from
25 another individual or entity that sold the property for the
26 purpose of resale by the fundraising entity and that profits

1 from the sale to the fundraising entity. This paragraph is
2 exempt from the provisions of Section 2-70.

3 (35) Beginning January 1, 2000 and through December 31,
4 2001, new or used automatic vending machines that prepare and
5 serve hot food and beverages, including coffee, soup, and other
6 items, and replacement parts for these machines. Beginning
7 January 1, 2002 and through June 30, 2003, machines and parts
8 for machines used in commercial, coin-operated amusement and
9 vending business if a use or occupation tax is paid on the
10 gross receipts derived from the use of the commercial,
11 coin-operated amusement and vending machines. This paragraph
12 is exempt from the provisions of Section 2-70.

13 (35-5) Beginning August 23, 2001 and through June 30, 2016,
14 food for human consumption that is to be consumed off the
15 premises where it is sold (other than alcoholic beverages, soft
16 drinks, and food that has been prepared for immediate
17 consumption) and prescription and nonprescription medicines,
18 drugs, medical appliances, and insulin, urine testing
19 materials, syringes, and needles used by diabetics, for human
20 use, when purchased for use by a person receiving medical
21 assistance under Article V of the Illinois Public Aid Code who
22 resides in a licensed long-term care facility, as defined in
23 the Nursing Home Care Act, or a licensed facility as defined in
24 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
25 Mental Health Rehabilitation Act of 2013.

26 (36) Beginning August 2, 2001, computers and

1 communications equipment utilized for any hospital purpose and
2 equipment used in the diagnosis, analysis, or treatment of
3 hospital patients sold to a lessor who leases the equipment,
4 under a lease of one year or longer executed or in effect at
5 the time of the purchase, to a hospital that has been issued an
6 active tax exemption identification number by the Department
7 under Section 1g of this Act. This paragraph is exempt from the
8 provisions of Section 2-70.

9 (37) Beginning August 2, 2001, personal property sold to a
10 lessor who leases the property, under a lease of one year or
11 longer executed or in effect at the time of the purchase, to a
12 governmental body that has been issued an active tax exemption
13 identification number by the Department under Section 1g of
14 this Act. This paragraph is exempt from the provisions of
15 Section 2-70.

16 (38) Beginning on January 1, 2002 and through June 30,
17 2016, tangible personal property purchased from an Illinois
18 retailer by a taxpayer engaged in centralized purchasing
19 activities in Illinois who will, upon receipt of the property
20 in Illinois, temporarily store the property in Illinois (i) for
21 the purpose of subsequently transporting it outside this State
22 for use or consumption thereafter solely outside this State or
23 (ii) for the purpose of being processed, fabricated, or
24 manufactured into, attached to, or incorporated into other
25 tangible personal property to be transported outside this State
26 and thereafter used or consumed solely outside this State. The

1 Director of Revenue shall, pursuant to rules adopted in
2 accordance with the Illinois Administrative Procedure Act,
3 issue a permit to any taxpayer in good standing with the
4 Department who is eligible for the exemption under this
5 paragraph (38). The permit issued under this paragraph (38)
6 shall authorize the holder, to the extent and in the manner
7 specified in the rules adopted under this Act, to purchase
8 tangible personal property from a retailer exempt from the
9 taxes imposed by this Act. Taxpayers shall maintain all
10 necessary books and records to substantiate the use and
11 consumption of all such tangible personal property outside of
12 the State of Illinois.

13 (39) Beginning January 1, 2008, tangible personal property
14 used in the construction or maintenance of a community water
15 supply, as defined under Section 3.145 of the Environmental
16 Protection Act, that is operated by a not-for-profit
17 corporation that holds a valid water supply permit issued under
18 Title IV of the Environmental Protection Act. This paragraph is
19 exempt from the provisions of Section 2-70.

20 (40) Beginning January 1, 2010, materials, parts,
21 equipment, components, and furnishings incorporated into or
22 upon an aircraft as part of the modification, refurbishment,
23 completion, replacement, repair, or maintenance of the
24 aircraft. This exemption includes consumable supplies used in
25 the modification, refurbishment, completion, replacement,
26 repair, and maintenance of aircraft, but excludes any

1 materials, parts, equipment, components, and consumable
2 supplies used in the modification, replacement, repair, and
3 maintenance of aircraft engines or power plants, whether such
4 engines or power plants are installed or uninstalled upon any
5 such aircraft. "Consumable supplies" include, but are not
6 limited to, adhesive, tape, sandpaper, general purpose
7 lubricants, cleaning solution, latex gloves, and protective
8 films. This exemption applies only to the sale of qualifying
9 tangible personal property to persons who modify, refurbish,
10 complete, replace, or maintain an aircraft and who (i) hold an
11 Air Agency Certificate and are empowered to operate an approved
12 repair station by the Federal Aviation Administration, (ii)
13 have a Class IV Rating, and (iii) conduct operations in
14 accordance with Part 145 of the Federal Aviation Regulations.
15 The exemption does not include aircraft operated by a
16 commercial air carrier providing scheduled passenger air
17 service pursuant to authority issued under Part 121 or Part 129
18 of the Federal Aviation Regulations. The changes made to this
19 paragraph (40) by Public Act 98-534 are declarative of existing
20 law.

21 (41) Tangible personal property sold to a
22 public-facilities corporation, as described in Section
23 11-65-10 of the Illinois Municipal Code, for purposes of
24 constructing or furnishing a municipal convention hall, but
25 only if the legal title to the municipal convention hall is
26 transferred to the municipality without any further

1 consideration by or on behalf of the municipality at the time
2 of the completion of the municipal convention hall or upon the
3 retirement or redemption of any bonds or other debt instruments
4 issued by the public-facilities corporation in connection with
5 the development of the municipal convention hall. This
6 exemption includes existing public-facilities corporations as
7 provided in Section 11-65-25 of the Illinois Municipal Code.
8 This paragraph is exempt from the provisions of Section 2-70.

9 (42) Beginning January 1, 2017, menstrual pads, tampons,
10 and menstrual cups.

11 (43) Beginning January 1, 2018, taxable service performed
12 on or to tangible personal property the sale of which is exempt
13 from taxation under this Act. This paragraph is exempt from the
14 provisions of Section 2-70.

15 (44) Beginning January 1, 2018, taxable service performed
16 in a transaction that would be exempt from taxation under this
17 Act if it involved solely the sale of tangible personal
18 property. Such exemption could be due to the nature of the
19 seller or of the service provider, the purchaser or service
20 recipient, or other features of the transaction, including but
21 not limited to the location or sale-for-resale nature of the
22 transaction. Any such exemption applies to transactions
23 involving solely the sale of tangible personal property, solely
24 the performance of taxable service, or some combination
25 thereof. This paragraph is exempt from the provisions of
26 Section 2-70.

1 (45) Beginning January 1, 2018, taxable service performed
2 for or provided to businesses making purchases of services for
3 the benefit of or in furtherance of the business. This
4 paragraph is exempt from the provisions of Section 2-70.

5 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
6 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
7 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
8 7-29-15; 99-855, eff. 8-19-16.)

9 (35 ILCS 120/2-10)

10 Sec. 2-10. Rate of tax. Unless otherwise provided in this
11 Section, the tax imposed by this Act is at the rate of 6.25% of
12 gross receipts from sales of tangible personal property made in
13 the course of business. Beginning July 1, 2017, the tax is also
14 imposed at the rate of 6.25% of the gross receipts from sales
15 of taxable services.

16 Beginning on July 1, 2000 and through December 31, 2000,
17 with respect to motor fuel, as defined in Section 1.1 of the
18 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
19 the Use Tax Act, the tax is imposed at the rate of 1.25%.

20 Beginning on August 6, 2010 through August 15, 2010, with
21 respect to sales tax holiday items as defined in Section 2-8 of
22 this Act, the tax is imposed at the rate of 1.25%.

23 Within 14 days after the effective date of this amendatory
24 Act of the 91st General Assembly, each retailer of motor fuel
25 and gasohol shall cause the following notice to be posted in a

1 prominently visible place on each retail dispensing device that
2 is used to dispense motor fuel or gasohol in the State of
3 Illinois: "As of July 1, 2000, the State of Illinois has
4 eliminated the State's share of sales tax on motor fuel and
5 gasohol through December 31, 2000. The price on this pump
6 should reflect the elimination of the tax." The notice shall be
7 printed in bold print on a sign that is no smaller than 4
8 inches by 8 inches. The sign shall be clearly visible to
9 customers. Any retailer who fails to post or maintain a
10 required sign through December 31, 2000 is guilty of a petty
11 offense for which the fine shall be \$500 per day per each
12 retail premises where a violation occurs.

13 With respect to gasohol, as defined in the Use Tax Act, the
14 tax imposed by this Act applies to (i) 70% of the proceeds of
15 sales made on or after January 1, 1990, and before July 1,
16 2003, (ii) 80% of the proceeds of sales made on or after July
17 1, 2003 and on or before December 31, 2018, and (iii) 100% of
18 the proceeds of sales made thereafter. If, at any time,
19 however, the tax under this Act on sales of gasohol, as defined
20 in the Use Tax Act, is imposed at the rate of 1.25%, then the
21 tax imposed by this Act applies to 100% of the proceeds of
22 sales of gasohol made during that time.

23 With respect to majority blended ethanol fuel, as defined
24 in the Use Tax Act, the tax imposed by this Act does not apply
25 to the proceeds of sales made on or after July 1, 2003 and on or
26 before December 31, 2018 but applies to 100% of the proceeds of

1 sales made thereafter.

2 With respect to biodiesel blends, as defined in the Use Tax
3 Act, with no less than 1% and no more than 10% biodiesel, the
4 tax imposed by this Act applies to (i) 80% of the proceeds of
5 sales made on or after July 1, 2003 and on or before December
6 31, 2018 and (ii) 100% of the proceeds of sales made
7 thereafter. If, at any time, however, the tax under this Act on
8 sales of biodiesel blends, as defined in the Use Tax Act, with
9 no less than 1% and no more than 10% biodiesel is imposed at
10 the rate of 1.25%, then the tax imposed by this Act applies to
11 100% of the proceeds of sales of biodiesel blends with no less
12 than 1% and no more than 10% biodiesel made during that time.

13 With respect to 100% biodiesel, as defined in the Use Tax
14 Act, and biodiesel blends, as defined in the Use Tax Act, with
15 more than 10% but no more than 99% biodiesel, the tax imposed
16 by this Act does not apply to the proceeds of sales made on or
17 after July 1, 2003 and on or before December 31, 2018 but
18 applies to 100% of the proceeds of sales made thereafter.

19 With respect to food for human consumption that is to be
20 consumed off the premises where it is sold (other than
21 alcoholic beverages, soft drinks, and food that has been
22 prepared for immediate consumption) and prescription and
23 nonprescription medicines, drugs, medical appliances, products
24 classified as Class III medical devices by the United States
25 Food and Drug Administration that are used for cancer treatment
26 pursuant to a prescription, as well as any accessories and

1 components related to those devices, modifications to a motor
2 vehicle for the purpose of rendering it usable by a person with
3 a disability, and insulin, urine testing materials, syringes,
4 and needles used by diabetics, for human use, the tax is
5 imposed at the rate of 1%. For the purposes of this Section,
6 until September 1, 2009: the term "soft drinks" means any
7 complete, finished, ready-to-use, non-alcoholic drink, whether
8 carbonated or not, including but not limited to soda water,
9 cola, fruit juice, vegetable juice, carbonated water, and all
10 other preparations commonly known as soft drinks of whatever
11 kind or description that are contained in any closed or sealed
12 bottle, can, carton, or container, regardless of size; but
13 "soft drinks" does not include coffee, tea, non-carbonated
14 water, infant formula, milk or milk products as defined in the
15 Grade A Pasteurized Milk and Milk Products Act, or drinks
16 containing 50% or more natural fruit or vegetable juice.

17 Notwithstanding any other provisions of this Act,
18 beginning September 1, 2009, "soft drinks" means non-alcoholic
19 beverages that contain natural or artificial sweeteners. "Soft
20 drinks" do not include beverages that contain milk or milk
21 products, soy, rice or similar milk substitutes, or greater
22 than 50% of vegetable or fruit juice by volume.

23 Until August 1, 2009, and notwithstanding any other
24 provisions of this Act, "food for human consumption that is to
25 be consumed off the premises where it is sold" includes all
26 food sold through a vending machine, except soft drinks and

1 food products that are dispensed hot from a vending machine,
2 regardless of the location of the vending machine. Beginning
3 August 1, 2009, and notwithstanding any other provisions of
4 this Act, "food for human consumption that is to be consumed
5 off the premises where it is sold" includes all food sold
6 through a vending machine, except soft drinks, candy, and food
7 products that are dispensed hot from a vending machine,
8 regardless of the location of the vending machine.

9 Notwithstanding any other provisions of this Act,
10 beginning September 1, 2009, "food for human consumption that
11 is to be consumed off the premises where it is sold" does not
12 include candy. For purposes of this Section, "candy" means a
13 preparation of sugar, honey, or other natural or artificial
14 sweeteners in combination with chocolate, fruits, nuts or other
15 ingredients or flavorings in the form of bars, drops, or
16 pieces. "Candy" does not include any preparation that contains
17 flour or requires refrigeration.

18 Notwithstanding any other provisions of this Act,
19 beginning September 1, 2009, "nonprescription medicines and
20 drugs" does not include grooming and hygiene products. For
21 purposes of this Section, "grooming and hygiene products"
22 includes, but is not limited to, soaps and cleaning solutions,
23 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
24 lotions and screens, unless those products are available by
25 prescription only, regardless of whether the products meet the
26 definition of "over-the-counter-drugs". For the purposes of

1 this paragraph, "over-the-counter-drug" means a drug for human
2 use that contains a label that identifies the product as a drug
3 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
4 label includes:

5 (A) A "Drug Facts" panel; or

6 (B) A statement of the "active ingredient(s)" with a
7 list of those ingredients contained in the compound,
8 substance or preparation.

9 Beginning on the effective date of this amendatory Act of
10 the 98th General Assembly, "prescription and nonprescription
11 medicines and drugs" includes medical cannabis purchased from a
12 registered dispensing organization under the Compassionate Use
13 of Medical Cannabis Pilot Program Act.

14 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
15 99-858, eff. 8-19-16.)

16 (35 ILCS 120/2-10.5)

17 Sec. 2-10.5. Direct payment program; purchaser's providing
18 of permit to retailer; retailer relieved of collecting use tax
19 and local retailers' occupation tax reimbursements from
20 purchaser; direct payment of retailers' occupation tax and
21 local retailers' occupation tax by purchaser.

22 (a) Beginning on July 1, 2001 there is established in this
23 State a Direct Payment Program to be administered by the
24 Department. The Department shall issue a Direct Pay Permit to
25 applicants who have been approved to participate in the Direct

1 Payment Program. Each person applying to participate in the
2 Direct Payment Program must demonstrate (1) the applicant's
3 ability to comply with the retailers' occupation tax laws and
4 the use tax laws in effect in this State and that the
5 applicant's accounting system will reflect the proper amount of
6 tax due, (2) that the applicant has a valid business purpose
7 for participating in the Direct Payment Program, and (3) how
8 the applicant's participation in the Direct Payment Program
9 will benefit tax compliance. Application shall be made on forms
10 provided by the Department and shall contain information as the
11 Department may reasonably require. The Department shall
12 approve or deny an applicant within 90 days after the
13 Department's receipt of the application, unless the Department
14 makes a written request for additional information from the
15 applicant.

16 (b) A person who has been approved for the Direct Payment
17 Program and who has been issued a Direct Pay Permit by the
18 Department is relieved of paying tax to a retailer when
19 purchasing tangible personal property or taxable service for
20 use or consumption, except as provided in subsection (d), by
21 providing that retailer a copy of that Direct Pay Permit. A
22 retailer who accepts a copy of a customer's Direct Pay Permit
23 is relieved of the obligation to remit the tax imposed by this
24 Act on the transaction. References in this Section to "the tax
25 imposed by this Act" include any local occupation taxes
26 administered by the Department that would be incurred on the

1 retail sale.

2 (c) Once the holder of a Direct Pay Permit uses that Permit
3 to relieve the Permit holder from paying tax to a particular
4 retailer, the holder must use its Permit for all purchases,
5 except as provided in subsection (d), from that retailer for so
6 long as the Permit is valid.

7 (d) Direct Pay Permits are not valid and shall not be used
8 for sales or purchases of:

9 (1) food or beverage;

10 (2) tangible personal property required to be titled or
11 registered with an agency of government; or

12 (3) any transactions subject to the Service Occupation
13 Tax Act or Service Use Tax Act.

14 (e) Direct Pay Permits are not assignable and are not
15 transferable. As an illustration, a construction contractor
16 shall not make purchases using a customer's Direct Pay Permit.

17 (f) A Direct Pay Permit is valid until it is revoked by the
18 Department or until the holder notifies the Department in
19 writing that the holder is withdrawing from the Direct Payment
20 Program. A Direct Pay Permit can be revoked by the Department,
21 after notice and hearing, if the holder violates any provision
22 of this Act, any provision of the Illinois Use Tax Act, or any
23 provision of any Act imposing a local retailers' occupation tax
24 administered by the Department.

25 (g) The holder of a Direct Pay Permit who has been relieved
26 of paying tax to a retailer on a purchase for use or

1 consumption by representing to that retailer that it would pay
2 all applicable taxes directly to the Department shall pay those
3 taxes to the Department not later than the 20th day of the
4 month following the month in which the purchase was made.
5 Permit holders making such purchases are subject to all
6 provisions of this Act, and the tax must be reported and paid
7 as retailers' occupation tax in the same manner that the
8 retailer from whom the purchases were made would have reported
9 and paid it, including any local retailers' occupation taxes
10 applicable to that retail sale. Notwithstanding any other
11 provision of this Act, Permit holders shall make all payments
12 to the Department through the use of electronic funds transfer.
13 (Source: P.A. 92-484, eff. 8-23-01.)

14 (35 ILCS 120/2-12)

15 Sec. 2-12. Location where retailer is deemed to be engaged
16 in the business of selling. The purpose of this Section is to
17 specify where a retailer is deemed to be engaged in the
18 business of selling tangible personal property or taxable
19 service for the purposes of this Act, the Use Tax Act, the
20 Service Use Tax Act, and the Service Occupation Tax Act, and
21 for the purpose of collecting any other local retailers'
22 occupation tax administered by the Department. This Section
23 applies only with respect to the particular selling activities
24 described in the following paragraphs. The provisions of this
25 Section are not intended to, and shall not be interpreted to,

1 affect where a retailer is deemed to be engaged in the business
2 of selling with respect to any activity that is not
3 specifically described in the following paragraphs.

4 (1) If a purchaser who is present at the retailer's
5 place of business, having no prior commitment to the
6 retailer, agrees to purchase and makes payment for tangible
7 personal property at the retailer's place of business, then
8 the transaction shall be deemed an over-the-counter sale
9 occurring at the retailer's same place of business where
10 the purchaser was present and made payment for that
11 tangible personal property if the retailer regularly
12 stocks the purchased tangible personal property or similar
13 tangible personal property in the quantity, or similar
14 quantity, for sale at the retailer's same place of business
15 and then either (i) the purchaser takes possession of the
16 tangible personal property at the same place of business or
17 (ii) the retailer delivers or arranges for the tangible
18 personal property to be delivered to the purchaser.

19 (2) If a purchaser, having no prior commitment to the
20 retailer, agrees to purchase tangible personal property
21 and makes payment over the phone, in writing, or via the
22 Internet and takes possession of the tangible personal
23 property at the retailer's place of business, then the sale
24 shall be deemed to have occurred at the retailer's place of
25 business where the purchaser takes possession of the
26 property if the retailer regularly stocks the item or

1 similar items in the quantity, or similar quantities,
2 purchased by the purchaser.

3 (3) A retailer is deemed to be engaged in the business
4 of selling food, beverages, or other tangible personal
5 property through a vending machine at the location where
6 the vending machine is located at the time the sale is made
7 if (i) the vending machine is a device operated by coin,
8 currency, credit card, token, coupon or similar device; (2)
9 the food, beverage or other tangible personal property is
10 contained within the vending machine and dispensed from the
11 vending machine; and (3) the purchaser takes possession of
12 the purchased food, beverage or other tangible personal
13 property immediately.

14 (4) Minerals. A producer of coal or other mineral mined
15 in Illinois is deemed to be engaged in the business of
16 selling at the place where the coal or other mineral mined
17 in Illinois is extracted from the earth. With respect to
18 minerals (i) the term "extracted from the earth" means the
19 location at which the coal or other mineral is extracted
20 from the mouth of the mine, and (ii) a "mineral" includes
21 not only coal, but also oil, sand, stone taken from a
22 quarry, gravel and any other thing commonly regarded as a
23 mineral and extracted from the earth. This paragraph does
24 not apply to coal or another mineral when it is delivered
25 or shipped by the seller to the purchaser at a point
26 outside Illinois so that the sale is exempt under the

1 United States Constitution as a sale in interstate or
2 foreign commerce.

3 (5) A retailer selling tangible personal property to a
4 nominal lessee or bailee pursuant to a lease with a dollar
5 or other nominal option to purchase is engaged in the
6 business of selling at the location where the property is
7 first delivered to the lessee or bailee for its intended
8 use.

9 (6) Landscaping services shall be sourced to the
10 location of the parcel or tract of land where the benefit
11 of the landscaping services is realized.

12 (Source: P.A. 98-1098, eff. 8-26-14; 99-126, eff. 7-23-15.)

13 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

14 Sec. 2-45. Manufacturing and assembly exemption. The
15 manufacturing and assembly machinery and equipment exemption
16 includes machinery and equipment that replaces machinery and
17 equipment in an existing manufacturing facility as well as
18 machinery and equipment that are for use in an expanded or new
19 manufacturing facility.

20 The machinery and equipment exemption also includes
21 machinery and equipment used in the general maintenance or
22 repair of exempt machinery and equipment or for in-house
23 manufacture of exempt machinery and equipment. Beginning on
24 July 1, 2017, the manufacturing and assembling machinery and
25 equipment exemption also includes graphic arts machinery and

1 equipment, as defined in paragraph (4) of Section 2-5.
2 Beginning on July 1, 2017, the manufacturing and assembling
3 machinery and equipment exemption also includes production
4 related tangible personal property, as defined in this Section.

5 The machinery and equipment exemption does not include
6 machinery and equipment used in (i) the generation of
7 electricity for wholesale or retail sale; (ii) the generation
8 or treatment of natural or artificial gas for wholesale or
9 retail sale that is delivered to customers through pipes,
10 pipelines, or mains; or (iii) the treatment of water for
11 wholesale or retail sale that is delivered to customers through
12 pipes, pipelines, or mains. The provisions of this amendatory
13 Act of the 98th General Assembly are declaratory of existing
14 law as to the meaning and scope of this exemption. For the
15 purposes of this exemption, terms have the following meanings:

16 (1) "Manufacturing process" means the production of an
17 article of tangible personal property, whether the article
18 is a finished product or an article for use in the process
19 of manufacturing or assembling a different article of
20 tangible personal property, by a procedure commonly
21 regarded as manufacturing, processing, fabricating, or
22 refining that changes some existing material or materials
23 into a material with a different form, use, or name. In
24 relation to a recognized integrated business composed of a
25 series of operations that collectively constitute
26 manufacturing, or individually constitute manufacturing

1 operations, the manufacturing process commences with the
2 first operation or stage of production in the series and
3 does not end until the completion of the final product in
4 the last operation or stage of production in the series.
5 For purposes of this exemption, photoprocessing is a
6 manufacturing process of tangible personal property for
7 wholesale or retail sale.

8 (2) "Assembling process" means the production of an
9 article of tangible personal property, whether the article
10 is a finished product or an article for use in the process
11 of manufacturing or assembling a different article of
12 tangible personal property, by the combination of existing
13 materials in a manner commonly regarded as assembling that
14 results in a material of a different form, use, or name.

15 (3) "Machinery" means major mechanical machines or
16 major components of those machines contributing to a
17 manufacturing or assembling process.

18 (4) "Equipment" includes an independent device or tool
19 separate from machinery but essential to an integrated
20 manufacturing or assembly process; including computers
21 used primarily in a manufacturer's computer assisted
22 design, computer assisted manufacturing (CAD/CAM) system;
23 any subunit or assembly comprising a component of any
24 machinery or auxiliary, adjunct, or attachment parts of
25 machinery, such as tools, dies, jigs, fixtures, patterns,
26 and molds; and any parts that require periodic replacement

1 in the course of normal operation; but does not include
2 hand tools. Equipment includes chemicals or chemicals
3 acting as catalysts but only if the chemicals or chemicals
4 acting as catalysts effect a direct and immediate change
5 upon a product being manufactured or assembled for
6 wholesale or retail sale or lease.

7 (5) "Production related tangible personal property"
8 means all tangible personal property that is used or
9 consumed by the purchaser in a manufacturing facility in
10 which a manufacturing process takes place and includes,
11 without limitation, tangible personal property that is
12 purchased for incorporation into real estate within a
13 manufacturing facility and tangible personal property that
14 is used or consumed in activities such as research and
15 development, preproduction material handling, receiving,
16 quality control, inventory control, storage, staging, and
17 packaging for shipping and transportation purposes.
18 "Production related tangible personal property" does not
19 include (i) tangible personal property that is used, within
20 or without a manufacturing facility, in sales, purchasing,
21 accounting, fiscal management, marketing, personnel
22 recruitment or selection, or landscaping or (ii) tangible
23 personal property that is required to be titled or
24 registered with a department, agency, or unit of federal,
25 State, or local government.

26 The manufacturing and assembling machinery and equipment

1 exemption includes production related tangible personal
2 property that is purchased (i) on or after July 1, 2007 and on
3 or before June 30, 2008 or (ii) on and after July 1, 2017. The
4 exemption for production related tangible personal property
5 purchased on or after July 1, 2007 and on or before June 30,
6 2008 is subject to both of the following limitations:

7 (1) The maximum amount of the exemption for any one
8 taxpayer may not exceed 5% of the purchase price of
9 production related tangible personal property that is
10 purchased on or after July 1, 2007 and on or before June
11 30, 2008. A credit under Section 3-85 of this Act may not
12 be earned by the purchase of production related tangible
13 personal property for which an exemption is received under
14 this Section.

15 (2) The maximum aggregate amount of the exemptions for
16 production related tangible personal property awarded
17 under this Act and the Use Tax Act to all taxpayers may not
18 exceed \$10,000,000. If the claims for the exemption exceed
19 \$10,000,000, then the Department shall reduce the amount of
20 the exemption to each taxpayer on a pro rata basis.

21 The Department may adopt rules to implement and administer the
22 exemption for production related tangible personal property.

23 The manufacturing and assembling machinery and equipment
24 exemption includes the sale of materials to a purchaser who
25 produces exempted types of machinery, equipment, or tools and
26 who rents or leases that machinery, equipment, or tools to a

1 manufacturer of tangible personal property. This exemption
2 also includes the sale of materials to a purchaser who
3 manufactures those materials into an exempted type of
4 machinery, equipment, or tools that the purchaser uses himself
5 or herself in the manufacturing of tangible personal property.
6 The purchaser of the machinery and equipment who has an active
7 resale registration number shall furnish that number to the
8 seller at the time of purchase. A purchaser of the machinery,
9 equipment, and tools without an active resale registration
10 number shall furnish to the seller a certificate of exemption
11 for each transaction stating facts establishing the exemption
12 for that transaction, and that certificate shall be available
13 to the Department for inspection or audit. Informal rulings,
14 opinions, or letters issued by the Department in response to an
15 inquiry or request for an opinion from any person regarding the
16 coverage and applicability of this exemption to specific
17 devices shall be published, maintained as a public record, and
18 made available for public inspection and copying. If the
19 informal ruling, opinion, or letter contains trade secrets or
20 other confidential information, where possible, the Department
21 shall delete that information before publication. Whenever
22 informal rulings, opinions, or letters contain a policy of
23 general applicability, the Department shall formulate and
24 adopt that policy as a rule in accordance with the Illinois
25 Administrative Procedure Act.

26 The manufacturing and assembling machinery and equipment

1 exemption is exempt from the provisions of Section 2-70.

2 (Source: P.A. 98-583, eff. 1-1-14.)

3 (35 ILCS 120/2-55) (from Ch. 120, par. 441-55)

4 Sec. 2-55. Serviceman transfer. Tangible personal property
5 purchased by a serviceman, as defined in Section 2 of the
6 Service Occupation Tax Act, is subject to the tax imposed by
7 this Act when purchased for transfer by the serviceman
8 incidental to completion of a maintenance agreement. Effective
9 January 1, 2018, purchases of tangible personal property
10 purchased for transfer incidental to performance of a taxable
11 service is not subject to the tax imposed by this Act.

12 (Source: P.A. 91-51, eff. 6-30-99.)

13 (35 ILCS 120/2a) (from Ch. 120, par. 441a)

14 Sec. 2a. It is unlawful for any person to engage in the
15 business of selling tangible personal property or taxable
16 service at retail in this State without a certificate of
17 registration from the Department. Application for a
18 certificate of registration shall be made to the Department
19 upon forms furnished by it. Each such application shall be
20 signed and verified and shall state: (1) the name and social
21 security number of the applicant; (2) the address of his
22 principal place of business; (3) the address of the principal
23 place of business from which he engages in the business of
24 selling tangible personal property or taxable service at retail

1 in this State and the addresses of all other places of
2 business, if any (enumerating such addresses, if any, in a
3 separate list attached to and made a part of the application),
4 from which he engages in the business of selling tangible
5 personal property or taxable service at retail in this State;
6 (4) the name and address of the person or persons who will be
7 responsible for filing returns and payment of taxes due under
8 this Act; (5) in the case of a publicly traded corporation, the
9 name and title of the Chief Financial Officer, Chief Operating
10 Officer, and any other officer or employee with responsibility
11 for preparing tax returns under this Act, along with the last 4
12 digits of each of their social security numbers, and, in the
13 case of all other corporations, the name, title, and social
14 security number of each corporate officer; (6) in the case of a
15 limited liability company, the name, social security number,
16 and FEIN number of each manager and member; and (7) such other
17 information as the Department may reasonably require. The
18 application shall contain an acceptance of responsibility
19 signed by the person or persons who will be responsible for
20 filing returns and payment of the taxes due under this Act. If
21 the applicant will sell tangible personal property at retail
22 through vending machines, his application to register shall
23 indicate the number of vending machines to be so operated. If
24 requested by the Department at any time, that person shall
25 verify the total number of vending machines he or she uses in
26 his or her business of selling tangible personal property at

1 retail.

2 The Department may deny a certificate of registration to
3 any applicant if a person who is named as the owner, a partner,
4 a manager or member of a limited liability company, or a
5 corporate officer of the applicant on the application for the
6 certificate of registration is or has been named as the owner,
7 a partner, a manager or member of a limited liability company,
8 or a corporate officer on the application for the certificate
9 of registration of another retailer that is in default for
10 moneys due under this Act or any other tax or fee Act
11 administered by the Department. For purposes of this paragraph
12 only, in determining whether a person is in default for moneys
13 due, the Department shall include only amounts established as a
14 final liability within the 20 years prior to the date of the
15 Department's notice of denial of a certificate of registration.

16 The Department may require an applicant for a certificate
17 of registration hereunder to, at the time of filing such
18 application, furnish a bond from a surety company authorized to
19 do business in the State of Illinois, or an irrevocable bank
20 letter of credit or a bond signed by 2 personal sureties who
21 have filed, with the Department, sworn statements disclosing
22 net assets equal to at least 3 times the amount of the bond to
23 be required of such applicant, or a bond secured by an
24 assignment of a bank account or certificate of deposit, stocks
25 or bonds, conditioned upon the applicant paying to the State of
26 Illinois all moneys becoming due under this Act and under any

1 other State tax law or municipal or county tax ordinance or
2 resolution under which the certificate of registration that is
3 issued to the applicant under this Act will permit the
4 applicant to engage in business without registering separately
5 under such other law, ordinance or resolution. In making a
6 determination as to whether to require a bond or other
7 security, the Department shall take into consideration whether
8 the owner, any partner, any manager or member of a limited
9 liability company, or a corporate officer of the applicant is
10 or has been the owner, a partner, a manager or member of a
11 limited liability company, or a corporate officer of another
12 retailer that is in default for moneys due under this Act or
13 any other tax or fee Act administered by the Department; and
14 whether the owner, any partner, any manager or member of a
15 limited liability company, or a corporate officer of the
16 applicant is or has been the owner, a partner, a manager or
17 member of a limited liability company, or a corporate officer
18 of another retailer whose certificate of registration has been
19 revoked within the previous 5 years under this Act or any other
20 tax or fee Act administered by the Department. If a bond or
21 other security is required, the Department shall fix the amount
22 of the bond or other security, taking into consideration the
23 amount of money expected to become due from the applicant under
24 this Act and under any other State tax law or municipal or
25 county tax ordinance or resolution under which the certificate
26 of registration that is issued to the applicant under this Act

1 will permit the applicant to engage in business without
2 registering separately under such other law, ordinance, or
3 resolution. The amount of security required by the Department
4 shall be such as, in its opinion, will protect the State of
5 Illinois against failure to pay the amount which may become due
6 from the applicant under this Act and under any other State tax
7 law or municipal or county tax ordinance or resolution under
8 which the certificate of registration that is issued to the
9 applicant under this Act will permit the applicant to engage in
10 business without registering separately under such other law,
11 ordinance or resolution, but the amount of the security
12 required by the Department shall not exceed three times the
13 amount of the applicant's average monthly tax liability, or
14 \$50,000.00, whichever amount is lower.

15 No certificate of registration under this Act shall be
16 issued by the Department until the applicant provides the
17 Department with satisfactory security, if required, as herein
18 provided for.

19 Upon receipt of the application for certificate of
20 registration in proper form, and upon approval by the
21 Department of the security furnished by the applicant, if
22 required, the Department shall issue to such applicant a
23 certificate of registration which shall permit the person to
24 whom it is issued to engage in the business of selling tangible
25 personal property at retail in this State. The certificate of
26 registration shall be conspicuously displayed at the place of

1 business which the person so registered states in his
2 application to be the principal place of business from which he
3 engages in the business of selling tangible personal property
4 at retail in this State.

5 No certificate of registration issued to a taxpayer who
6 files returns required by this Act on a monthly basis shall be
7 valid after the expiration of 5 years from the date of its
8 issuance or last renewal. The expiration date of a
9 sub-certificate of registration shall be that of the
10 certificate of registration to which the sub-certificate
11 relates. A certificate of registration shall automatically be
12 renewed, subject to revocation as provided by this Act, for an
13 additional 5 years from the date of its expiration unless
14 otherwise notified by the Department as provided by this
15 paragraph. Where a taxpayer to whom a certificate of
16 registration is issued under this Act is in default to the
17 State of Illinois for delinquent returns or for moneys due
18 under this Act or any other State tax law or municipal or
19 county ordinance administered or enforced by the Department,
20 the Department shall, not less than 60 days before the
21 expiration date of such certificate of registration, give
22 notice to the taxpayer to whom the certificate was issued of
23 the account period of the delinquent returns, the amount of
24 tax, penalty and interest due and owing from the taxpayer, and
25 that the certificate of registration shall not be automatically
26 renewed upon its expiration date unless the taxpayer, on or

1 before the date of expiration, has filed and paid the
2 delinquent returns or paid the defaulted amount in full. A
3 taxpayer to whom such a notice is issued shall be deemed an
4 applicant for renewal. The Department shall promulgate
5 regulations establishing procedures for taxpayers who file
6 returns on a monthly basis but desire and qualify to change to
7 a quarterly or yearly filing basis and will no longer be
8 subject to renewal under this Section, and for taxpayers who
9 file returns on a yearly or quarterly basis but who desire or
10 are required to change to a monthly filing basis and will be
11 subject to renewal under this Section.

12 The Department may in its discretion approve renewal by an
13 applicant who is in default if, at the time of application for
14 renewal, the applicant files all of the delinquent returns or
15 pays to the Department such percentage of the defaulted amount
16 as may be determined by the Department and agrees in writing to
17 waive all limitations upon the Department for collection of the
18 remaining defaulted amount to the Department over a period not
19 to exceed 5 years from the date of renewal of the certificate;
20 however, no renewal application submitted by an applicant who
21 is in default shall be approved if the immediately preceding
22 renewal by the applicant was conditioned upon the installment
23 payment agreement described in this Section. The payment
24 agreement herein provided for shall be in addition to and not
25 in lieu of the security that may be required by this Section of
26 a taxpayer who is no longer considered a prior continuous

1 compliance taxpayer. The execution of the payment agreement as
2 provided in this Act shall not toll the accrual of interest at
3 the statutory rate.

4 The Department may suspend a certificate of registration if
5 the Department finds that the person to whom the certificate of
6 registration has been issued knowingly sold contraband
7 cigarettes.

8 A certificate of registration issued under this Act more
9 than 5 years before the effective date of this amendatory Act
10 of 1989 shall expire and be subject to the renewal provisions
11 of this Section on the next anniversary of the date of issuance
12 of such certificate which occurs more than 6 months after the
13 effective date of this amendatory Act of 1989. A certificate of
14 registration issued less than 5 years before the effective date
15 of this amendatory Act of 1989 shall expire and be subject to
16 the renewal provisions of this Section on the 5th anniversary
17 of the issuance of the certificate.

18 If the person so registered states that he operates other
19 places of business from which he engages in the business of
20 selling tangible personal property or taxable service at retail
21 in this State, the Department shall furnish him with a
22 sub-certificate of registration for each such place of
23 business, and the applicant shall display the appropriate
24 sub-certificate of registration at each such place of business.
25 All sub-certificates of registration shall bear the same
26 registration number as that appearing upon the certificate of

1 registration to which such sub-certificates relate.

2 If the applicant will sell tangible personal property at
3 retail through vending machines, the Department shall furnish
4 him with a sub-certificate of registration for each such
5 vending machine, and the applicant shall display the
6 appropriate sub-certificate of registration on each such
7 vending machine by attaching the sub-certificate of
8 registration to a conspicuous part of such vending machine. If
9 a person who is registered to sell tangible personal property
10 at retail through vending machines adds an additional vending
11 machine or additional vending machines to the number of vending
12 machines he or she uses in his or her business of selling
13 tangible personal property at retail, he or she shall notify
14 the Department, on a form prescribed by the Department, to
15 request an additional sub-certificate or additional
16 sub-certificates of registration, as applicable. With each
17 such request, the applicant shall report the number of
18 sub-certificates of registration he or she is requesting as
19 well as the total number of vending machines from which he or
20 she makes retail sales.

21 Where the same person engages in 2 or more businesses of
22 selling tangible personal property or taxable service at retail
23 in this State, which businesses are substantially different in
24 character or engaged in under different trade names or engaged
25 in under other substantially dissimilar circumstances (so that
26 it is more practicable, from an accounting, auditing or

1 bookkeeping standpoint, for such businesses to be separately
2 registered), the Department may require or permit such person
3 (subject to the same requirements concerning the furnishing of
4 security as those that are provided for hereinbefore in this
5 Section as to each application for a certificate of
6 registration) to apply for and obtain a separate certificate of
7 registration for each such business or for any of such
8 businesses, under a single certificate of registration
9 supplemented by related sub-certificates of registration.

10 Any person who is registered under the "Retailers'
11 Occupation Tax Act" as of March 8, 1963, and who, during the
12 3-year period immediately prior to March 8, 1963, or during a
13 continuous 3-year period part of which passed immediately
14 before and the remainder of which passes immediately after
15 March 8, 1963, has been so registered continuously and who is
16 determined by the Department not to have been either delinquent
17 or deficient in the payment of tax liability during that period
18 under this Act or under any other State tax law or municipal or
19 county tax ordinance or resolution under which the certificate
20 of registration that is issued to the registrant under this Act
21 will permit the registrant to engage in business without
22 registering separately under such other law, ordinance or
23 resolution, shall be considered to be a Prior Continuous
24 Compliance taxpayer. Also any taxpayer who has, as verified by
25 the Department, faithfully and continuously complied with the
26 condition of his bond or other security under the provisions of

1 this Act for a period of 3 consecutive years shall be
2 considered to be a Prior Continuous Compliance taxpayer.

3 Every Prior Continuous Compliance taxpayer shall be exempt
4 from all requirements under this Act concerning the furnishing
5 of a bond or other security as a condition precedent to his
6 being authorized to engage in the business of selling tangible
7 personal property or taxable service at retail in this State.
8 This exemption shall continue for each such taxpayer until such
9 time as he may be determined by the Department to be delinquent
10 in the filing of any returns, or is determined by the
11 Department (either through the Department's issuance of a final
12 assessment which has become final under the Act, or by the
13 taxpayer's filing of a return which admits tax that is not paid
14 to be due) to be delinquent or deficient in the paying of any
15 tax under this Act or under any other State tax law or
16 municipal or county tax ordinance or resolution under which the
17 certificate of registration that is issued to the registrant
18 under this Act will permit the registrant to engage in business
19 without registering separately under such other law, ordinance
20 or resolution, at which time that taxpayer shall become subject
21 to all the financial responsibility requirements of this Act
22 and, as a condition of being allowed to continue to engage in
23 the business of selling tangible personal property or taxable
24 service at retail, may be required to post bond or other
25 acceptable security with the Department covering liability
26 which such taxpayer may thereafter incur. Any taxpayer who

1 fails to pay an admitted or established liability under this
2 Act may also be required to post bond or other acceptable
3 security with this Department guaranteeing the payment of such
4 admitted or established liability.

5 No certificate of registration shall be issued to any
6 person who is in default to the State of Illinois for moneys
7 due under this Act or under any other State tax law or
8 municipal or county tax ordinance or resolution under which the
9 certificate of registration that is issued to the applicant
10 under this Act will permit the applicant to engage in business
11 without registering separately under such other law, ordinance
12 or resolution.

13 Any person aggrieved by any decision of the Department
14 under this Section may, within 20 days after notice of such
15 decision, protest and request a hearing, whereupon the
16 Department shall give notice to such person of the time and
17 place fixed for such hearing and shall hold a hearing in
18 conformity with the provisions of this Act and then issue its
19 final administrative decision in the matter to such person. In
20 the absence of such a protest within 20 days, the Department's
21 decision shall become final without any further determination
22 being made or notice given.

23 With respect to security other than bonds (upon which the
24 Department may sue in the event of a forfeiture), if the
25 taxpayer fails to pay, when due, any amount whose payment such
26 security guarantees, the Department shall, after such

1 liability is admitted by the taxpayer or established by the
2 Department through the issuance of a final assessment that has
3 become final under the law, convert the security which that
4 taxpayer has furnished into money for the State, after first
5 giving the taxpayer at least 10 days' written notice, by
6 registered or certified mail, to pay the liability or forfeit
7 such security to the Department. If the security consists of
8 stocks or bonds or other securities which are listed on a
9 public exchange, the Department shall sell such securities
10 through such public exchange. If the security consists of an
11 irrevocable bank letter of credit, the Department shall convert
12 the security in the manner provided for in the Uniform
13 Commercial Code. If the security consists of a bank certificate
14 of deposit, the Department shall convert the security into
15 money by demanding and collecting the amount of such bank
16 certificate of deposit from the bank which issued such
17 certificate. If the security consists of a type of stocks or
18 other securities which are not listed on a public exchange, the
19 Department shall sell such security to the highest and best
20 bidder after giving at least 10 days' notice of the date, time
21 and place of the intended sale by publication in the "State
22 Official Newspaper". If the Department realizes more than the
23 amount of such liability from the security, plus the expenses
24 incurred by the Department in converting the security into
25 money, the Department shall pay such excess to the taxpayer who
26 furnished such security, and the balance shall be paid into the

1 State Treasury.

2 The Department shall discharge any surety and shall release
3 and return any security deposited, assigned, pledged or
4 otherwise provided to it by a taxpayer under this Section
5 within 30 days after:

6 (1) such taxpayer becomes a Prior Continuous
7 Compliance taxpayer; or

8 (2) such taxpayer has ceased to collect receipts on
9 which he is required to remit tax to the Department, has
10 filed a final tax return, and has paid to the Department an
11 amount sufficient to discharge his remaining tax
12 liability, as determined by the Department, under this Act
13 and under every other State tax law or municipal or county
14 tax ordinance or resolution under which the certificate of
15 registration issued under this Act permits the registrant
16 to engage in business without registering separately under
17 such other law, ordinance or resolution. The Department
18 shall make a final determination of the taxpayer's
19 outstanding tax liability as expeditiously as possible
20 after his final tax return has been filed; if the
21 Department cannot make such final determination within 45
22 days after receiving the final tax return, within such
23 period it shall so notify the taxpayer, stating its reasons
24 therefor.

25 (Source: P.A. 97-335, eff. 1-1-12; 98-496, eff. 1-1-14; 98-583,
26 eff. 1-1-14; 98-756, eff. 7-16-14; 98-974, eff. 1-1-15.)

1 (35 ILCS 120/2b) (from Ch. 120, par. 441b)

2 Sec. 2b. The Department may, after notice and a hearing as
3 provided herein, revoke the certificate of registration of any
4 person who violates any of the provisions of this Act. Before
5 revocation of a certificate of registration the Department
6 shall, within 90 days after non-compliance and at least 7 days
7 prior to the date of the hearing, give the person so accused
8 notice in writing of the charge against him or her, and on the
9 date designated shall conduct a hearing upon this matter. The
10 lapse of such 90 day period shall not preclude the Department
11 from conducting revocation proceedings at a later date if
12 necessary. Any hearing held under this Section shall be
13 conducted by the Director of Revenue or by any officer or
14 employee of the Department designated, in writing, by the
15 Director of Revenue.

16 Upon the hearing of any such proceeding, the Director of
17 Revenue, or any officer or employee of the Department
18 designated, in writing, by the Director of Revenue, may
19 administer oaths and the Department may procure by its subpoena
20 the attendance of witnesses and, by its subpoena duces tecum,
21 the production of relevant books and papers. Any circuit court,
22 upon application either of the accused or of the Department,
23 may, by order duly entered, require the attendance of witnesses
24 and the production of relevant books and papers, before the
25 Department in any hearing relating to the revocation of

1 certificates of registration. Upon refusal or neglect to obey
2 the order of the court, the court may compel obedience thereof
3 by proceedings for contempt.

4 The Department may, by application to any circuit court,
5 obtain an injunction restraining any person who engages in the
6 business of selling tangible personal property or taxable
7 service at retail in this State without a certificate of
8 registration (either because the certificate of registration
9 has been revoked or because of a failure to obtain a
10 certificate of registration in the first instance) from
11 engaging in such business until such person, as if he or she
12 were a new applicant for a certificate of registration, shall
13 comply with all of the conditions, restrictions and
14 requirements of Section 2a of this Act and qualify for and
15 obtain a certificate of registration. Upon refusal or neglect
16 to obey the order of the court, the court may compel obedience
17 thereof by proceedings for contempt.

18 It shall not be a defense in a proceeding before the
19 Department to revoke a certificate of registration issued under
20 the Act, or in any action by the Department to collect any tax
21 due under this Act, that the holder of the certificate is a
22 party to an installment payment agreement under Section 2a of
23 this Act if the liability which is the basis of the revocation
24 proceeding, or the tax that is sought to be collected: (1) was
25 incurred after the date of the agreement was approved by the
26 Department; or (2) was incurred prior to the date the agreement

1 was approved by the Department, but was not included in the
2 agreement; or (3) was included in the agreement, but the
3 taxpayer is in default of the agreement.

4 (Source: P.A. 86-338; 86-383; 86-1028.)

5 (35 ILCS 120/2c) (from Ch. 120, par. 441c)

6 Sec. 2c. If the purchaser is not registered with the
7 Department as a taxpayer, but claims to be a reseller of the
8 tangible personal property or taxable service in such a way
9 that such resales are not taxable under this Act or under some
10 other tax law which the Department may administer, such
11 purchaser (except in the case of an out-of-State purchaser who
12 will always resell and deliver the property to his customers
13 outside Illinois) shall apply to the Department for a resale
14 number. Such applicant shall state facts which will show the
15 Department why such applicant is not liable for tax under this
16 Act or under some other tax law which the Department may
17 administer on any of his resales and shall furnish such
18 additional information as the Department may reasonably
19 require.

20 Upon approval of the application, the Department shall
21 assign a resale number to the applicant and shall certify such
22 number to him. The Department may cancel any such number which
23 is obtained through misrepresentation, or which is used to make
24 a purchase tax-free when the purchase in fact is not a purchase
25 for resale, or which no longer applies because of the

1 purchaser's having discontinued the making of tax exempt
2 resales of the property.

3 The Department may restrict the use of the number to one
4 year at a time or to some other definite period if the
5 Department finds it impracticable or otherwise inadvisable to
6 issue such numbers for indefinite periods.

7 Except as provided hereinabove in this Section, a sale
8 shall be made tax-free on the ground of being a sale for resale
9 if the purchaser has an active registration number or resale
10 number from the Department and furnishes that number to the
11 seller in connection with certifying to the seller that any
12 sale to such purchaser is nontaxable because of being a sale
13 for resale.

14 Failure to present an active registration number or resale
15 number and a certification to the seller that a sale is for
16 resale creates a presumption that a sale is not for resale.
17 This presumption may be rebutted by other evidence that all of
18 the seller's sales are sale for resale, or that a particular
19 sale is a sale for resale.

20 (Source: P.A. 83-1463.)

21 (35 ILCS 120/3) (from Ch. 120, par. 442)

22 Sec. 3. Except as provided in this Section, on or before
23 the twentieth day of each calendar month, every person engaged
24 in the business of selling tangible personal property or
25 taxable service at retail in this State during the preceding

1 calendar month shall file a return with the Department,
2 stating:

3 1. The name of the seller;

4 2. His residence address and the address of his
5 principal place of business and the address of the
6 principal place of business (if that is a different
7 address) from which he engages in the business of selling
8 tangible personal property or taxable service at retail in
9 this State;

10 3. Total amount of receipts received by him during the
11 preceding calendar month or quarter, as the case may be,
12 from sales of tangible personal property and taxable
13 service, and from services other than taxable services
14 furnished, by him during such preceding calendar month or
15 quarter;

16 4. Total amount received by him during the preceding
17 calendar month or quarter on charge and time sales of
18 tangible personal property and taxable service, and from
19 services other than taxable services furnished, by him
20 prior to the month or quarter for which the return is
21 filed;

22 5. Deductions allowed by law;

23 6. Gross receipts which were received by him during the
24 preceding calendar month or quarter and upon the basis of
25 which the tax is imposed;

26 7. The amount of credit provided in Section 2d of this

1 Act;

2 8. The amount of tax due;

3 9. The signature of the taxpayer; and

4 10. Such other reasonable information as the
5 Department may require.

6 If a taxpayer fails to sign a return within 30 days after
7 the proper notice and demand for signature by the Department,
8 the return shall be considered valid and any amount shown to be
9 due on the return shall be deemed assessed.

10 Each return shall be accompanied by the statement of
11 prepaid tax issued pursuant to Section 2e for which credit is
12 claimed.

13 Prior to October 1, 2003, and on and after September 1,
14 2004 a retailer may accept a Manufacturer's Purchase Credit
15 certification from a purchaser in satisfaction of Use Tax as
16 provided in Section 3-85 of the Use Tax Act if the purchaser
17 provides the appropriate documentation as required by Section
18 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit
19 certification, accepted by a retailer prior to October 1, 2003
20 and on and after September 1, 2004 as provided in Section 3-85
21 of the Use Tax Act, may be used by that retailer to satisfy
22 Retailers' Occupation Tax liability in the amount claimed in
23 the certification, not to exceed 6.25% of the receipts subject
24 to tax from a qualifying purchase. A Manufacturer's Purchase
25 Credit reported on any original or amended return filed under
26 this Act after October 20, 2003 for reporting periods prior to

1 September 1, 2004 shall be disallowed. Manufacturer's
2 Purchaser Credit reported on annual returns due on or after
3 January 1, 2005 will be disallowed for periods prior to
4 September 1, 2004. No Manufacturer's Purchase Credit may be
5 used after September 30, 2003 through August 31, 2004 to
6 satisfy any tax liability imposed under this Act, including any
7 audit liability.

8 The Department may require returns to be filed on a
9 quarterly basis. If so required, a return for each calendar
10 quarter shall be filed on or before the twentieth day of the
11 calendar month following the end of such calendar quarter. The
12 taxpayer shall also file a return with the Department for each
13 of the first two months of each calendar quarter, on or before
14 the twentieth day of the following calendar month, stating:

15 1. The name of the seller;

16 2. The address of the principal place of business from
17 which he engages in the business of selling tangible
18 personal property at retail in this State;

19 3. The total amount of taxable receipts received by him
20 during the preceding calendar month from sales of tangible
21 personal property and taxable services by him during such
22 preceding calendar month, including receipts from charge
23 and time sales, but less all deductions allowed by law;

24 4. The amount of credit provided in Section 2d of this
25 Act;

26 5. The amount of tax due; and

1 6. Such other reasonable information as the Department
2 may require.

3 Beginning on October 1, 2003, any person who is not a
4 licensed distributor, importing distributor, or manufacturer,
5 as defined in the Liquor Control Act of 1934, but is engaged in
6 the business of selling, at retail, alcoholic liquor shall file
7 a statement with the Department of Revenue, in a format and at
8 a time prescribed by the Department, showing the total amount
9 paid for alcoholic liquor purchased during the preceding month
10 and such other information as is reasonably required by the
11 Department. The Department may adopt rules to require that this
12 statement be filed in an electronic or telephonic format. Such
13 rules may provide for exceptions from the filing requirements
14 of this paragraph. For the purposes of this paragraph, the term
15 "alcoholic liquor" shall have the meaning prescribed in the
16 Liquor Control Act of 1934.

17 Beginning on October 1, 2003, every distributor, importing
18 distributor, and manufacturer of alcoholic liquor as defined in
19 the Liquor Control Act of 1934, shall file a statement with the
20 Department of Revenue, no later than the 10th day of the month
21 for the preceding month during which transactions occurred, by
22 electronic means, showing the total amount of gross receipts
23 from the sale of alcoholic liquor sold or distributed during
24 the preceding month to purchasers; identifying the purchaser to
25 whom it was sold or distributed; the purchaser's tax
26 registration number; and such other information reasonably

1 required by the Department. A distributor, importing
2 distributor, or manufacturer of alcoholic liquor must
3 personally deliver, mail, or provide by electronic means to
4 each retailer listed on the monthly statement a report
5 containing a cumulative total of that distributor's, importing
6 distributor's, or manufacturer's total sales of alcoholic
7 liquor to that retailer no later than the 10th day of the month
8 for the preceding month during which the transaction occurred.
9 The distributor, importing distributor, or manufacturer shall
10 notify the retailer as to the method by which the distributor,
11 importing distributor, or manufacturer will provide the sales
12 information. If the retailer is unable to receive the sales
13 information by electronic means, the distributor, importing
14 distributor, or manufacturer shall furnish the sales
15 information by personal delivery or by mail. For purposes of
16 this paragraph, the term "electronic means" includes, but is
17 not limited to, the use of a secure Internet website, e-mail,
18 or facsimile.

19 If a total amount of less than \$1 is payable, refundable or
20 creditable, such amount shall be disregarded if it is less than
21 50 cents and shall be increased to \$1 if it is 50 cents or more.

22 Beginning October 1, 1993, a taxpayer who has an average
23 monthly tax liability of \$150,000 or more shall make all
24 payments required by rules of the Department by electronic
25 funds transfer. Beginning October 1, 1994, a taxpayer who has
26 an average monthly tax liability of \$100,000 or more shall make

1 all payments required by rules of the Department by electronic
2 funds transfer. Beginning October 1, 1995, a taxpayer who has
3 an average monthly tax liability of \$50,000 or more shall make
4 all payments required by rules of the Department by electronic
5 funds transfer. Beginning October 1, 2000, a taxpayer who has
6 an annual tax liability of \$200,000 or more shall make all
7 payments required by rules of the Department by electronic
8 funds transfer. The term "annual tax liability" shall be the
9 sum of the taxpayer's liabilities under this Act, and under all
10 other State and local occupation and use tax laws administered
11 by the Department, for the immediately preceding calendar year.
12 The term "average monthly tax liability" shall be the sum of
13 the taxpayer's liabilities under this Act, and under all other
14 State and local occupation and use tax laws administered by the
15 Department, for the immediately preceding calendar year
16 divided by 12. Beginning on October 1, 2002, a taxpayer who has
17 a tax liability in the amount set forth in subsection (b) of
18 Section 2505-210 of the Department of Revenue Law shall make
19 all payments required by rules of the Department by electronic
20 funds transfer.

21 Before August 1 of each year beginning in 1993, the
22 Department shall notify all taxpayers required to make payments
23 by electronic funds transfer. All taxpayers required to make
24 payments by electronic funds transfer shall make those payments
25 for a minimum of one year beginning on October 1.

26 Any taxpayer not required to make payments by electronic

1 funds transfer may make payments by electronic funds transfer
2 with the permission of the Department.

3 All taxpayers required to make payment by electronic funds
4 transfer and any taxpayers authorized to voluntarily make
5 payments by electronic funds transfer shall make those payments
6 in the manner authorized by the Department.

7 The Department shall adopt such rules as are necessary to
8 effectuate a program of electronic funds transfer and the
9 requirements of this Section.

10 Any amount which is required to be shown or reported on any
11 return or other document under this Act shall, if such amount
12 is not a whole-dollar amount, be increased to the nearest
13 whole-dollar amount in any case where the fractional part of a
14 dollar is 50 cents or more, and decreased to the nearest
15 whole-dollar amount where the fractional part of a dollar is
16 less than 50 cents.

17 If the retailer is otherwise required to file a monthly
18 return and if the retailer's average monthly tax liability to
19 the Department does not exceed \$200, the Department may
20 authorize his returns to be filed on a quarter annual basis,
21 with the return for January, February and March of a given year
22 being due by April 20 of such year; with the return for April,
23 May and June of a given year being due by July 20 of such year;
24 with the return for July, August and September of a given year
25 being due by October 20 of such year, and with the return for
26 October, November and December of a given year being due by

1 January 20 of the following year.

2 If the retailer is otherwise required to file a monthly or
3 quarterly return and if the retailer's average monthly tax
4 liability with the Department does not exceed \$50, the
5 Department may authorize his returns to be filed on an annual
6 basis, with the return for a given year being due by January 20
7 of the following year.

8 Such quarter annual and annual returns, as to form and
9 substance, shall be subject to the same requirements as monthly
10 returns.

11 Notwithstanding any other provision in this Act concerning
12 the time within which a retailer may file his return, in the
13 case of any retailer who ceases to engage in a kind of business
14 which makes him responsible for filing returns under this Act,
15 such retailer shall file a final return under this Act with the
16 Department not more than one month after discontinuing such
17 business.

18 Where the same person has more than one business registered
19 with the Department under separate registrations under this
20 Act, such person may not file each return that is due as a
21 single return covering all such registered businesses, but
22 shall file separate returns for each such registered business.

23 In addition, with respect to motor vehicles, watercraft,
24 aircraft, and trailers that are required to be registered with
25 an agency of this State, every retailer selling this kind of
26 tangible personal property shall file, with the Department,

1 upon a form to be prescribed and supplied by the Department, a
2 separate return for each such item of tangible personal
3 property which the retailer sells, except that if, in the same
4 transaction, (i) a retailer of aircraft, watercraft, motor
5 vehicles or trailers transfers more than one aircraft,
6 watercraft, motor vehicle or trailer to another aircraft,
7 watercraft, motor vehicle retailer or trailer retailer for the
8 purpose of resale or (ii) a retailer of aircraft, watercraft,
9 motor vehicles, or trailers transfers more than one aircraft,
10 watercraft, motor vehicle, or trailer to a purchaser for use as
11 a qualifying rolling stock as provided in Section 2-5 of this
12 Act, then that seller may report the transfer of all aircraft,
13 watercraft, motor vehicles or trailers involved in that
14 transaction to the Department on the same uniform
15 invoice-transaction reporting return form. For purposes of
16 this Section, "watercraft" means a Class 2, Class 3, or Class 4
17 watercraft as defined in Section 3-2 of the Boat Registration
18 and Safety Act, a personal watercraft, or any boat equipped
19 with an inboard motor.

20 Any retailer who sells only motor vehicles, watercraft,
21 aircraft, or trailers that are required to be registered with
22 an agency of this State, so that all retailers' occupation tax
23 liability is required to be reported, and is reported, on such
24 transaction reporting returns and who is not otherwise required
25 to file monthly or quarterly returns, need not file monthly or
26 quarterly returns. However, those retailers shall be required

1 to file returns on an annual basis.

2 The transaction reporting return, in the case of motor
3 vehicles or trailers that are required to be registered with an
4 agency of this State, shall be the same document as the Uniform
5 Invoice referred to in Section 5-402 of The Illinois Vehicle
6 Code and must show the name and address of the seller; the name
7 and address of the purchaser; the amount of the selling price
8 including the amount allowed by the retailer for traded-in
9 property, if any; the amount allowed by the retailer for the
10 traded-in tangible personal property, if any, to the extent to
11 which Section 1 of this Act allows an exemption for the value
12 of traded-in property; the balance payable after deducting such
13 trade-in allowance from the total selling price; the amount of
14 tax due from the retailer with respect to such transaction; the
15 amount of tax collected from the purchaser by the retailer on
16 such transaction (or satisfactory evidence that such tax is not
17 due in that particular instance, if that is claimed to be the
18 fact); the place and date of the sale; a sufficient
19 identification of the property sold; such other information as
20 is required in Section 5-402 of The Illinois Vehicle Code, and
21 such other information as the Department may reasonably
22 require.

23 The transaction reporting return in the case of watercraft
24 or aircraft must show the name and address of the seller; the
25 name and address of the purchaser; the amount of the selling
26 price including the amount allowed by the retailer for

1 traded-in property, if any; the amount allowed by the retailer
2 for the traded-in tangible personal property, if any, to the
3 extent to which Section 1 of this Act allows an exemption for
4 the value of traded-in property; the balance payable after
5 deducting such trade-in allowance from the total selling price;
6 the amount of tax due from the retailer with respect to such
7 transaction; the amount of tax collected from the purchaser by
8 the retailer on such transaction (or satisfactory evidence that
9 such tax is not due in that particular instance, if that is
10 claimed to be the fact); the place and date of the sale, a
11 sufficient identification of the property sold, and such other
12 information as the Department may reasonably require.

13 Such transaction reporting return shall be filed not later
14 than 20 days after the day of delivery of the item that is
15 being sold, but may be filed by the retailer at any time sooner
16 than that if he chooses to do so. The transaction reporting
17 return and tax remittance or proof of exemption from the
18 Illinois use tax may be transmitted to the Department by way of
19 the State agency with which, or State officer with whom the
20 tangible personal property must be titled or registered (if
21 titling or registration is required) if the Department and such
22 agency or State officer determine that this procedure will
23 expedite the processing of applications for title or
24 registration.

25 With each such transaction reporting return, the retailer
26 shall remit the proper amount of tax due (or shall submit

1 satisfactory evidence that the sale is not taxable if that is
2 the case), to the Department or its agents, whereupon the
3 Department shall issue, in the purchaser's name, a use tax
4 receipt (or a certificate of exemption if the Department is
5 satisfied that the particular sale is tax exempt) which such
6 purchaser may submit to the agency with which, or State officer
7 with whom, he must title or register the tangible personal
8 property that is involved (if titling or registration is
9 required) in support of such purchaser's application for an
10 Illinois certificate or other evidence of title or registration
11 to such tangible personal property.

12 No retailer's failure or refusal to remit tax under this
13 Act precludes a user, who has paid the proper tax to the
14 retailer, from obtaining his certificate of title or other
15 evidence of title or registration (if titling or registration
16 is required) upon satisfying the Department that such user has
17 paid the proper tax (if tax is due) to the retailer. The
18 Department shall adopt appropriate rules to carry out the
19 mandate of this paragraph.

20 If the user who would otherwise pay tax to the retailer
21 wants the transaction reporting return filed and the payment of
22 the tax or proof of exemption made to the Department before the
23 retailer is willing to take these actions and such user has not
24 paid the tax to the retailer, such user may certify to the fact
25 of such delay by the retailer and may (upon the Department
26 being satisfied of the truth of such certification) transmit

1 the information required by the transaction reporting return
2 and the remittance for tax or proof of exemption directly to
3 the Department and obtain his tax receipt or exemption
4 determination, in which event the transaction reporting return
5 and tax remittance (if a tax payment was required) shall be
6 credited by the Department to the proper retailer's account
7 with the Department, but without the 2.1% or 1.75% discount
8 provided for in this Section being allowed. When the user pays
9 the tax directly to the Department, he shall pay the tax in the
10 same amount and in the same form in which it would be remitted
11 if the tax had been remitted to the Department by the retailer.

12 Refunds made by the seller during the preceding return
13 period to purchasers, on account of tangible personal property
14 returned to the seller or taxable services not performed in
15 full, shall be allowed as a deduction under subdivision 5 of
16 his monthly or quarterly return, as the case may be, in case
17 the seller had theretofore included the receipts from the sale
18 of such tangible personal property in a return filed by him and
19 had paid the tax imposed by this Act with respect to such
20 receipts.

21 Where the seller is a corporation, the return filed on
22 behalf of such corporation shall be signed by the president,
23 vice-president, secretary or treasurer or by the properly
24 accredited agent of such corporation.

25 Where the seller is a limited liability company, the return
26 filed on behalf of the limited liability company shall be

1 signed by a manager, member, or properly accredited agent of
2 the limited liability company.

3 Except as provided in this Section, the retailer filing the
4 return under this Section shall, at the time of filing such
5 return, pay to the Department the amount of tax imposed by this
6 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
7 on and after January 1, 1990, or \$5 per calendar year,
8 whichever is greater, which is allowed to reimburse the
9 retailer for the expenses incurred in keeping records,
10 preparing and filing returns, remitting the tax and supplying
11 data to the Department on request. Any prepayment made pursuant
12 to Section 2d of this Act shall be included in the amount on
13 which such 2.1% or 1.75% discount is computed. In the case of
14 retailers who report and pay the tax on a transaction by
15 transaction basis, as provided in this Section, such discount
16 shall be taken with each such tax remittance instead of when
17 such retailer files his periodic return. The Department may
18 disallow the discount for retailers whose certificate of
19 registration is revoked at the time the return is filed, but
20 only if the Department's decision to revoke the certificate of
21 registration has become final.

22 Before October 1, 2000, if the taxpayer's average monthly
23 tax liability to the Department under this Act, the Use Tax
24 Act, the Service Occupation Tax Act, and the Service Use Tax
25 Act, excluding any liability for prepaid sales tax to be
26 remitted in accordance with Section 2d of this Act, was \$10,000

1 or more during the preceding 4 complete calendar quarters, he
2 shall file a return with the Department each month by the 20th
3 day of the month next following the month during which such tax
4 liability is incurred and shall make payments to the Department
5 on or before the 7th, 15th, 22nd and last day of the month
6 during which such liability is incurred. On and after October
7 1, 2000, if the taxpayer's average monthly tax liability to the
8 Department under this Act, the Use Tax Act, the Service
9 Occupation Tax Act, and the Service Use Tax Act, excluding any
10 liability for prepaid sales tax to be remitted in accordance
11 with Section 2d of this Act, was \$20,000 or more during the
12 preceding 4 complete calendar quarters, he shall file a return
13 with the Department each month by the 20th day of the month
14 next following the month during which such tax liability is
15 incurred and shall make payment to the Department on or before
16 the 7th, 15th, 22nd and last day of the month during which such
17 liability is incurred. If the month during which such tax
18 liability is incurred began prior to January 1, 1985, each
19 payment shall be in an amount equal to 1/4 of the taxpayer's
20 actual liability for the month or an amount set by the
21 Department not to exceed 1/4 of the average monthly liability
22 of the taxpayer to the Department for the preceding 4 complete
23 calendar quarters (excluding the month of highest liability and
24 the month of lowest liability in such 4 quarter period). If the
25 month during which such tax liability is incurred begins on or
26 after January 1, 1985 and prior to January 1, 1987, each

1 payment shall be in an amount equal to 22.5% of the taxpayer's
2 actual liability for the month or 27.5% of the taxpayer's
3 liability for the same calendar month of the preceding year. If
4 the month during which such tax liability is incurred begins on
5 or after January 1, 1987 and prior to January 1, 1988, each
6 payment shall be in an amount equal to 22.5% of the taxpayer's
7 actual liability for the month or 26.25% of the taxpayer's
8 liability for the same calendar month of the preceding year. If
9 the month during which such tax liability is incurred begins on
10 or after January 1, 1988, and prior to January 1, 1989, or
11 begins on or after January 1, 1996, each payment shall be in an
12 amount equal to 22.5% of the taxpayer's actual liability for
13 the month or 25% of the taxpayer's liability for the same
14 calendar month of the preceding year. If the month during which
15 such tax liability is incurred begins on or after January 1,
16 1989, and prior to January 1, 1996, each payment shall be in an
17 amount equal to 22.5% of the taxpayer's actual liability for
18 the month or 25% of the taxpayer's liability for the same
19 calendar month of the preceding year or 100% of the taxpayer's
20 actual liability for the quarter monthly reporting period. The
21 amount of such quarter monthly payments shall be credited
22 against the final tax liability of the taxpayer's return for
23 that month. Before October 1, 2000, once applicable, the
24 requirement of the making of quarter monthly payments to the
25 Department by taxpayers having an average monthly tax liability
26 of \$10,000 or more as determined in the manner provided above

1 shall continue until such taxpayer's average monthly liability
2 to the Department during the preceding 4 complete calendar
3 quarters (excluding the month of highest liability and the
4 month of lowest liability) is less than \$9,000, or until such
5 taxpayer's average monthly liability to the Department as
6 computed for each calendar quarter of the 4 preceding complete
7 calendar quarter period is less than \$10,000. However, if a
8 taxpayer can show the Department that a substantial change in
9 the taxpayer's business has occurred which causes the taxpayer
10 to anticipate that his average monthly tax liability for the
11 reasonably foreseeable future will fall below the \$10,000
12 threshold stated above, then such taxpayer may petition the
13 Department for a change in such taxpayer's reporting status. On
14 and after October 1, 2000, once applicable, the requirement of
15 the making of quarter monthly payments to the Department by
16 taxpayers having an average monthly tax liability of \$20,000 or
17 more as determined in the manner provided above shall continue
18 until such taxpayer's average monthly liability to the
19 Department during the preceding 4 complete calendar quarters
20 (excluding the month of highest liability and the month of
21 lowest liability) is less than \$19,000 or until such taxpayer's
22 average monthly liability to the Department as computed for
23 each calendar quarter of the 4 preceding complete calendar
24 quarter period is less than \$20,000. However, if a taxpayer can
25 show the Department that a substantial change in the taxpayer's
26 business has occurred which causes the taxpayer to anticipate

1 that his average monthly tax liability for the reasonably
2 foreseeable future will fall below the \$20,000 threshold stated
3 above, then such taxpayer may petition the Department for a
4 change in such taxpayer's reporting status. The Department
5 shall change such taxpayer's reporting status unless it finds
6 that such change is seasonal in nature and not likely to be
7 long term. If any such quarter monthly payment is not paid at
8 the time or in the amount required by this Section, then the
9 taxpayer shall be liable for penalties and interest on the
10 difference between the minimum amount due as a payment and the
11 amount of such quarter monthly payment actually and timely
12 paid, except insofar as the taxpayer has previously made
13 payments for that month to the Department in excess of the
14 minimum payments previously due as provided in this Section.
15 The Department shall make reasonable rules and regulations to
16 govern the quarter monthly payment amount and quarter monthly
17 payment dates for taxpayers who file on other than a calendar
18 monthly basis.

19 The provisions of this paragraph apply before October 1,
20 2001. Without regard to whether a taxpayer is required to make
21 quarter monthly payments as specified above, any taxpayer who
22 is required by Section 2d of this Act to collect and remit
23 prepaid taxes and has collected prepaid taxes which average in
24 excess of \$25,000 per month during the preceding 2 complete
25 calendar quarters, shall file a return with the Department as
26 required by Section 2f and shall make payments to the

1 Department on or before the 7th, 15th, 22nd and last day of the
2 month during which such liability is incurred. If the month
3 during which such tax liability is incurred began prior to
4 September 1, 1985 (the effective date of Public Act 84-221)
5 ~~this amendatory Act of 1985~~, each payment shall be in an amount
6 not less than 22.5% of the taxpayer's actual liability under
7 Section 2d. If the month during which such tax liability is
8 incurred begins on or after January 1, 1986, each payment shall
9 be in an amount equal to 22.5% of the taxpayer's actual
10 liability for the month or 27.5% of the taxpayer's liability
11 for the same calendar month of the preceding calendar year. If
12 the month during which such tax liability is incurred begins on
13 or after January 1, 1987, each payment shall be in an amount
14 equal to 22.5% of the taxpayer's actual liability for the month
15 or 26.25% of the taxpayer's liability for the same calendar
16 month of the preceding year. The amount of such quarter monthly
17 payments shall be credited against the final tax liability of
18 the taxpayer's return for that month filed under this Section
19 or Section 2f, as the case may be. Once applicable, the
20 requirement of the making of quarter monthly payments to the
21 Department pursuant to this paragraph shall continue until such
22 taxpayer's average monthly prepaid tax collections during the
23 preceding 2 complete calendar quarters is \$25,000 or less. If
24 any such quarter monthly payment is not paid at the time or in
25 the amount required, the taxpayer shall be liable for penalties
26 and interest on such difference, except insofar as the taxpayer

1 has previously made payments for that month in excess of the
2 minimum payments previously due.

3 The provisions of this paragraph apply on and after October
4 1, 2001. Without regard to whether a taxpayer is required to
5 make quarter monthly payments as specified above, any taxpayer
6 who is required by Section 2d of this Act to collect and remit
7 prepaid taxes and has collected prepaid taxes that average in
8 excess of \$20,000 per month during the preceding 4 complete
9 calendar quarters shall file a return with the Department as
10 required by Section 2f and shall make payments to the
11 Department on or before the 7th, 15th, 22nd and last day of the
12 month during which the liability is incurred. Each payment
13 shall be in an amount equal to 22.5% of the taxpayer's actual
14 liability for the month or 25% of the taxpayer's liability for
15 the same calendar month of the preceding year. The amount of
16 the quarter monthly payments shall be credited against the
17 final tax liability of the taxpayer's return for that month
18 filed under this Section or Section 2f, as the case may be.
19 Once applicable, the requirement of the making of quarter
20 monthly payments to the Department pursuant to this paragraph
21 shall continue until the taxpayer's average monthly prepaid tax
22 collections during the preceding 4 complete calendar quarters
23 (excluding the month of highest liability and the month of
24 lowest liability) is less than \$19,000 or until such taxpayer's
25 average monthly liability to the Department as computed for
26 each calendar quarter of the 4 preceding complete calendar

1 quarters is less than \$20,000. If any such quarter monthly
2 payment is not paid at the time or in the amount required, the
3 taxpayer shall be liable for penalties and interest on such
4 difference, except insofar as the taxpayer has previously made
5 payments for that month in excess of the minimum payments
6 previously due.

7 If any payment provided for in this Section exceeds the
8 taxpayer's liabilities under this Act, the Use Tax Act, the
9 Service Occupation Tax Act and the Service Use Tax Act, as
10 shown on an original monthly return, the Department shall, if
11 requested by the taxpayer, issue to the taxpayer a credit
12 memorandum no later than 30 days after the date of payment. The
13 credit evidenced by such credit memorandum may be assigned by
14 the taxpayer to a similar taxpayer under this Act, the Use Tax
15 Act, the Service Occupation Tax Act or the Service Use Tax Act,
16 in accordance with reasonable rules and regulations to be
17 prescribed by the Department. If no such request is made, the
18 taxpayer may credit such excess payment against tax liability
19 subsequently to be remitted to the Department under this Act,
20 the Use Tax Act, the Service Occupation Tax Act or the Service
21 Use Tax Act, in accordance with reasonable rules and
22 regulations prescribed by the Department. If the Department
23 subsequently determined that all or any part of the credit
24 taken was not actually due to the taxpayer, the taxpayer's 2.1%
25 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
26 of the difference between the credit taken and that actually

1 due, and that taxpayer shall be liable for penalties and
2 interest on such difference.

3 If a retailer of motor fuel is entitled to a credit under
4 Section 2d of this Act which exceeds the taxpayer's liability
5 to the Department under this Act for the month which the
6 taxpayer is filing a return, the Department shall issue the
7 taxpayer a credit memorandum for the excess.

8 Beginning January 1, 1990, each month the Department shall
9 pay into the Local Government Tax Fund, a special fund in the
10 State treasury which is hereby created, the net revenue
11 realized for the preceding month from the 1% tax on sales of
12 food for human consumption which is to be consumed off the
13 premises where it is sold (other than alcoholic beverages, soft
14 drinks and food which has been prepared for immediate
15 consumption) and prescription and nonprescription medicines,
16 drugs, medical appliances, products classified as Class III
17 medical devices by the United States Food and Drug
18 Administration that are used for cancer treatment pursuant to a
19 prescription, as well as any accessories and components related
20 to those devices, and insulin, urine testing materials,
21 syringes and needles used by diabetics.

22 Beginning January 1, 1990, each month the Department shall
23 pay into the County and Mass Transit District Fund, a special
24 fund in the State treasury which is hereby created, 4% of the
25 net revenue realized for the preceding month from the 6.25%
26 general rate.

1 Beginning August 1, 2000, each month the Department shall
2 pay into the County and Mass Transit District Fund 20% of the
3 net revenue realized for the preceding month from the 1.25%
4 rate on the selling price of motor fuel and gasohol. Beginning
5 September 1, 2010, each month the Department shall pay into the
6 County and Mass Transit District Fund 20% of the net revenue
7 realized for the preceding month from the 1.25% rate on the
8 selling price of sales tax holiday items.

9 Beginning January 1, 1990, each month the Department shall
10 pay into the Local Government Tax Fund 16% of the net revenue
11 realized for the preceding month from the 6.25% general rate on
12 the selling price of tangible personal property.

13 From July 1, 2017 through June 30, 2018, no deposits shall
14 be made into the County and Mass Transit District Fund or the
15 Local Government Tax Fund from the net revenue realized from
16 the 6.25% general rate on taxable services. Beginning July 1,
17 2018 and through June 30, 2019, each month the Department shall
18 pay into the County and Mass Transit District Fund 1.4% of the
19 net revenue realized for the preceding month from the 6.25%
20 general rate on the selling price of taxable services and shall
21 pay into the Local Government Tax Fund 5.6% of the net revenue
22 realized for the preceding month from the 6.25% general rate on
23 the selling price of taxable services. Beginning July 1, 2019
24 and through June 30, 2020, each month the Department shall pay
25 into the County and Mass Transit District Fund 2.6% of the net
26 revenue realized for the preceding month from the 6.25% general

1 rate on the selling price of taxable services and shall pay
2 into the Local Government Tax Fund 10.4% of the net revenue
3 realized for the preceding month from the 6.25% general rate on
4 the selling price of taxable services. Beginning July 1, 2020,
5 each month the Department shall pay into the County and Mass
6 Transit District Fund 4% of the net revenue realized for the
7 preceding month from the 6.25% general rate on the selling
8 price of taxable services and shall pay into the Local
9 Government Tax Fund 16% of the net revenue realized for the
10 preceding month from the 6.25% general rate on the selling
11 price of taxable services.

12 Beginning August 1, 2000, each month the Department shall
13 pay into the Local Government Tax Fund 80% of the net revenue
14 realized for the preceding month from the 1.25% rate on the
15 selling price of motor fuel and gasohol. Beginning September 1,
16 2010, each month the Department shall pay into the Local
17 Government Tax Fund 80% of the net revenue realized for the
18 preceding month from the 1.25% rate on the selling price of
19 sales tax holiday items.

20 Beginning October 1, 2009, each month the Department shall
21 pay into the Capital Projects Fund an amount that is equal to
22 an amount estimated by the Department to represent 80% of the
23 net revenue realized for the preceding month from the sale of
24 candy, grooming and hygiene products, and soft drinks that had
25 been taxed at a rate of 1% prior to September 1, 2009 but that
26 are now taxed at 6.25%.

1 Beginning July 1, 2011, each month the Department shall pay
2 into the Clean Air Act Permit Fund 80% of the net revenue
3 realized for the preceding month from the 6.25% general rate on
4 the selling price of sorbents used in Illinois in the process
5 of sorbent injection as used to comply with the Environmental
6 Protection Act or the federal Clean Air Act, but the total
7 payment into the Clean Air Act Permit Fund under this Act and
8 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

9 Beginning July 1, 2013, each month the Department shall pay
10 into the Underground Storage Tank Fund from the proceeds
11 collected under this Act, the Use Tax Act, the Service Use Tax
12 Act, and the Service Occupation Tax Act an amount equal to the
13 average monthly deficit in the Underground Storage Tank Fund
14 during the prior year, as certified annually by the Illinois
15 Environmental Protection Agency, but the total payment into the
16 Underground Storage Tank Fund under this Act, the Use Tax Act,
17 the Service Use Tax Act, and the Service Occupation Tax Act
18 shall not exceed \$18,000,000 in any State fiscal year. As used
19 in this paragraph, the "average monthly deficit" shall be equal
20 to the difference between the average monthly claims for
21 payment by the fund and the average monthly revenues deposited
22 into the fund, excluding payments made pursuant to this
23 paragraph.

24 Beginning July 1, 2015, of the remainder of the moneys
25 received by the Department under the Use Tax Act, the Service
26 Use Tax Act, the Service Occupation Tax Act, and this Act, each

1 month the Department shall deposit \$500,000 into the State
2 Crime Laboratory Fund.

3 Of the remainder of the moneys received by the Department
4 pursuant to this Act, (a) 1.75% thereof shall be paid into the
5 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
6 and after July 1, 1989, 3.8% thereof shall be paid into the
7 Build Illinois Fund; provided, however, that if in any fiscal
8 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
9 may be, of the moneys received by the Department and required
10 to be paid into the Build Illinois Fund pursuant to this Act,
11 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
12 Act, and Section 9 of the Service Occupation Tax Act, such Acts
13 being hereinafter called the "Tax Acts" and such aggregate of
14 2.2% or 3.8%, as the case may be, of moneys being hereinafter
15 called the "Tax Act Amount", and (2) the amount transferred to
16 the Build Illinois Fund from the State and Local Sales Tax
17 Reform Fund shall be less than the Annual Specified Amount (as
18 hereinafter defined), an amount equal to the difference shall
19 be immediately paid into the Build Illinois Fund from other
20 moneys received by the Department pursuant to the Tax Acts; the
21 "Annual Specified Amount" means the amounts specified below for
22 fiscal years 1986 through 1993:

23	Fiscal Year	Annual Specified Amount
24	1986	\$54,800,000
25	1987	\$76,650,000
26	1988	\$80,480,000

1	1989	\$88,510,000
2	1990	\$115,330,000
3	1991	\$145,470,000
4	1992	\$182,730,000
5	1993	\$206,520,000;

6 and means the Certified Annual Debt Service Requirement (as
7 defined in Section 13 of the Build Illinois Bond Act) or the
8 Tax Act Amount, whichever is greater, for fiscal year 1994 and
9 each fiscal year thereafter; and further provided, that if on
10 the last business day of any month the sum of (1) the Tax Act
11 Amount required to be deposited into the Build Illinois Bond
12 Account in the Build Illinois Fund during such month and (2)
13 the amount transferred to the Build Illinois Fund from the
14 State and Local Sales Tax Reform Fund shall have been less than
15 1/12 of the Annual Specified Amount, an amount equal to the
16 difference shall be immediately paid into the Build Illinois
17 Fund from other moneys received by the Department pursuant to
18 the Tax Acts; and, further provided, that in no event shall the
19 payments required under the preceding proviso result in
20 aggregate payments into the Build Illinois Fund pursuant to
21 this clause (b) for any fiscal year in excess of the greater of
22 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
23 such fiscal year. The amounts payable into the Build Illinois
24 Fund under clause (b) of the first sentence in this paragraph
25 shall be payable only until such time as the aggregate amount
26 on deposit under each trust indenture securing Bonds issued and

1 outstanding pursuant to the Build Illinois Bond Act is
2 sufficient, taking into account any future investment income,
3 to fully provide, in accordance with such indenture, for the
4 defeasance of or the payment of the principal of, premium, if
5 any, and interest on the Bonds secured by such indenture and on
6 any Bonds expected to be issued thereafter and all fees and
7 costs payable with respect thereto, all as certified by the
8 Director of the Bureau of the Budget (now Governor's Office of
9 Management and Budget). If on the last business day of any
10 month in which Bonds are outstanding pursuant to the Build
11 Illinois Bond Act, the aggregate of moneys deposited in the
12 Build Illinois Bond Account in the Build Illinois Fund in such
13 month shall be less than the amount required to be transferred
14 in such month from the Build Illinois Bond Account to the Build
15 Illinois Bond Retirement and Interest Fund pursuant to Section
16 13 of the Build Illinois Bond Act, an amount equal to such
17 deficiency shall be immediately paid from other moneys received
18 by the Department pursuant to the Tax Acts to the Build
19 Illinois Fund; provided, however, that any amounts paid to the
20 Build Illinois Fund in any fiscal year pursuant to this
21 sentence shall be deemed to constitute payments pursuant to
22 clause (b) of the first sentence of this paragraph and shall
23 reduce the amount otherwise payable for such fiscal year
24 pursuant to that clause (b). The moneys received by the
25 Department pursuant to this Act and required to be deposited
26 into the Build Illinois Fund are subject to the pledge, claim

1 and charge set forth in Section 12 of the Build Illinois Bond
2 Act.

3 Subject to payment of amounts into the Build Illinois Fund
4 as provided in the preceding paragraph or in any amendment
5 thereto hereafter enacted, the following specified monthly
6 installment of the amount requested in the certificate of the
7 Chairman of the Metropolitan Pier and Exposition Authority
8 provided under Section 8.25f of the State Finance Act, but not
9 in excess of sums designated as "Total Deposit", shall be
10 deposited in the aggregate from collections under Section 9 of
11 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
12 9 of the Service Occupation Tax Act, and Section 3 of the
13 Retailers' Occupation Tax Act into the McCormick Place
14 Expansion Project Fund in the specified fiscal years.

15		Total
	Fiscal Year	Deposit
16	1993	\$0
17	1994	53,000,000
18	1995	58,000,000
19	1996	61,000,000
20	1997	64,000,000
21	1998	68,000,000
22	1999	71,000,000
23	2000	75,000,000
24	2001	80,000,000
25	2002	93,000,000

1	2003	99,000,000
2	2004	103,000,000
3	2005	108,000,000
4	2006	113,000,000
5	2007	119,000,000
6	2008	126,000,000
7	2009	132,000,000
8	2010	139,000,000
9	2011	146,000,000
10	2012	153,000,000
11	2013	161,000,000
12	2014	170,000,000
13	2015	179,000,000
14	2016	189,000,000
15	2017	199,000,000
16	2018	210,000,000
17	2019	221,000,000
18	2020	233,000,000
19	2021	246,000,000
20	2022	260,000,000
21	2023	275,000,000
22	2024	275,000,000
23	2025	275,000,000
24	2026	279,000,000
25	2027	292,000,000
26	2028	307,000,000

1	2029	322,000,000
2	2030	338,000,000
3	2031	350,000,000
4	2032	350,000,000

5 and

6 each fiscal year

7 thereafter that bonds

8 are outstanding under

9 Section 13.2 of the

10 Metropolitan Pier and

11 Exposition Authority Act,

12 but not after fiscal year 2060.

13 Beginning July 20, 1993 and in each month of each fiscal
14 year thereafter, one-eighth of the amount requested in the
15 certificate of the Chairman of the Metropolitan Pier and
16 Exposition Authority for that fiscal year, less the amount
17 deposited into the McCormick Place Expansion Project Fund by
18 the State Treasurer in the respective month under subsection
19 (g) of Section 13 of the Metropolitan Pier and Exposition
20 Authority Act, plus cumulative deficiencies in the deposits
21 required under this Section for previous months and years,
22 shall be deposited into the McCormick Place Expansion Project
23 Fund, until the full amount requested for the fiscal year, but
24 not in excess of the amount specified above as "Total Deposit",
25 has been deposited.

26 Subject to payment of amounts into the Build Illinois Fund

1 and the McCormick Place Expansion Project Fund pursuant to the
2 preceding paragraphs or in any amendments thereto hereafter
3 enacted, beginning July 1, 1993 and ending on September 30,
4 2013, the Department shall each month pay into the Illinois Tax
5 Increment Fund 0.27% of 80% of the net revenue realized for the
6 preceding month from the 6.25% general rate on the selling
7 price of tangible personal property.

8 Subject to payment of amounts into the Build Illinois Fund
9 and the McCormick Place Expansion Project Fund pursuant to the
10 preceding paragraphs or in any amendments thereto hereafter
11 enacted, beginning with the receipt of the first report of
12 taxes paid by an eligible business and continuing for a 25-year
13 period, the Department shall each month pay into the Energy
14 Infrastructure Fund 80% of the net revenue realized from the
15 6.25% general rate on the selling price of Illinois-mined coal
16 that was sold to an eligible business. For purposes of this
17 paragraph, the term "eligible business" means a new electric
18 generating facility certified pursuant to Section 605-332 of
19 the Department of Commerce and Economic Opportunity Law of the
20 Civil Administrative Code of Illinois.

21 Subject to payment of amounts into the Build Illinois Fund,
22 the McCormick Place Expansion Project Fund, the Illinois Tax
23 Increment Fund, and the Energy Infrastructure Fund pursuant to
24 the preceding paragraphs or in any amendments to this Section
25 hereafter enacted, beginning on the first day of the first
26 calendar month to occur on or after August 26, 2014 (the

1 effective date of Public Act 98-1098) ~~this amendatory Act of~~
2 ~~the 98th General Assembly~~, each month, from the collections
3 made under Section 9 of the Use Tax Act, Section 9 of the
4 Service Use Tax Act, Section 9 of the Service Occupation Tax
5 Act, and Section 3 of the Retailers' Occupation Tax Act, the
6 Department shall pay into the Tax Compliance and Administration
7 Fund, to be used, subject to appropriation, to fund additional
8 auditors and compliance personnel at the Department of Revenue,
9 an amount equal to 1/12 of 5% of 80% of the cash receipts
10 collected during the preceding fiscal year by the Audit Bureau
11 of the Department under the Use Tax Act, the Service Use Tax
12 Act, the Service Occupation Tax Act, the Retailers' Occupation
13 Tax Act, and associated local occupation and use taxes
14 administered by the Department.

15 Of the remainder of the moneys received by the Department
16 pursuant to this Act, 75% thereof shall be paid into the State
17 Treasury and 25% shall be reserved in a special account and
18 used only for the transfer to the Common School Fund as part of
19 the monthly transfer from the General Revenue Fund in
20 accordance with Section 8a of the State Finance Act.

21 The Department may, upon separate written notice to a
22 taxpayer, require the taxpayer to prepare and file with the
23 Department on a form prescribed by the Department within not
24 less than 60 days after receipt of the notice an annual
25 information return for the tax year specified in the notice.
26 Such annual return to the Department shall include a statement

1 of gross receipts as shown by the retailer's last Federal
2 income tax return. If the total receipts of the business as
3 reported in the Federal income tax return do not agree with the
4 gross receipts reported to the Department of Revenue for the
5 same period, the retailer shall attach to his annual return a
6 schedule showing a reconciliation of the 2 amounts and the
7 reasons for the difference. The retailer's annual return to the
8 Department shall also disclose the cost of goods sold by the
9 retailer during the year covered by such return, opening and
10 closing inventories of such goods for such year, costs of goods
11 used from stock or taken from stock and given away by the
12 retailer during such year, payroll information of the
13 retailer's business during such year and any additional
14 reasonable information which the Department deems would be
15 helpful in determining the accuracy of the monthly, quarterly
16 or annual returns filed by such retailer as provided for in
17 this Section.

18 If the annual information return required by this Section
19 is not filed when and as required, the taxpayer shall be liable
20 as follows:

21 (i) Until January 1, 1994, the taxpayer shall be liable
22 for a penalty equal to 1/6 of 1% of the tax due from such
23 taxpayer under this Act during the period to be covered by
24 the annual return for each month or fraction of a month
25 until such return is filed as required, the penalty to be
26 assessed and collected in the same manner as any other

1 penalty provided for in this Act.

2 (ii) On and after January 1, 1994, the taxpayer shall
3 be liable for a penalty as described in Section 3-4 of the
4 Uniform Penalty and Interest Act.

5 The chief executive officer, proprietor, owner or highest
6 ranking manager shall sign the annual return to certify the
7 accuracy of the information contained therein. Any person who
8 willfully signs the annual return containing false or
9 inaccurate information shall be guilty of perjury and punished
10 accordingly. The annual return form prescribed by the
11 Department shall include a warning that the person signing the
12 return may be liable for perjury.

13 The provisions of this Section concerning the filing of an
14 annual information return do not apply to a retailer who is not
15 required to file an income tax return with the United States
16 Government.

17 As soon as possible after the first day of each month, upon
18 certification of the Department of Revenue, the Comptroller
19 shall order transferred and the Treasurer shall transfer from
20 the General Revenue Fund to the Motor Fuel Tax Fund an amount
21 equal to 1.7% of 80% of the net revenue realized under this Act
22 for the second preceding month. Beginning April 1, 2000, this
23 transfer is no longer required and shall not be made.

24 Net revenue realized for a month shall be the revenue
25 collected by the State pursuant to this Act, less the amount
26 paid out during that month as refunds to taxpayers for

1 overpayment of liability.

2 For greater simplicity of administration, manufacturers,
3 importers and wholesalers whose products are sold at retail in
4 Illinois by numerous retailers, and who wish to do so, may
5 assume the responsibility for accounting and paying to the
6 Department all tax accruing under this Act with respect to such
7 sales, if the retailers who are affected do not make written
8 objection to the Department to this arrangement.

9 Any person who promotes, organizes, provides retail
10 selling space for concessionaires or other types of sellers at
11 the Illinois State Fair, DuQuoin State Fair, county fairs,
12 local fairs, art shows, flea markets and similar exhibitions or
13 events, including any transient merchant as defined by Section
14 2 of the Transient Merchant Act of 1987, is required to file a
15 report with the Department providing the name of the merchant's
16 business, the name of the person or persons engaged in
17 merchant's business, the permanent address and Illinois
18 Retailers Occupation Tax Registration Number of the merchant,
19 the dates and location of the event and other reasonable
20 information that the Department may require. The report must be
21 filed not later than the 20th day of the month next following
22 the month during which the event with retail sales was held.
23 Any person who fails to file a report required by this Section
24 commits a business offense and is subject to a fine not to
25 exceed \$250.

26 Any person engaged in the business of selling tangible

1 personal property or taxable service at retail as a
2 concessionaire or other type of seller at the Illinois State
3 Fair, county fairs, art shows, flea markets and similar
4 exhibitions or events, or any transient merchants, as defined
5 by Section 2 of the Transient Merchant Act of 1987, may be
6 required to make a daily report of the amount of such sales to
7 the Department and to make a daily payment of the full amount
8 of tax due. The Department shall impose this requirement when
9 it finds that there is a significant risk of loss of revenue to
10 the State at such an exhibition or event. Such a finding shall
11 be based on evidence that a substantial number of
12 concessionaires or other sellers who are not residents of
13 Illinois will be engaging in the business of selling tangible
14 personal property or taxable service at retail at the
15 exhibition or event, or other evidence of a significant risk of
16 loss of revenue to the State. The Department shall notify
17 concessionaires and other sellers affected by the imposition of
18 this requirement. In the absence of notification by the
19 Department, the concessionaires and other sellers shall file
20 their returns as otherwise required in this Section.

21 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
22 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
23 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
24 eff. 1-27-17; revised 2-3-17.)

25 (35 ILCS 120/7) (from Ch. 120, par. 446)

1 Sec. 7. Every person engaged in the business of selling
2 tangible personal property or taxable service at retail in this
3 State shall keep records and books of all sales of tangible
4 personal property, together with invoices, bills of lading,
5 sales records, copies of bills of sale, inventories prepared as
6 of December 31 of each year or otherwise annually as has been
7 the custom in the specific trade and other pertinent papers and
8 documents. Every person who is engaged in the business of
9 selling tangible personal property or taxable service at retail
10 in this State and who, in connection with such business, also
11 engages in other activities (including, but not limited to,
12 engaging in a service occupation not subject to tax under this
13 Act) shall keep such additional records and books of all such
14 activities as will accurately reflect the character and scope
15 of such activities and the amount of receipts realized
16 therefrom. The Department may adopt rules that establish
17 requirements, including record forms and formats, for records
18 required to be kept and maintained by taxpayers. For purposes
19 of this Section, "records" means all data maintained by the
20 taxpayer, including data on paper, microfilm, microfiche or any
21 type of machine-sensible data compilation.

22 All books and records and other papers and documents which
23 are required by this Act to be kept shall be kept in the
24 English language and shall, at all times during business hours
25 of the day, be subject to inspection by the Department or its
26 duly authorized agents and employees.

1 To support deductions made on the tax return form, or
2 authorized under this Act, on account of receipts from isolated
3 or occasional sales of tangible personal property or taxable
4 service, on account of receipts from sales of tangible personal
5 property or taxable service for resale, on account of receipts
6 from sales to governmental bodies or other exempted types of
7 purchasers, on account of receipts from sales of tangible
8 personal property or taxable service in interstate commerce,
9 and on account of receipts from any other kind of transaction
10 that is not taxable under this Act, entries in any books,
11 records or other pertinent papers or documents of the taxpayer
12 in relation thereto shall be in detail sufficient to show the
13 name and address of the taxpayer's customer in each such
14 transaction, the character of every such transaction, the date
15 of every such transaction, the amount of receipts realized from
16 every such transaction and such other information as may be
17 necessary to establish the non-taxable character of such
18 transaction under this Act.

19 Except in the case of a sale to a purchaser who will always
20 resell and deliver the property to his customers outside
21 Illinois, anyone claiming that he has made a nontaxable sale
22 for resale in some form as tangible personal property shall
23 also keep a record of the purchaser's registration number or
24 resale number with the Department.

25 It shall be presumed that all sales of tangible personal
26 property or taxable service are subject to tax under this Act

1 until the contrary is established, and the burden of proving
2 that a transaction is not taxable hereunder shall be upon the
3 person who would be required to remit the tax to the Department
4 if such transaction is taxable. In the course of any audit or
5 investigation or hearing by the Department with reference to a
6 given taxpayer, if the Department finds that the taxpayer lacks
7 documentary evidence needed to support the taxpayer's claim to
8 exemption from tax hereunder, the Department is authorized to
9 notify the taxpayer in writing to produce such evidence, and
10 the taxpayer shall have 60 days subject to the right in the
11 Department to extend this period either on request for good
12 cause shown or on its own motion from the date when such notice
13 is sent to the taxpayer by certified or registered mail (or
14 delivered to the taxpayer if the notice is served personally)
15 in which to obtain and produce such evidence for the
16 Department's inspection, failing which the matter shall be
17 closed, and the transaction shall be conclusively presumed to
18 be taxable hereunder.

19 Books and records and other papers reflecting gross
20 receipts received during any period with respect to which the
21 Department is authorized to issue notices of tax liability as
22 provided by Sections 4 and 5 of this Act shall be preserved
23 until the expiration of such period unless the Department, in
24 writing, shall authorize their destruction or disposal prior to
25 such expiration.

26 (Source: P.A. 88-480.)

1 (35 ILCS 120/13) (from Ch. 120, par. 452)

2 Sec. 13. Criminal penalties.

3 (a) When the amount due is under \$300, any person engaged
4 in the business of selling tangible personal property or
5 taxable service at retail in this State who fails to file a
6 return, or who files a fraudulent return, or any officer,
7 employee or agent of a corporation, member, employee or agent
8 of a partnership, or manager, member, agent, or employee of a
9 limited liability company engaged in the business of selling
10 tangible personal property or taxable service at retail in this
11 State who, as such officer, employee, agent, manager, or member
12 is under a duty to file a return, or any officer, agent or
13 employee of a corporation, member, agent, or employee of a
14 partnership, or manager, member, agent, or employee of a
15 limited liability company engaged in the business of selling
16 tangible personal property or taxable service at retail in this
17 State who files or causes to be filed or signs or causes to be
18 signed a fraudulent return filed on behalf of such corporation
19 or limited liability company, or any accountant or other agent
20 who knowingly enters false information on the return of any
21 taxpayer under this Act, is guilty of a Class 4 felony.

22 Any person who or any officer or director of any
23 corporation, partner or member of any partnership, or manager
24 or member of a limited liability company that: (a) violates
25 Section 2a of this Act or (b) fails to keep books and records,

1 or fails to produce books and records as required by Section 7
2 or (c) willfully violates a rule or regulation of the
3 Department for the administration and enforcement of this Act
4 is guilty of a Class A misdemeanor. Any person, manager or
5 member of a limited liability company, or officer or director
6 of any corporation who engages in the business of selling
7 tangible personal property at retail after the certificate of
8 registration of that person, corporation, limited liability
9 company, or partnership has been revoked is guilty of a Class A
10 misdemeanor. Each day such person, corporation, or partnership
11 is engaged in business without a certificate of registration or
12 after the certificate of registration of that person,
13 corporation, or partnership has been revoked constitutes a
14 separate offense.

15 Any purchaser who obtains a registration number or resale
16 number from the Department through misrepresentation, or who
17 represents to a seller that such purchaser has a registration
18 number or a resale number from the Department when he knows
19 that he does not, or who uses his registration number or resale
20 number to make a seller believe that he is buying tangible
21 personal property for resale when such purchaser in fact knows
22 that this is not the case is guilty of a Class 4 felony.

23 Any distributor, supplier or other reseller of motor fuel
24 registered pursuant to Section 2a or 2c of this Act who fails
25 to collect the prepaid tax on invoiced gallons of motor fuel
26 sold or who fails to deliver a statement of tax paid to the

1 purchaser or to the Department as required by Sections 2d and
2 2e of this Act, respectively, shall be guilty of a Class A
3 misdemeanor if the amount due is under \$300, and a Class 4
4 felony if the amount due is \$300 or more.

5 When the amount due is under \$300, any person who accepts
6 money that is due to the Department under this Act from a
7 taxpayer for the purpose of acting as the taxpayer's agent to
8 make the payment to the Department, but who fails to remit such
9 payment to the Department when due is guilty of a Class 4
10 felony.

11 Any seller who collects or attempts to collect an amount
12 (however designated) which purports to reimburse such seller
13 for retailers' occupation tax liability measured by receipts
14 which such seller knows are not subject to retailers'
15 occupation tax, or any seller who knowingly over-collects or
16 attempts to over-collect an amount purporting to reimburse such
17 seller for retailers' occupation tax liability in a transaction
18 which is subject to the tax that is imposed by this Act, shall
19 be guilty of a Class 4 felony for each such offense. This
20 paragraph does not apply to an amount collected by the seller
21 as reimbursement for the seller's retailers' occupation tax
22 liability on receipts which are subject to tax under this Act
23 as long as such collection is made in compliance with the tax
24 collection brackets prescribed by the Department in its Rules
25 and Regulations.

26 When the amount due is \$300 or more, any person engaged in

1 the business of selling tangible personal property or taxable
2 service at retail in this State who fails to file a return, or
3 who files a fraudulent return, or any officer, employee or
4 agent of a corporation, member, employee or agent of a
5 partnership, or manager, member, agent, or employee of a
6 limited liability company engaged in the business of selling
7 tangible personal property or taxable service at retail in this
8 State who, as such officer, employee, agent, manager, or member
9 is under a duty to file a return and who fails to file such
10 return or any officer, agent, or employee of a corporation,
11 member, agent or employee of a partnership, or manager, member,
12 agent, or employee of a limited liability company engaged in
13 the business of selling tangible personal property or taxable
14 service at retail in this State who files or causes to be filed
15 or signs or causes to be signed a fraudulent return filed on
16 behalf of such corporation or limited liability company, or any
17 accountant or other agent who knowingly enters false
18 information on the return of any taxpayer under this Act is
19 guilty of a Class 3 felony.

20 When the amount due is \$300 or more, any person engaged in
21 the business of selling tangible personal property at retail in
22 this State who accepts money that is due to the Department
23 under this Act from a taxpayer for the purpose of acting as the
24 taxpayer's agent to make payment to the Department but fails to
25 remit such payment to the Department when due, is guilty of a
26 Class 3 felony.

1 Any person whose principal place of business is in this
2 State and who is charged with a violation under this Section
3 shall be tried in the county where his principal place of
4 business is located unless he asserts a right to be tried in
5 another venue.

6 Any taxpayer or agent of a taxpayer who with the intent to
7 defraud purports to make a payment due to the Department by
8 issuing or delivering a check or other order upon a real or
9 fictitious depository for the payment of money, knowing that it
10 will not be paid by the depository, shall be guilty of a
11 deceptive practice in violation of Section 17-1 of the Criminal
12 Code of 2012.

13 (b) A person commits the offense of sales tax evasion under
14 this Act when he knowingly attempts in any manner to evade or
15 defeat the tax imposed on him or on any other person, or the
16 payment thereof, and he commits an affirmative act in
17 furtherance of the evasion. For purposes of this Section, an
18 "affirmative act in furtherance of the evasion" means an act
19 designed in whole or in part to (i) conceal, misrepresent,
20 falsify, or manipulate any material fact or (ii) tamper with or
21 destroy documents or materials related to a person's tax
22 liability under this Act. Two or more acts of sales tax evasion
23 may be charged as a single count in any indictment,
24 information, or complaint and the amount of tax deficiency may
25 be aggregated for purposes of determining the amount of tax
26 which is attempted to be or is evaded and the period between

1 the first and last acts may be alleged as the date of the
2 offense.

3 (1) When the amount of tax, the assessment or payment
4 of which is attempted to be or is evaded is less than \$500
5 a person is guilty of a Class 4 felony.

6 (2) When the amount of tax, the assessment or payment
7 of which is attempted to be or is evaded is \$500 or more
8 but less than \$10,000, a person is guilty of a Class 3
9 felony.

10 (3) When the amount of tax, the assessment or payment
11 of which is attempted to be or is evaded is \$10,000 or more
12 but less than \$100,000, a person is guilty of a Class 2
13 felony.

14 (4) When the amount of tax, the assessment or payment
15 of which is attempted to be or is evaded is \$100,000 or
16 more, a person is guilty of a Class 1 felony.

17 Any person who knowingly sells, purchases, installs,
18 transfers, possesses, uses, or accesses any automated sales
19 suppression device, zapper, or phantom-ware in this State is
20 guilty of a Class 3 felony.

21 For the purposes of this Section:

22 "Automated sales suppression device" or "zapper" means a
23 software program that falsifies the electronic records of an
24 electronic cash register or other point-of-sale system,
25 including, but not limited to, transaction data and transaction
26 reports. The term includes the software program, any device

1 that carries the software program, or an Internet link to the
2 software program.

3 "Phantom-ware" means a hidden programming option embedded
4 in the operating system of an electronic cash register or
5 hardwired into an electronic cash register that can be used to
6 create a second set of records or that can eliminate or
7 manipulate transaction records in an electronic cash register.

8 "Electronic cash register" means a device that keeps a
9 register or supporting documents through the use of an
10 electronic device or computer system designed to record
11 transaction data for the purpose of computing, compiling, or
12 processing retail sales transaction data in any manner.

13 "Transaction data" includes: items purchased by a
14 customer; the price of each item; a taxability determination
15 for each item; a segregated tax amount for each taxed item; the
16 amount of cash or credit tendered; the net amount returned to
17 the customer in change; the date and time of the purchase; the
18 name, address, and identification number of the vendor; and the
19 receipt or invoice number of the transaction.

20 "Transaction report" means a report that documents,
21 without limitation, the sales, taxes, or fees collected, media
22 totals, and discount voids at an electronic cash register and
23 that is printed on a cash register tape at the end of a day or
24 shift, or a report that documents every action at an electronic
25 cash register and is stored electronically.

26 (c) A prosecution for any act in violation of this Section

1 may be commenced at any time within 5 years of the commission
2 of that act.

3 (Source: P.A. 97-1074, eff. 1-1-13; 97-1150, eff. 1-25-13;
4 98-352, eff. 1-1-14.)

5 Section 30-50. The Counties Code is amended by changing
6 Section 5-1009 and by adding Section 5-1008.10 as follows:

7 (55 ILCS 5/5-1008.10 new)

8 Sec. 5-1008.10. Taxable services. Notwithstanding any
9 other provision of law, whenever a home rule or non-home rule
10 county is authorized to impose a tax on the use or sale of
11 tangible personal property, that county shall also be
12 authorized to impose a tax at the same rate on taxable
13 services, as defined in Section 2a-2 of the Use Tax Act.

14 (55 ILCS 5/5-1009) (from Ch. 34, par. 5-1009)

15 Sec. 5-1009. Limitation on home rule powers. Except as
16 provided in Sections 5-1006, 5-1006.5, 5-1007 and 5-1008, on
17 and after September 1, 1990, no home rule county has the
18 authority to impose, pursuant to its home rule authority, a
19 retailer's occupation tax, service occupation tax, use tax,
20 sales tax or other tax on the (i) use, sale or purchase of
21 tangible personal property based on the gross receipts from
22 such sales or the selling or purchase price, (ii) gross
23 receipts, or (iii) weight or volume from the use, sale, or

1 purchase of that ~~said~~ tangible personal property.
2 Notwithstanding the foregoing, this Section does not preempt
3 any home rule imposed tax such as the following: (1) a tax on
4 alcoholic beverages, whether based on gross receipts, volume
5 sold or any other measurement; (2) a tax based on the number of
6 units of cigarettes or tobacco products; (3) a tax, however
7 measured, based on the use of a hotel or motel room or similar
8 facility; (4) a tax, however measured, on the sale or transfer
9 of real property; (5) a tax, however measured, on lease
10 receipts; (6) a tax on food prepared for immediate consumption
11 and on alcoholic beverages sold by a business which provides
12 for on premise consumption of said food or alcoholic beverages;
13 ~~or~~ (7) other taxes not based on the selling or purchase price
14 or gross receipts from the use, sale or purchase of tangible
15 personal property; or (8) a tax on the sale of taxable
16 services, as defined in the Use Tax Act. This Section does not
17 preempt a home rule county from imposing a tax, however
18 measured, on the use, for consideration, of a parking lot,
19 garage, or other parking facility. This Section is a
20 limitation, pursuant to subsection (g) of Section 6 of Article
21 VII of the Illinois Constitution, on the power of home rule
22 units to tax.

23 (Source: P.A. 97-1168, eff. 3-8-13; 97-1169, eff. 3-8-13.)

24 Section 30-55. The Illinois Municipal Code is amended by
25 changing Section 8-11-6a and by adding Sections 8-3-20 as

1 follows:

2 (65 ILCS 5/8-3-20 new)

3 Sec. 8-3-20. Taxable services. Notwithstanding any other
4 provision of law, whenever a home rule or non-home rule
5 municipality is authorized to impose a tax on the use or sale
6 of tangible personal property, that municipality shall also be
7 authorized to impose a tax at the same rate on taxable
8 services, as defined in Section 2a-2 of the Use Tax Act.

9 (65 ILCS 5/8-11-6a) (from Ch. 24, par. 8-11-6a)

10 Sec. 8-11-6a. Home rule municipalities; preemption of
11 certain taxes. Except as provided in Sections 8-11-1, 8-11-5,
12 8-11-6, 8-11-6b, 8-11-6c, and 11-74.3-6 on and after September
13 1, 1990, no home rule municipality has the authority to impose,
14 pursuant to its home rule authority, a retailer's occupation
15 tax, service occupation tax, use tax, sales tax or other tax ~~on~~
16 ~~the use, sale or purchase of tangible personal property based~~
17 ~~on (i) the selling or purchase price, (ii) the gross receipts,~~
18 ~~or (iii) the weight or volume from the use, sale, or purchase~~
19 ~~from such sales or the selling or purchase price of said~~
20 tangible personal property. Notwithstanding the foregoing,
21 this Section does not preempt any home rule imposed tax such as
22 the following: (1) a tax on alcoholic beverages, whether based
23 on gross receipts, volume sold or any other measurement; (2) a
24 tax based on the number of units of cigarettes or tobacco

1 products (provided, however, that a home rule municipality that
2 has not imposed a tax based on the number of units of
3 cigarettes or tobacco products before July 1, 1993, shall not
4 impose such a tax after that date); (3) a tax, however
5 measured, based on the use of a hotel or motel room or similar
6 facility; (4) a tax, however measured, on the sale or transfer
7 of real property; (5) a tax, however measured, on lease
8 receipts; (6) a tax on food prepared for immediate consumption
9 and on alcoholic beverages sold by a business which provides
10 for on premise consumption of said food or alcoholic beverages;
11 ~~or~~ (7) other taxes not based on (i) the selling or purchase
12 price, (ii) the ~~or~~ gross receipts, or (iii) the weight or
13 volume from the use, sale or purchase of tangible personal
14 property; or (8) a tax on the sale of taxable services, as
15 defined in the Use Tax Act. This Section does not preempt a
16 home rule municipality with a population of more than 2,000,000
17 from imposing a tax, however measured, on the use, for
18 consideration, of a parking lot, garage, or other parking
19 facility. This Section is not intended to affect any existing
20 tax on food and beverages prepared for immediate consumption on
21 the premises where the sale occurs, or any existing tax on
22 alcoholic beverages, or any existing tax imposed on the charge
23 for renting a hotel or motel room, which was in effect January
24 15, 1988, or any extension of the effective date of such an
25 existing tax by ordinance of the municipality imposing the tax,
26 which extension is hereby authorized, in any non-home rule

1 municipality in which the imposition of such a tax has been
2 upheld by judicial determination, nor is this Section intended
3 to preempt the authority granted by Public Act 85-1006. This
4 Section is a limitation, pursuant to subsection (g) of Section
5 6 of Article VII of the Illinois Constitution, on the power of
6 home rule units to tax.

7 (Source: P.A. 97-1168, eff. 3-8-13; 97-1169, eff. 3-8-13.)

8 Section 30-65. The Illinois False Claims Act is amended by
9 changing Section 3 as follows:

10 (740 ILCS 175/3) (from Ch. 127, par. 4103)

11 Sec. 3. False claims.

12 (a) Liability for certain acts.

13 (1) In general, any person who:

14 (A) knowingly presents, or causes to be presented,
15 a false or fraudulent claim for payment or approval;

16 (B) knowingly makes, uses, or causes to be made or
17 used, a false record or statement material to a false
18 or fraudulent claim;

19 (C) conspires to commit a violation of
20 subparagraph (A), (B), (D), (E), (F), or (G);

21 (D) has possession, custody, or control of
22 property or money used, or to be used, by the State and
23 knowingly delivers, or causes to be delivered, less
24 than all the money or property;

1 (E) is authorized to make or deliver a document
2 certifying receipt of property used, or to be used, by
3 the State and, intending to defraud the State, makes or
4 delivers the receipt without completely knowing that
5 the information on the receipt is true;

6 (F) knowingly buys, or receives as a pledge of an
7 obligation or debt, public property from an officer or
8 employee of the State, or a member of the Guard, who
9 lawfully may not sell or pledge property; or

10 (G) knowingly makes, uses, or causes to be made or
11 used, a false record or statement material to an
12 obligation to pay or transmit money or property to the
13 State, or knowingly conceals or knowingly and
14 improperly avoids or decreases an obligation to pay or
15 transmit money or property to the State,
16 is liable to the State for a civil penalty of not less than
17 \$5,500 and not more than \$11,000, plus 3 times the amount
18 of damages which the State sustains because of the act of
19 that person. The penalties in this Section are intended to
20 be remedial rather than punitive, and shall not preclude,
21 nor be precluded by, a criminal prosecution for the same
22 conduct.

23 (2) A person violating this subsection shall also be
24 liable to the State for the costs of a civil action brought
25 to recover any such penalty or damages.

26 (b) Definitions. For purposes of this Section:

1 (1) The terms "knowing" and "knowingly":

2 (A) mean that a person, with respect to
3 information:

4 (i) has actual knowledge of the information;

5 (ii) acts in deliberate ignorance of the truth
6 or falsity of the information; or

7 (iii) acts in reckless disregard of the truth
8 or falsity of the information, and

9 (B) require no proof of specific intent to defraud.

10 (2) The term "claim":

11 (A) means any request or demand, whether under a
12 contract or otherwise, for money or property and
13 whether or not the State has title to the money or
14 property, that

15 (i) is presented to an officer, employee, or
16 agent of the State; or

17 (ii) is made to a contractor, grantee, or other
18 recipient, if the money or property is to be spent
19 or used on the State's behalf or to advance a State
20 program or interest, and if the State:

21 (I) provides or has provided any portion
22 of the money or property requested or demanded;
23 or

24 (II) will reimburse such contractor,
25 grantee, or other recipient for any portion of
26 the money or property which is requested or

1 demanded; and

2 (B) does not include requests or demands for money
3 or property that the State has paid to an individual as
4 compensation for State employment or as an income
5 subsidy with no restrictions on that individual's use
6 of the money or property.

7 (3) The term "obligation" means an established duty,
8 whether or not fixed, arising from an express or implied
9 contractual, grantor-grantee, or licensor-licensee
10 relationship, from a fee-based or similar relationship,
11 from statute or regulation, or from the retention of any
12 overpayment.

13 (4) The term "material" means having a natural tendency
14 to influence, or be capable of influencing, the payment or
15 receipt of money or property.

16 (c) Exclusion. This Section does not apply to any taxes
17 imposed, collected, or administered by the State of Illinois
18 claims, records, or statements made under the Illinois Income
19 Tax Act.

20 (Source: P.A. 95-128, eff. 1-1-08; 96-1304, eff. 7-27-10.)

21 ARTICLE 32. LIMITED LIABILITY COMPANY ACT

22 Section 32-5. The Limited Liability Company Act is amended
23 by changing Section 50-10 as follows:

1 (805 ILCS 180/50-10)

2 (Text of Section before amendment by P.A. 99-637)

3 Sec. 50-10. Fees.

4 (a) The Secretary of State shall charge and collect in
5 accordance with the provisions of this Act and rules
6 promulgated under its authority all of the following:

7 (1) Fees for filing documents.

8 (2) Miscellaneous charges.

9 (3) Fees for the sale of lists of filings and for
10 copies of any documents.

11 (b) The Secretary of State shall charge and collect for all
12 of the following:

13 (1) Filing articles of organization (domestic),
14 application for admission (foreign), and restated articles
15 of organization (domestic), \$39 ~~\$500~~. Notwithstanding the
16 foregoing, the fee for filing articles of organization
17 (domestic), application for admission (foreign), and
18 restated articles of organization (domestic) in connection
19 with a limited liability company with ability to establish
20 series pursuant to Section 37-40 of this Act is \$59 ~~\$750~~.

21 (2) Filing articles of amendment or an amended
22 application for admission, \$150.

23 (3) Filing articles of dissolution or application for
24 withdrawal, \$100.

25 (4) Filing an application to reserve a name, \$300.

26 (5) Filing a notice of cancellation of a reserved name,

1 \$100.

2 (6) Filing a notice of a transfer of a reserved name,
3 \$100.

4 (7) Registration of a name, \$300.

5 (8) Renewal of registration of a name, \$100.

6 (9) Filing an application for use of an assumed name
7 under Section 1-20 of this Act, \$150 for each year or part
8 thereof ending in 0 or 5, \$120 for each year or part
9 thereof ending in 1 or 6, \$90 for each year or part thereof
10 ending in 2 or 7, \$60 for each year or part thereof ending
11 in 3 or 8, \$30 for each year or part thereof ending in 4 or
12 9, and a renewal for each assumed name, \$150.

13 (10) Filing an application for change or cancellation
14 of an assumed name, \$100.

15 (11) Filing an annual report of a limited liability
16 company or foreign limited liability company, \$250, if
17 filed as required by this Act, plus a penalty if
18 delinquent. Notwithstanding the foregoing, the fee for
19 filing an annual report of a limited liability company or
20 foreign limited liability company with ability to
21 establish series is \$250 plus \$50 for each series for which
22 a certificate of designation has been filed pursuant to
23 Section 37-40 of this Act and active on the last day of the
24 third month preceding the company's anniversary month,
25 plus a penalty if delinquent.

26 (12) Filing an application for reinstatement of a

1 limited liability company or foreign limited liability
2 company \$500.

3 (13) Filing Articles of Merger, \$100 plus \$50 for each
4 party to the merger in excess of the first 2 parties.

5 (14) Filing an Agreement of Conversion or Statement of
6 Conversion, \$100.

7 (15) Filing a statement of change of address of
8 registered office or change of registered agent, or both,
9 or filing a statement of correction, \$25.

10 (16) Filing a petition for refund, \$15.

11 (17) Filing any other document, \$100.

12 (18) Filing a certificate of designation of a limited
13 liability company with the ability to establish series
14 pursuant to Section 37-40 of this Act, \$50.

15 (c) The Secretary of State shall charge and collect all of
16 the following:

17 (1) For furnishing a copy or certified copy of any
18 document, instrument, or paper relating to a limited
19 liability company or foreign limited liability company, or
20 for a certificate, \$25.

21 (2) For the transfer of information by computer process
22 media to any purchaser, fees established by rule.

23 (Source: P.A. 97-839, eff. 7-20-12.)

24 (Text of Section after amendment by P.A. 99-637)

25 Sec. 50-10. Fees.

1 (a) The Secretary of State shall charge and collect in
2 accordance with the provisions of this Act and rules
3 promulgated under its authority all of the following:

4 (1) Fees for filing documents.

5 (2) Miscellaneous charges.

6 (3) Fees for the sale of lists of filings and for
7 copies of any documents.

8 (b) The Secretary of State shall charge and collect for all
9 of the following:

10 (1) Filing articles of organization (domestic),
11 application for admission (foreign), and restated articles
12 of organization (domestic), \$39 ~~\$500~~. Notwithstanding the
13 foregoing, the fee for filing articles of organization
14 (domestic), application for admission (foreign), and
15 restated articles of organization (domestic) in connection
16 with a limited liability company with a series or the
17 ability to establish a series pursuant to Section 37-40 of
18 this Act is \$59 ~~\$750~~.

19 (2) Filing amendments (domestic or foreign), \$150.

20 (3) Filing a statement of termination or application
21 for withdrawal, \$25.

22 (4) Filing an application to reserve a name, \$300.

23 (5) Filing a notice of cancellation of a reserved name,
24 \$100.

25 (6) Filing a notice of a transfer of a reserved name,
26 \$100.

1 (7) Registration of a name, \$300.

2 (8) Renewal of registration of a name, \$100.

3 (9) Filing an application for use of an assumed name
4 under Section 1-20 of this Act, \$150 for each year or part
5 thereof ending in 0 or 5, \$120 for each year or part
6 thereof ending in 1 or 6, \$90 for each year or part thereof
7 ending in 2 or 7, \$60 for each year or part thereof ending
8 in 3 or 8, \$30 for each year or part thereof ending in 4 or
9 9, and a renewal for each assumed name, \$150.

10 (10) Filing an application for change or cancellation
11 of an assumed name, \$100.

12 (11) Filing an annual report of a limited liability
13 company or foreign limited liability company, \$250, if
14 filed as required by this Act, plus a penalty if
15 delinquent. Notwithstanding the foregoing, the fee for
16 filing an annual report of a limited liability company or
17 foreign limited liability company is \$250 plus \$50 for each
18 series for which a certificate of designation has been
19 filed pursuant to Section 37-40 of this Act and is in
20 effect on the last day of the third month preceding the
21 company's anniversary month, plus a penalty if delinquent.

22 (12) Filing an application for reinstatement of a
23 limited liability company or foreign limited liability
24 company \$500.

25 (13) Filing articles of merger, \$100 plus \$50 for each
26 party to the merger in excess of the first 2 parties.

1 (14) Filing articles of conversion, \$100.

2 (15) Filing a statement of change of address of
3 registered office or change of registered agent, or both,
4 or filing a statement of correction, \$25.

5 (16) Filing a petition for refund, \$15.

6 (17) Filing a certificate of designation of a limited
7 liability company with a series pursuant to Section 37-40
8 of this Act, \$50.

9 (18) Filing articles of domestication, \$100.

10 (19) Filing, amending, or cancelling a statement of
11 authority, \$50.

12 (20) Filing, amending, or cancelling a statement of
13 denial, \$10.

14 (21) Filing any other document, \$100.

15 (c) The Secretary of State shall charge and collect all of
16 the following:

17 (1) For furnishing a copy or certified copy of any
18 document, instrument, or paper relating to a limited
19 liability company or foreign limited liability company, or
20 for a certificate, \$25.

21 (2) For the transfer of information by computer process
22 media to any purchaser, fees established by rule.

23 (Source: P.A. 99-637, eff. 7-1-17.)

24 ARTICLE 95. NO ACCELERATION OR DELAY

1 Section 95-995. No acceleration or delay. Where this Act
2 makes changes in a statute that is represented in this Act by
3 text that is not yet or no longer in effect (for example, a
4 Section represented by multiple versions), the use of that text
5 does not accelerate or delay the taking effect of (i) the
6 changes made by this Act or (ii) provisions derived from any
7 other Public Act.

8 ARTICLE 99. EFFECTIVE DATE

9 Section 99-999. Effective date. This Act takes effect upon
10 becoming law.