



Sen. Toi W. Hutchinson

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1 AMENDMENT TO SENATE BILL 9

2 AMENDMENT NO. _____. Amend Senate Bill 9 by replacing
3 everything after the enacting clause with the following:

4 "ARTICLE 5. BUDGET ECONOMIC STABILIZATION FUND ACT

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

7 Section 5-5. Legislative intent.

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

14 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 30. AMENDATORY PROVISIONS

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

7 (30 ILCS 105/5.878 new)

8 Sec. 5.878. The Budget Economic Stabilization Fund.

9 (30 ILCS 105/5.879 new)

10 Sec. 5.879. The Bill Backlog Payment Fund.

11 (30 ILCS 105/6z-51)

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

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

18 (b) Until an initial transfer has been made to the Budget
19 Economic Stabilization Fund under Section 5-30 of the Budget
20 Economic Stabilization Fund Act, the ~~The~~ State Comptroller may
21 direct the State Treasurer to transfer moneys from the Budget

1 Stabilization Fund to the General Revenue Fund in order to meet
2 cash flow deficits resulting from timing variations between
3 disbursements and the receipt of funds within a fiscal year.
4 Any moneys so borrowed in any fiscal year other than Fiscal
5 Year 2011 shall be repaid by June 30 of the fiscal year in
6 which they were borrowed. Any moneys so borrowed in Fiscal Year
7 2011 shall be repaid no later than July 15, 2011.

8 (c) During Fiscal Year 2017 only, amounts may be expended
9 from the Budget Stabilization Fund only pursuant to specific
10 authorization by appropriation. Any moneys expended pursuant
11 to appropriation shall not be subject to repayment.

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

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

16 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

17 Sec. 201. Tax Imposed.

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

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

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

8 (2) In the case of an individual, trust or estate, for
9 taxable years beginning prior to July 1, 1989 and ending
10 after June 30, 1989, an amount equal to the sum of (i) 2
11 1/2% of the taxpayer's net income for the period prior to
12 July 1, 1989, as calculated under Section 202.3, and (ii)
13 3% of the taxpayer's net income for the period after June
14 30, 1989, as calculated under Section 202.3.

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

19 (4) In the case of an individual, trust, or estate, for
20 taxable years beginning prior to January 1, 2011, and
21 ending after December 31, 2010, an amount equal to the sum
22 of (i) 3% of the taxpayer's net income for the period prior
23 to January 1, 2011, as calculated under Section 202.5, and
24 (ii) 5% of the taxpayer's net income for the period after
25 December 31, 2010, as calculated under Section 202.5.

26 (5) In the case of an individual, trust, or estate, for

1 taxable years beginning on or after January 1, 2011, and
2 ending prior to January 1, 2015, an amount equal to 5% of
3 the taxpayer's net income for the taxable year.

4 (5.1) In the case of an individual, trust, or estate,
5 for taxable years beginning prior to January 1, 2015, and
6 ending after December 31, 2014, an amount equal to the sum
7 of (i) 5% of the taxpayer's net income for the period prior
8 to January 1, 2015, as calculated under Section 202.5, and
9 (ii) 3.75% of the taxpayer's net income for the period
10 after December 31, 2014, as calculated under Section 202.5.

11 (5.2) In the case of an individual, trust, or estate,
12 for taxable years beginning on or after January 1, 2015,
13 and ending prior to January 1, 2017 ~~January 1, 2025~~, an
14 amount equal to 3.75% of the taxpayer's net income for the
15 taxable year.

16 (5.3) In the case of an individual, trust, or estate,
17 for taxable years beginning prior to January 1, 2017
18 ~~January 1, 2025~~, and ending after December 31, 2016
19 ~~December 31, 2024~~, an amount equal to the sum of (i) 3.75%
20 of the taxpayer's net income for the period prior to
21 January 1, 2017 ~~January 1, 2025~~, as calculated under
22 Section 202.5, and (ii) 4.95% ~~3.25%~~ of the taxpayer's net
23 income for the period after December 31, 2016 ~~December 31,~~
24 ~~2024~~, as calculated under Section 202.5.

25 (5.4) In the case of an individual, trust, or estate,
26 for taxable years beginning on or after January 1, 2017 and

1 ending prior to January 1, 2024 ~~January 1, 2025~~, an amount
2 equal to 4.95% ~~3.25%~~ of the taxpayer's net income for the
3 taxable year.

4 (5.5) In the case of an individual, trust, or estate,
5 for taxable years beginning prior to January 1, 2024 and
6 ending after December 31, 2023, an amount equal to the sum
7 of (i) 4.95% of the taxpayer's net income for the period
8 prior to January 1, 2024, as calculated under Section
9 202.5, and (ii) 3.75% of the taxpayer's net income for the
10 period after December 31, 2023, as calculated under Section
11 202.5.

12 (5.6) In the case of an individual, trust, or estate,
13 for taxable years beginning on or after January 1, 2024,
14 3.75% of the taxpayer's net income for the taxable year.

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

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

25 (8) In the case of a corporation, for taxable years
26 beginning after June 30, 1989, and ending prior to January

1 1, 2011, an amount equal to 4.8% of the taxpayer's net
2 income for the taxable year.

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

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

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

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

25 (13) In the case of a corporation, for taxable years
26 beginning prior to January 1, 2017 ~~January 1, 2025~~, and

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

7 (14) In the case of a corporation, for taxable years
8 beginning on or after January 1, 2017 and ending prior to
9 January 1, 2024 ~~January 1, 2025~~, an amount equal to 7% ~~4.8%~~
10 of the taxpayer's net income for the taxable year.

11 (15) In the case of a corporation, for taxable years
12 beginning prior to January 1, 2024 and ending after
13 December 31, 2023, an amount equal to the sum of (i) 7% of
14 the taxpayer's net income for the period prior to January
15 1, 2024, as calculated under Section 202.5, and (ii) 5.25%
16 of the taxpayer's net income for the period after December
17 31, 2023, as calculated under Section 202.5.

18 (16) In the case of a corporation, for taxable years
19 beginning on or after January 1, 2024, 5.25% of the
20 taxpayer's net income for the taxable year.

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

23 (c) Personal Property Tax Replacement Income Tax.
24 Beginning on July 1, 1979 and thereafter, in addition to such
25 income tax, there is also hereby imposed the Personal Property
26 Tax Replacement Income Tax measured by net income on every

1 corporation (including Subchapter S corporations), partnership
2 and trust, for each taxable year ending after June 30, 1979.
3 Such taxes are imposed on the privilege of earning or receiving
4 income in or as a resident of this State. The Personal Property
5 Tax Replacement Income Tax shall be in addition to the income
6 tax imposed by subsections (a) and (b) of this Section and in
7 addition to all other occupation or privilege taxes imposed by
8 this State or by any municipal corporation or political
9 subdivision thereof.

10 (d) Additional Personal Property Tax Replacement Income
11 Tax Rates. The personal property tax replacement income tax
12 imposed by this subsection and subsection (c) of this Section
13 in the case of a corporation, other than a Subchapter S
14 corporation and except as adjusted by subsection (d-1), shall
15 be an additional amount equal to 2.85% of such taxpayer's net
16 income for the taxable year, except that beginning on January
17 1, 1981, and thereafter, the rate of 2.85% specified in this
18 subsection shall be reduced to 2.5%, and in the case of a
19 partnership, trust or a Subchapter S corporation shall be an
20 additional amount equal to 1.5% of such taxpayer's net income
21 for the taxable year.

22 (d-1) Rate reduction for certain foreign insurers. In the
23 case of a foreign insurer, as defined by Section 35A-5 of the
24 Illinois Insurance Code, whose state or country of domicile
25 imposes on insurers domiciled in Illinois a retaliatory tax
26 (excluding any insurer whose premiums from reinsurance assumed

1 are 50% or more of its total insurance premiums as determined
2 under paragraph (2) of subsection (b) of Section 304, except
3 that for purposes of this determination premiums from
4 reinsurance do not include premiums from inter-affiliate
5 reinsurance arrangements), beginning with taxable years ending
6 on or after December 31, 1999, the sum of the rates of tax
7 imposed by subsections (b) and (d) shall be reduced (but not
8 increased) to the rate at which the total amount of tax imposed
9 under this Act, net of all credits allowed under this Act,
10 shall equal (i) the total amount of tax that would be imposed
11 on the foreign insurer's net income allocable to Illinois for
12 the taxable year by such foreign insurer's state or country of
13 domicile if that net income were subject to all income taxes
14 and taxes measured by net income imposed by such foreign
15 insurer's state or country of domicile, net of all credits
16 allowed or (ii) a rate of zero if no such tax is imposed on such
17 income by the foreign insurer's state of domicile. For the
18 purposes of this subsection (d-1), an inter-affiliate includes
19 a mutual insurer under common management.

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

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

26 (B) the privilege tax imposed by Section 409 of the

1 Illinois Insurance Code, the fire insurance company
2 tax imposed by Section 12 of the Fire Investigation
3 Act, and the fire department taxes imposed under
4 Section 11-10-1 of the Illinois Municipal Code,
5 equals 1.25% for taxable years ending prior to December 31,
6 2003, or 1.75% for taxable years ending on or after
7 December 31, 2003, of the net taxable premiums written for
8 the taxable year, as described by subsection (1) of Section
9 409 of the Illinois Insurance Code. This paragraph will in
10 no event increase the rates imposed under subsections (b)
11 and (d).

12 (2) Any reduction in the rates of tax imposed by this
13 subsection shall be applied first against the rates imposed
14 by subsection (b) and only after the tax imposed by
15 subsection (a) net of all credits allowed under this
16 Section other than the credit allowed under subsection (i)
17 has been reduced to zero, against the rates imposed by
18 subsection (d).

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

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

24 (1) A taxpayer shall be allowed a credit equal to .5%
25 of the basis of qualified property placed in service during
26 the taxable year, provided such property is placed in

1 service on or after July 1, 1984. There shall be allowed an
2 additional credit equal to .5% of the basis of qualified
3 property placed in service during the taxable year,
4 provided such property is placed in service on or after
5 July 1, 1986, and the taxpayer's base employment within
6 Illinois has increased by 1% or more over the preceding
7 year as determined by the taxpayer's employment records
8 filed with the Illinois Department of Employment Security.
9 Taxpayers who are new to Illinois shall be deemed to have
10 met the 1% growth in base employment for the first year in
11 which they file employment records with the Illinois
12 Department of Employment Security. The provisions added to
13 this Section by Public Act 85-1200 (and restored by Public
14 Act 87-895) shall be construed as declaratory of existing
15 law and not as a new enactment. If, in any year, the
16 increase in base employment within Illinois over the
17 preceding year is less than 1%, the additional credit shall
18 be limited to that percentage times a fraction, the
19 numerator of which is .5% and the denominator of which is
20 1%, but shall not exceed .5%. The investment credit shall
21 not be allowed to the extent that it would reduce a
22 taxpayer's liability in any tax year below zero, nor may
23 any credit for qualified property be allowed for any year
24 other than the year in which the property was placed in
25 service in Illinois. For tax years ending on or after
26 December 31, 1987, and on or before December 31, 1988, the

1 credit shall be allowed for the tax year in which the
2 property is placed in service, or, if the amount of the
3 credit exceeds the tax liability for that year, whether it
4 exceeds the original liability or the liability as later
5 amended, such excess may be carried forward and applied to
6 the tax liability of the 5 taxable years following the
7 excess credit years if the taxpayer (i) makes investments
8 which cause the creation of a minimum of 2,000 full-time
9 equivalent jobs in Illinois, (ii) is located in an
10 enterprise zone established pursuant to the Illinois
11 Enterprise Zone Act and (iii) is certified by the
12 Department of Commerce and Community Affairs (now
13 Department of Commerce and Economic Opportunity) as
14 complying with the requirements specified in clause (i) and
15 (ii) by July 1, 1986. The Department of Commerce and
16 Community Affairs (now Department of Commerce and Economic
17 Opportunity) shall notify the Department of Revenue of all
18 such certifications immediately. For tax years ending
19 after December 31, 1988, the credit shall be allowed for
20 the tax year in which the property is placed in service,
21 or, if the amount of the credit exceeds the tax liability
22 for that year, whether it exceeds the original liability or
23 the liability as later amended, such excess may be carried
24 forward and applied to the tax liability of the 5 taxable
25 years following the excess credit years. The credit shall
26 be applied to the earliest year for which there is a

1 liability. If there is credit from more than one tax year
2 that is available to offset a liability, earlier credit
3 shall be applied first.

4 (2) The term "qualified property" means property
5 which:

6 (A) is tangible, whether new or used, including
7 buildings and structural components of buildings and
8 signs that are real property, but not including land or
9 improvements to real property that are not a structural
10 component of a building such as landscaping, sewer
11 lines, local access roads, fencing, parking lots, and
12 other appurtenances;

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

18 (C) is acquired by purchase as defined in Section
19 179(d) of the Internal Revenue Code;

20 (D) is used in Illinois by a taxpayer who is
21 primarily engaged in manufacturing, or in mining coal
22 or fluorite, or in retailing, or was placed in service
23 on or after July 1, 2006 in a River Edge Redevelopment
24 Zone established pursuant to the River Edge
25 Redevelopment Zone Act; and

26 (E) has not previously been used in Illinois in

1 such a manner and by such a person as would qualify for
2 the credit provided by this subsection (e) or
3 subsection (f).

4 (3) For purposes of this subsection (e),
5 "manufacturing" means the material staging and production
6 of tangible personal property by procedures commonly
7 regarded as manufacturing, processing, fabrication, or
8 assembling which changes some existing material into new
9 shapes, new qualities, or new combinations. For purposes of
10 this subsection (e) the term "mining" shall have the same
11 meaning as the term "mining" in Section 613(c) of the
12 Internal Revenue Code. For purposes of this subsection (e),
13 the term "retailing" means the sale of tangible personal
14 property for use or consumption and not for resale, or
15 services rendered in conjunction with the sale of tangible
16 personal property for use or consumption and not for
17 resale. For purposes of this subsection (e), "tangible
18 personal property" has the same meaning as when that term
19 is used in the Retailers' Occupation Tax Act, and, for
20 taxable years ending after December 31, 2008, does not
21 include the generation, transmission, or distribution of
22 electricity.

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

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

1 depreciation purposes is increased after it has been placed
2 in service in Illinois by the taxpayer, the amount of such
3 increase shall be deemed property placed in service on the
4 date of such increase in basis.

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

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

23 (8) Unless the investment credit is extended by law,
24 the basis of qualified property shall not include costs
25 incurred after December 31, 2018, except for costs incurred
26 pursuant to a binding contract entered into on or before

1 December 31, 2018.

2 (9) Each taxable year ending before December 31, 2000,
3 a partnership may elect to pass through to its partners the
4 credits to which the partnership is entitled under this
5 subsection (e) for the taxable year. A partner may use the
6 credit allocated to him or her under this paragraph only
7 against the tax imposed in subsections (c) and (d) of this
8 Section. If the partnership makes that election, those
9 credits shall be allocated among the partners in the
10 partnership in accordance with the rules set forth in
11 Section 704(b) of the Internal Revenue Code, and the rules
12 promulgated under that Section, and the allocated amount of
13 the credits shall be allowed to the partners for that
14 taxable year. The partnership shall make this election on
15 its Personal Property Tax Replacement Income Tax return for
16 that taxable year. The election to pass through the credits
17 shall be irrevocable.

18 For taxable years ending on or after December 31, 2000,
19 a partner that qualifies its partnership for a subtraction
20 under subparagraph (I) of paragraph (2) of subsection (d)
21 of Section 203 or a shareholder that qualifies a Subchapter
22 S corporation for a subtraction under subparagraph (S) of
23 paragraph (2) of subsection (b) of Section 203 shall be
24 allowed a credit under this subsection (e) equal to its
25 share of the credit earned under this subsection (e) during
26 the taxable year by the partnership or Subchapter S

1 corporation, determined in accordance with the
2 determination of income and distributive share of income
3 under Sections 702 and 704 and Subchapter S of the Internal
4 Revenue Code. This paragraph is exempt from the provisions
5 of Section 250.

6 (f) Investment credit; Enterprise Zone; River Edge
7 Redevelopment Zone.

8 (1) A taxpayer shall be allowed a credit against the
9 tax imposed by subsections (a) and (b) of this Section for
10 investment in qualified property which is placed in service
11 in an Enterprise Zone created pursuant to the Illinois
12 Enterprise Zone Act or, for property placed in service on
13 or after July 1, 2006, a River Edge Redevelopment Zone
14 established pursuant to the River Edge Redevelopment Zone
15 Act. For partners, shareholders of Subchapter S
16 corporations, and owners of limited liability companies,
17 if the liability company is treated as a partnership for
18 purposes of federal and State income taxation, there shall
19 be allowed a credit under this subsection (f) to be
20 determined in accordance with the determination of income
21 and distributive share of income under Sections 702 and 704
22 and Subchapter S of the Internal Revenue Code. The credit
23 shall be .5% of the basis for such property. The credit
24 shall be available only in the taxable year in which the
25 property is placed in service in the Enterprise Zone or
26 River Edge Redevelopment Zone and shall not be allowed to

1 the extent that it would reduce a taxpayer's liability for
2 the tax imposed by subsections (a) and (b) of this Section
3 to below zero. For tax years ending on or after December
4 31, 1985, the credit shall be allowed for the tax year in
5 which the property is placed in service, or, if the amount
6 of the credit exceeds the tax liability for that year,
7 whether it exceeds the original liability or the liability
8 as later amended, such excess may be carried forward and
9 applied to the tax liability of the 5 taxable years
10 following the excess credit year. The credit shall be
11 applied to the earliest year for which there is a
12 liability. If there is credit from more than one tax year
13 that is available to offset a liability, the credit
14 accruing first in time shall be applied first.

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

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

18 (B) is depreciable pursuant to Section 167 of the
19 Internal Revenue Code, except that "3-year property"
20 as defined in Section 168(c)(2)(A) of that Code is not
21 eligible for the credit provided by this subsection
22 (f);

23 (C) is acquired by purchase as defined in Section
24 179(d) of the Internal Revenue Code;

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

1 (E) has not been previously used in Illinois in
2 such a manner and by such a person as would qualify for
3 the credit provided by this subsection (f) or
4 subsection (e).

5 (3) The basis of qualified property shall be the basis
6 used to compute the depreciation deduction for federal
7 income tax purposes.

8 (4) If the basis of the property for federal income tax
9 depreciation purposes is increased after it has been placed
10 in service in the Enterprise Zone or River Edge
11 Redevelopment Zone by the taxpayer, the amount of such
12 increase shall be deemed property placed in service on the
13 date of such increase in basis.

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

16 (6) If during any taxable year, any property ceases to
17 be qualified property in the hands of the taxpayer within
18 48 months after being placed in service, or the situs of
19 any qualified property is moved outside the Enterprise Zone
20 or River Edge Redevelopment Zone within 48 months after
21 being placed in service, the tax imposed under subsections
22 (a) and (b) of this Section for such taxable year shall be
23 increased. Such increase shall be determined by (i)
24 recomputing the investment credit which would have been
25 allowed for the year in which credit for such property was
26 originally allowed by eliminating such property from such

1 computation, and (ii) subtracting such recomputed credit
2 from the amount of credit previously allowed. For the
3 purposes of this paragraph (6), a reduction of the basis of
4 qualified property resulting from a redetermination of the
5 purchase price shall be deemed a disposition of qualified
6 property to the extent of such reduction.

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

24 (g) (Blank).

25 (h) Investment credit; High Impact Business.

26 (1) Subject to subsections (b) and (b-5) of Section 5.5

1 of the Illinois Enterprise Zone Act, a taxpayer shall be
2 allowed a credit against the tax imposed by subsections (a)
3 and (b) of this Section for investment in qualified
4 property which is placed in service by a Department of
5 Commerce and Economic Opportunity designated High Impact
6 Business. The credit shall be .5% of the basis for such
7 property. The credit shall not be available (i) until the
8 minimum investments in qualified property set forth in
9 subdivision (a)(3)(A) of Section 5.5 of the Illinois
10 Enterprise Zone Act have been satisfied or (ii) until the
11 time authorized in subsection (b-5) of the Illinois
12 Enterprise Zone Act for entities designated as High Impact
13 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
14 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
15 Act, and shall not be allowed to the extent that it would
16 reduce a taxpayer's liability for the tax imposed by
17 subsections (a) and (b) of this Section to below zero. The
18 credit applicable to such investments shall be taken in the
19 taxable year in which such investments have been completed.
20 The credit for additional investments beyond the minimum
21 investment by a designated high impact business authorized
22 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
23 Enterprise Zone Act shall be available only in the taxable
24 year in which the property is placed in service and shall
25 not be allowed to the extent that it would reduce a
26 taxpayer's liability for the tax imposed by subsections (a)

1 and (b) of this Section to below zero. For tax years ending
2 on or after December 31, 1987, the credit shall be allowed
3 for the tax year in which the property is placed in
4 service, or, if the amount of the credit exceeds the tax
5 liability for that year, whether it exceeds the original
6 liability or the liability as later amended, such excess
7 may be carried forward and applied to the tax liability of
8 the 5 taxable years following the excess credit year. The
9 credit shall be applied to the earliest year for which
10 there is a liability. If there is credit from more than one
11 tax year that is available to offset a liability, the
12 credit accruing first in time shall be applied first.

13 Changes made in this subdivision (h) (1) by Public Act
14 88-670 restore changes made by Public Act 85-1182 and
15 reflect existing law.

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

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

19 (B) is depreciable pursuant to Section 167 of the
20 Internal Revenue Code, except that "3-year property"
21 as defined in Section 168(c) (2) (A) of that Code is not
22 eligible for the credit provided by this subsection
23 (h);

24 (C) is acquired by purchase as defined in Section
25 179(d) of the Internal Revenue Code; and

26 (D) is not eligible for the Enterprise Zone

1 Investment Credit provided by subsection (f) of this
2 Section.

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

6 (4) If the basis of the property for federal income tax
7 depreciation purposes is increased after it has been placed
8 in service in a federally designated Foreign Trade Zone or
9 Sub-Zone located in Illinois by the taxpayer, the amount of
10 such increase shall be deemed property placed in service on
11 the date of such increase in basis.

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

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

1 the purposes of this paragraph (6), a reduction of the
2 basis of qualified property resulting from a
3 redetermination of the purchase price shall be deemed a
4 disposition of qualified property to the extent of such
5 reduction.

6 (7) Beginning with tax years ending after December 31,
7 1996, if a taxpayer qualifies for the credit under this
8 subsection (h) and thereby is granted a tax abatement and
9 the taxpayer relocates its entire facility in violation of
10 the explicit terms and length of the contract under Section
11 18-183 of the Property Tax Code, the tax imposed under
12 subsections (a) and (b) of this Section shall be increased
13 for the taxable year in which the taxpayer relocated its
14 facility by an amount equal to the amount of credit
15 received by the taxpayer under this subsection (h).

16 (i) Credit for Personal Property Tax Replacement Income
17 Tax. For tax years ending prior to December 31, 2003, a credit
18 shall be allowed against the tax imposed by subsections (a) and
19 (b) of this Section for the tax imposed by subsections (c) and
20 (d) of this Section. This credit shall be computed by
21 multiplying the tax imposed by subsections (c) and (d) of this
22 Section by a fraction, the numerator of which is base income
23 allocable to Illinois and the denominator of which is Illinois
24 base income, and further multiplying the product by the tax
25 rate imposed by subsections (a) and (b) of this Section.

26 Any credit earned on or after December 31, 1986 under this

1 subsection which is unused in the year the credit is computed
2 because it exceeds the tax liability imposed by subsections (a)
3 and (b) for that year (whether it exceeds the original
4 liability or the liability as later amended) may be carried
5 forward and applied to the tax liability imposed by subsections
6 (a) and (b) of the 5 taxable years following the excess credit
7 year, provided that no credit may be carried forward to any
8 year ending on or after December 31, 2003. This credit shall be
9 applied first to the earliest year for which there is a
10 liability. If there is a credit under this subsection from more
11 than one tax year that is available to offset a liability the
12 earliest credit arising under this subsection shall be applied
13 first.

14 If, during any taxable year ending on or after December 31,
15 1986, the tax imposed by subsections (c) and (d) of this
16 Section for which a taxpayer has claimed a credit under this
17 subsection (i) is reduced, the amount of credit for such tax
18 shall also be reduced. Such reduction shall be determined by
19 recomputing the credit to take into account the reduced tax
20 imposed by subsections (c) and (d). If any portion of the
21 reduced amount of credit has been carried to a different
22 taxable year, an amended return shall be filed for such taxable
23 year to reduce the amount of credit claimed.

24 (j) Training expense credit. Beginning with tax years
25 ending on or after December 31, 1986 and prior to December 31,
26 2003, a taxpayer shall be allowed a credit against the tax

1 imposed by subsections (a) and (b) under this Section for all
2 amounts paid or accrued, on behalf of all persons employed by
3 the taxpayer in Illinois or Illinois residents employed outside
4 of Illinois by a taxpayer, for educational or vocational
5 training in semi-technical or technical fields or semi-skilled
6 or skilled fields, which were deducted from gross income in the
7 computation of taxable income. The credit against the tax
8 imposed by subsections (a) and (b) shall be 1.6% of such
9 training expenses. For partners, shareholders of subchapter S
10 corporations, and owners of limited liability companies, if the
11 liability company is treated as a partnership for purposes of
12 federal and State income taxation, there shall be allowed a
13 credit under this subsection (j) to be determined in accordance
14 with the determination of income and distributive share of
15 income under Sections 702 and 704 and subchapter S of the
16 Internal Revenue Code.

17 Any credit allowed under this subsection which is unused in
18 the year the credit is earned may be carried forward to each of
19 the 5 taxable years following the year for which the credit is
20 first computed until it is used. This credit shall be applied
21 first to the earliest year for which there is a liability. If
22 there is a credit under this subsection from more than one tax
23 year that is available to offset a liability the earliest
24 credit arising under this subsection shall be applied first. No
25 carryforward credit may be claimed in any tax year ending on or
26 after December 31, 2003.

1 (k) Research and development credit. For tax years ending
2 after July 1, 1990 and prior to December 31, 2003, and
3 beginning again for tax years ending on or after December 31,
4 ~~2004, and ending prior to January 1, 2016,~~ a taxpayer shall be
5 allowed a credit against the tax imposed by subsections (a) and
6 (b) of this Section for increasing research activities in this
7 State. The credit allowed against the tax imposed by
8 subsections (a) and (b) shall be equal to 6 1/2% of the
9 qualifying expenditures for increasing research activities in
10 this State. For partners, shareholders of subchapter S
11 corporations, and owners of limited liability companies, if the
12 liability company is treated as a partnership for purposes of
13 federal and State income taxation, there shall be allowed a
14 credit under this subsection to be determined in accordance
15 with the determination of income and distributive share of
16 income under Sections 702 and 704 and subchapter S of the
17 Internal Revenue Code.

18 For purposes of this subsection, "qualifying expenditures"
19 means the qualifying expenditures as defined for the federal
20 credit for increasing research activities which would be
21 allowable under Section 41 of the Internal Revenue Code and
22 which are conducted in this State, "qualifying expenditures for
23 increasing research activities in this State" means the excess
24 of qualifying expenditures for the taxable year in which
25 incurred over qualifying expenditures for the base period,
26 "qualifying expenditures for the base period" means (i) for tax

1 years ending prior to December 31, 2017, the average of the
2 qualifying expenditures for each year in the base period; and
3 (2) for tax years ending on or after December 31, 2017, 50% of
4 the average of the qualifying expenditures for each year in the
5 base period, and "base period" means the 3 taxable years
6 immediately preceding the taxable year for which the
7 determination is being made.

8 Any credit in excess of the tax liability for the taxable
9 year may be carried forward. A taxpayer may elect to have the
10 unused credit shown on its final completed return carried over
11 as a credit against the tax liability for the following 5
12 taxable years or until it has been fully used, whichever occurs
13 first; provided that no credit earned in a tax year ending
14 prior to December 31, 2003 may be carried forward to any year
15 ending on or after December 31, 2003.

16 If an unused credit is carried forward to a given year from
17 2 or more earlier years, that credit arising in the earliest
18 year will be applied first against the tax liability for the
19 given year. If a tax liability for the given year still
20 remains, the credit from the next earliest year will then be
21 applied, and so on, until all credits have been used or no tax
22 liability for the given year remains. Any remaining unused
23 credit or credits then will be carried forward to the next
24 following year in which a tax liability is incurred, except
25 that no credit can be carried forward to a year which is more
26 than 5 years after the year in which the expense for which the

1 credit is given was incurred.

2 No inference shall be drawn from this amendatory Act of the
3 91st General Assembly in construing this Section for taxable
4 years beginning before January 1, 1999.

5 This subsection (k) is exempt from the provisions of
6 Section 250.

7 It is the intent of the General Assembly that the research
8 and development credit under this subsection (k) shall apply
9 continuously for all tax years ending on or after December 31,
10 2004, including, but not limited to, the period beginning on
11 January 1, 2016 and ending on the effective date of this
12 amendatory Act of the 100th General Assembly. All actions taken
13 in reliance on the continuation of the credit under this
14 subsection (k) by any taxpayer are hereby validated.

15 (l) Environmental Remediation Tax Credit.

16 (i) For tax years ending after December 31, 1997 and on
17 or before December 31, 2001, a taxpayer shall be allowed a
18 credit against the tax imposed by subsections (a) and (b)
19 of this Section for certain amounts paid for unreimbursed
20 eligible remediation costs, as specified in this
21 subsection. For purposes of this Section, "unreimbursed
22 eligible remediation costs" means costs approved by the
23 Illinois Environmental Protection Agency ("Agency") under
24 Section 58.14 of the Environmental Protection Act that were
25 paid in performing environmental remediation at a site for
26 which a No Further Remediation Letter was issued by the

1 Agency and recorded under Section 58.10 of the
2 Environmental Protection Act. The credit must be claimed
3 for the taxable year in which Agency approval of the
4 eligible remediation costs is granted. The credit is not
5 available to any taxpayer if the taxpayer or any related
6 party caused or contributed to, in any material respect, a
7 release of regulated substances on, in, or under the site
8 that was identified and addressed by the remedial action
9 pursuant to the Site Remediation Program of the
10 Environmental Protection Act. After the Pollution Control
11 Board rules are adopted pursuant to the Illinois
12 Administrative Procedure Act for the administration and
13 enforcement of Section 58.9 of the Environmental
14 Protection Act, determinations as to credit availability
15 for purposes of this Section shall be made consistent with
16 those rules. For purposes of this Section, "taxpayer"
17 includes a person whose tax attributes the taxpayer has
18 succeeded to under Section 381 of the Internal Revenue Code
19 and "related party" includes the persons disallowed a
20 deduction for losses by paragraphs (b), (c), and (f)(1) of
21 Section 267 of the Internal Revenue Code by virtue of being
22 a related taxpayer, as well as any of its partners. The
23 credit allowed against the tax imposed by subsections (a)
24 and (b) shall be equal to 25% of the unreimbursed eligible
25 remediation costs in excess of \$100,000 per site, except
26 that the \$100,000 threshold shall not apply to any site

1 contained in an enterprise zone as determined by the
2 Department of Commerce and Community Affairs (now
3 Department of Commerce and Economic Opportunity). The
4 total credit allowed shall not exceed \$40,000 per year with
5 a maximum total of \$150,000 per site. For partners and
6 shareholders of subchapter S corporations, there shall be
7 allowed a credit under this subsection to be determined in
8 accordance with the determination of income and
9 distributive share of income under Sections 702 and 704 and
10 subchapter S of the Internal Revenue Code.

11 (ii) A credit allowed under this subsection that is
12 unused in the year the credit is earned may be carried
13 forward to each of the 5 taxable years following the year
14 for which the credit is first earned until it is used. The
15 term "unused credit" does not include any amounts of
16 unreimbursed eligible remediation costs in excess of the
17 maximum credit per site authorized under paragraph (i).
18 This credit shall be applied first to the earliest year for
19 which there is a liability. If there is a credit under this
20 subsection from more than one tax year that is available to
21 offset a liability, the earliest credit arising under this
22 subsection shall be applied first. A credit allowed under
23 this subsection may be sold to a buyer as part of a sale of
24 all or part of the remediation site for which the credit
25 was granted. The purchaser of a remediation site and the
26 tax credit shall succeed to the unused credit and remaining

1 carry-forward period of the seller. To perfect the
2 transfer, the assignor shall record the transfer in the
3 chain of title for the site and provide written notice to
4 the Director of the Illinois Department of Revenue of the
5 assignor's intent to sell the remediation site and the
6 amount of the tax credit to be transferred as a portion of
7 the sale. In no event may a credit be transferred to any
8 taxpayer if the taxpayer or a related party would not be
9 eligible under the provisions of subsection (i).

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

13 (m) Education expense credit. Beginning with tax years
14 ending after December 31, 1999, a taxpayer who is the custodian
15 of one or more qualifying pupils shall be allowed a credit
16 against the tax imposed by subsections (a) and (b) of this
17 Section for qualified education expenses incurred on behalf of
18 the qualifying pupils. The credit shall be equal to 25% of
19 qualified education expenses, but in no event may the total
20 credit under this subsection claimed by a family that is the
21 custodian of qualifying pupils exceed (i) \$500 for tax years
22 ending prior to December 31, 2017, and (ii) \$750 for tax years
23 ending on or after December 31, 2017. In no event shall a
24 credit under this subsection reduce the taxpayer's liability
25 under this Act to less than zero. Notwithstanding any other
26 provision of law, for taxable years beginning on or after

1 January 1, 2018, no taxpayer may claim a credit under this
2 subsection (m) if the taxpayer's adjusted gross income for the
3 taxable year exceeds (i) \$500,000, in the case of spouses
4 filing a joint federal tax return or (ii) \$250,000, in the case
5 of all other taxpayers. This subsection is exempt from the
6 provisions of Section 250 of this Act.

7 For purposes of this subsection:

8 "Qualifying pupils" means individuals who (i) are
9 residents of the State of Illinois, (ii) are under the age of
10 21 at the close of the school year for which a credit is
11 sought, and (iii) during the school year for which a credit is
12 sought were full-time pupils enrolled in a kindergarten through
13 twelfth grade education program at any school, as defined in
14 this subsection.

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

19 "School" means any public or nonpublic elementary or
20 secondary school in Illinois that is in compliance with Title
21 VI of the Civil Rights Act of 1964 and attendance at which
22 satisfies the requirements of Section 26-1 of the School Code,
23 except that nothing shall be construed to require a child to
24 attend any particular public or nonpublic school to qualify for
25 the credit under this Section.

26 "Custodian" means, with respect to qualifying pupils, an

1 Illinois resident who is a parent, the parents, a legal
2 guardian, or the legal guardians of the qualifying pupils.

3 (n) River Edge Redevelopment Zone site remediation tax
4 credit.

5 (i) For tax years ending on or after December 31, 2006,
6 a taxpayer shall be allowed a credit against the tax
7 imposed by subsections (a) and (b) of this Section for
8 certain amounts paid for unreimbursed eligible remediation
9 costs, as specified in this subsection. For purposes of
10 this Section, "unreimbursed eligible remediation costs"
11 means costs approved by the Illinois Environmental
12 Protection Agency ("Agency") under Section 58.14a of the
13 Environmental Protection Act that were paid in performing
14 environmental remediation at a site within a River Edge
15 Redevelopment Zone for which a No Further Remediation
16 Letter was issued by the Agency and recorded under Section
17 58.10 of the Environmental Protection Act. The credit must
18 be claimed for the taxable year in which Agency approval of
19 the eligible remediation costs is granted. The credit is
20 not available to any taxpayer if the taxpayer or any
21 related party caused or contributed to, in any material
22 respect, a release of regulated substances on, in, or under
23 the site that was identified and addressed by the remedial
24 action pursuant to the Site Remediation Program of the
25 Environmental Protection Act. Determinations as to credit
26 availability for purposes of this Section shall be made

1 consistent with rules adopted by the Pollution Control
2 Board pursuant to the Illinois Administrative Procedure
3 Act for the administration and enforcement of Section 58.9
4 of the Environmental Protection Act. For purposes of this
5 Section, "taxpayer" includes a person whose tax attributes
6 the taxpayer has succeeded to under Section 381 of the
7 Internal Revenue Code and "related party" includes the
8 persons disallowed a deduction for losses by paragraphs
9 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
10 Code by virtue of being a related taxpayer, as well as any
11 of its partners. The credit allowed against the tax imposed
12 by subsections (a) and (b) shall be equal to 25% of the
13 unreimbursed eligible remediation costs in excess of
14 \$100,000 per site.

15 (ii) A credit allowed under this subsection that is
16 unused in the year the credit is earned may be carried
17 forward to each of the 5 taxable years following the year
18 for which the credit is first earned until it is used. This
19 credit shall be applied first to the earliest year for
20 which there is a liability. If there is a credit under this
21 subsection from more than one tax year that is available to
22 offset a liability, the earliest credit arising under this
23 subsection shall be applied first. A credit allowed under
24 this subsection may be sold to a buyer as part of a sale of
25 all or part of the remediation site for which the credit
26 was granted. The purchaser of a remediation site and the

1 tax credit shall succeed to the unused credit and remaining
2 carry-forward period of the seller. To perfect the
3 transfer, the assignor shall record the transfer in the
4 chain of title for the site and provide written notice to
5 the Director of the Illinois Department of Revenue of the
6 assignor's intent to sell the remediation site and the
7 amount of the tax credit to be transferred as a portion of
8 the sale. In no event may a credit be transferred to any
9 taxpayer if the taxpayer or a related party would not be
10 eligible under the provisions of subsection (i).

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

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

24 (1) the medical cannabis cultivation center
25 registration, medical cannabis dispensary registration, or
26 the property of a registration is transferred as a result

1 of any of the following:

2 (A) bankruptcy, a receivership, or a debt
3 adjustment initiated by or against the initial
4 registration or the substantial owners of the initial
5 registration;

6 (B) cancellation, revocation, or termination of
7 any registration by the Illinois Department of Public
8 Health;

9 (C) a determination by the Illinois Department of
10 Public Health that transfer of the registration is in
11 the best interests of Illinois qualifying patients as
12 defined by the Compassionate Use of Medical Cannabis
13 Pilot Program Act;

14 (D) the death of an owner of the equity interest in
15 a registrant;

16 (E) the acquisition of a controlling interest in
17 the stock or substantially all of the assets of a
18 publicly traded company;

19 (F) a transfer by a parent company to a wholly
20 owned subsidiary; or

21 (G) the transfer or sale to or by one person to
22 another person where both persons were initial owners
23 of the registration when the registration was issued;
24 or

25 (2) the cannabis cultivation center registration,
26 medical cannabis dispensary registration, or the

1 controlling interest in a registrant's property is
2 transferred in a transaction to lineal descendants in which
3 no gain or loss is recognized or as a result of a
4 transaction in accordance with Section 351 of the Internal
5 Revenue Code in which no gain or loss is recognized.

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

9 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

10 Sec. 203. Base income defined.

11 (a) Individuals.

12 (1) In general. In the case of an individual, base
13 income means an amount equal to the taxpayer's adjusted
14 gross income for the taxable year as modified by paragraph
15 (2).

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

19 (A) An amount equal to all amounts paid or accrued
20 to the taxpayer as interest or dividends during the
21 taxable year to the extent excluded from gross income
22 in the computation of adjusted gross income, except
23 stock dividends of qualified public utilities
24 described in Section 305(e) of the Internal Revenue
25 Code;

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

5 (C) An amount equal to the amount received during
6 the taxable year as a recovery or refund of real
7 property taxes paid with respect to the taxpayer's
8 principal residence under the Revenue Act of 1939 and
9 for which a deduction was previously taken under
10 subparagraph (L) of this paragraph (2) prior to July 1,
11 1991, the retrospective application date of Article 4
12 of Public Act 87-17. In the case of multi-unit or
13 multi-use structures and farm dwellings, the taxes on
14 the taxpayer's principal residence shall be that
15 portion of the total taxes for the entire property
16 which is attributable to such principal residence;

17 (D) An amount equal to the amount of the capital
18 gain deduction allowable under the Internal Revenue
19 Code, to the extent deducted from gross income in the
20 computation of adjusted gross income;

21 (D-5) An amount, to the extent not included in
22 adjusted gross income, equal to the amount of money
23 withdrawn by the taxpayer in the taxable year from a
24 medical care savings account and the interest earned on
25 the account in the taxable year of a withdrawal
26 pursuant to subsection (b) of Section 20 of the Medical

1 Care Savings Account Act or subsection (b) of Section
2 20 of the Medical Care Savings Account Act of 2000;

3 (D-10) For taxable years ending after December 31,
4 1997, an amount equal to any eligible remediation costs
5 that the individual deducted in computing adjusted
6 gross income and for which the individual claims a
7 credit under subsection (l) of Section 201;

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

13 (D-16) 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 the aggregate amount of the
18 deductions taken in all taxable years under
19 subparagraph (Z) with respect to that property.

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which the
22 taxpayer may claim a depreciation deduction for
23 federal income tax purposes and for which the taxpayer
24 was allowed in any taxable year to make a subtraction
25 modification under subparagraph (Z), then an amount
26 equal to that subtraction modification.

1 The taxpayer is required to make the addition
2 modification under this subparagraph only once with
3 respect to any one piece of property;

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

1 gross income under Section 78 of the Internal Revenue
2 Code) with respect to the stock of the same person to
3 whom the interest was paid, accrued, or incurred.

4 This paragraph shall not apply to the following:

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

11 (ii) an item of interest paid, accrued, or
12 incurred, directly or indirectly, to a person if
13 the taxpayer can establish, based on a
14 preponderance of the evidence, both of the
15 following:

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

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

26 (iii) the taxpayer can establish, based on

1 clear and convincing evidence, that the interest
2 paid, accrued, or incurred relates to a contract or
3 agreement entered into at arm's-length rates and
4 terms and the principal purpose for the payment is
5 not federal or Illinois tax avoidance; or

6 (iv) an item of interest paid, accrued, or
7 incurred, directly or indirectly, to a person if
8 the taxpayer establishes by clear and convincing
9 evidence that the adjustments are unreasonable; or
10 if the taxpayer and the Director agree in writing
11 to the application or use of an alternative method
12 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-18) An amount equal to the amount of intangible
23 expenses and costs otherwise allowed as a deduction in
24 computing base income, and that were paid, accrued, or
25 incurred, directly or indirectly, (i) for taxable
26 years ending on or after December 31, 2004, to a

1 foreign person who would be a member of the same
2 unitary business group but for the fact that the
3 foreign person's business activity outside the United
4 States is 80% or more of that person's total business
5 activity and (ii) for taxable years ending on or after
6 December 31, 2008, to a person who would be a member of
7 the same unitary business group but for the fact that
8 the person is prohibited under Section 1501(a)(27)
9 from being included in the unitary business group
10 because he or she is ordinarily required to apportion
11 business income under different subsections of Section
12 304. The addition modification required by this
13 subparagraph shall be reduced to the extent that
14 dividends were included in base income of the unitary
15 group for the same taxable year and received by the
16 taxpayer or by a member of the taxpayer's unitary
17 business group (including amounts included in gross
18 income under Sections 951 through 964 of the Internal
19 Revenue Code and amounts included in gross income under
20 Section 78 of the Internal Revenue Code) with respect
21 to the stock of the same person to whom the intangible
22 expenses and costs were directly or indirectly paid,
23 incurred, or accrued. The preceding sentence does not
24 apply to the extent that the same dividends caused a
25 reduction to the addition modification required under
26 Section 203(a)(2)(D-17) of this Act. As used in this

1 subparagraph, the term "intangible expenses and costs"
2 includes (1) expenses, losses, and costs for, or
3 related to, the direct or indirect acquisition, use,
4 maintenance or management, ownership, sale, exchange,
5 or any other disposition of intangible property; (2)
6 losses incurred, directly or indirectly, from
7 factoring transactions or discounting transactions;
8 (3) royalty, patent, technical, and copyright fees;
9 (4) licensing fees; and (5) other similar expenses and
10 costs. For purposes of this subparagraph, "intangible
11 property" includes patents, patent applications, trade
12 names, trademarks, service marks, copyrights, mask
13 works, trade secrets, and similar types of intangible
14 assets.

15 This paragraph shall not apply to the following:

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

23 (ii) any item of intangible expense or cost
24 paid, accrued, or incurred, directly or
25 indirectly, if the taxpayer can establish, based
26 on a preponderance of the evidence, both of the

1 following:

2 (a) the person during the same taxable
3 year paid, accrued, or incurred, the
4 intangible expense or cost to a person that is
5 not a related member, and

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

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

21 Nothing in this subsection shall preclude the
22 Director from making any other adjustment
23 otherwise allowed under Section 404 of this Act for
24 any tax year beginning after the effective date of
25 this amendment provided such adjustment is made
26 pursuant to regulation adopted by the Department

1 and such regulations provide methods and standards
2 by which the Department will utilize its authority
3 under Section 404 of this Act;

4 (D-19) For taxable years ending on or after
5 December 31, 2008, an amount equal to the amount of
6 insurance premium expenses and costs otherwise allowed
7 as a deduction in computing base income, and that were
8 paid, accrued, or incurred, directly or indirectly, to
9 a person who would be a member of the same unitary
10 business group but for the fact that the person is
11 prohibited under Section 1501(a)(27) from being
12 included in the unitary business group because he or
13 she is ordinarily required to apportion business
14 income under different subsections of Section 304. The
15 addition modification required by this subparagraph
16 shall be reduced to the extent that dividends were
17 included in base income of the unitary group for the
18 same taxable year and received by the taxpayer or by a
19 member of the taxpayer's unitary business group
20 (including amounts included in gross income under
21 Sections 951 through 964 of the Internal Revenue Code
22 and amounts included in gross income under Section 78
23 of the Internal Revenue Code) with respect to the stock
24 of the same person to whom the premiums and costs were
25 directly or indirectly paid, incurred, or accrued. The
26 preceding sentence does not apply to the extent that

1 the same dividends caused a reduction to the addition
2 modification required under Section 203(a)(2)(D-17) or
3 Section 203(a)(2)(D-18) of this Act.

4 (D-20) For taxable years beginning on or after
5 January 1, 2002 and ending on or before December 31,
6 2006, in the case of a distribution from a qualified
7 tuition program under Section 529 of the Internal
8 Revenue Code, other than (i) a distribution from a
9 College Savings Pool created under Section 16.5 of the
10 State Treasurer Act or (ii) a distribution from the
11 Illinois Prepaid Tuition Trust Fund, an amount equal to
12 the amount excluded from gross income under Section
13 529(c)(3)(B). For taxable years beginning on or after
14 January 1, 2007, in the case of a distribution from a
15 qualified tuition program under Section 529 of the
16 Internal Revenue Code, other than (i) a distribution
17 from a College Savings Pool created under Section 16.5
18 of the State Treasurer Act, (ii) a distribution from
19 the Illinois Prepaid Tuition Trust Fund, or (iii) a
20 distribution from a qualified tuition program under
21 Section 529 of the Internal Revenue Code that (I)
22 adopts and determines that its offering materials
23 comply with the College Savings Plans Network's
24 disclosure principles and (II) has made reasonable
25 efforts to inform in-state residents of the existence
26 of in-state qualified tuition programs by informing

1 Illinois residents directly and, where applicable, to
2 inform financial intermediaries distributing the
3 program to inform in-state residents of the existence
4 of in-state qualified tuition programs at least
5 annually, an amount equal to the amount excluded from
6 gross income under Section 529(c)(3)(B).

7 For the purposes of this subparagraph (D-20), a
8 qualified tuition program has made reasonable efforts
9 if it makes disclosures (which may use the term
10 "in-state program" or "in-state plan" and need not
11 specifically refer to Illinois or its qualified
12 programs by name) (i) directly to prospective
13 participants in its offering materials or makes a
14 public disclosure, such as a website posting; and (ii)
15 where applicable, to intermediaries selling the
16 out-of-state program in the same manner that the
17 out-of-state program distributes its offering
18 materials;

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

26 (D-22) For taxable years beginning on or after

1 January 1, 2009, in the case of a nonqualified
2 withdrawal or refund of moneys from a qualified tuition
3 program under Section 529 of the Internal Revenue Code
4 administered by the State that is not used for
5 qualified expenses at an eligible education
6 institution, an amount equal to the contribution
7 component of the nonqualified withdrawal or refund
8 that was previously deducted from base income under
9 subsection (a)(2)(y) of this Section, provided that
10 the withdrawal or refund did not result from the
11 beneficiary's death or disability;

12 (D-23) An amount equal to the credit allowable to
13 the taxpayer under Section 218(a) of this Act,
14 determined without regard to Section 218(c) of this
15 Act;

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

20 and by deducting from the total so obtained the sum of the
21 following amounts:

22 (E) For taxable years ending before December 31,
23 2001, any amount included in such total in respect of
24 any compensation (including but not limited to any
25 compensation paid or accrued to a serviceman while a
26 prisoner of war or missing in action) paid to a

1 resident by reason of being on active duty in the Armed
2 Forces of the United States and in respect of any
3 compensation paid or accrued to a resident who as a
4 governmental employee was a prisoner of war or missing
5 in action, and in respect of any compensation paid to a
6 resident in 1971 or thereafter for annual training
7 performed pursuant to Sections 502 and 503, Title 32,
8 United States Code as a member of the Illinois National
9 Guard or, beginning with taxable years ending on or
10 after December 31, 2007, the National Guard of any
11 other state. For taxable years ending on or after
12 December 31, 2001, any amount included in such total in
13 respect of any compensation (including but not limited
14 to any compensation paid or accrued to a serviceman
15 while a prisoner of war or missing in action) paid to a
16 resident by reason of being a member of any component
17 of the Armed Forces of the United States and in respect
18 of any compensation paid or accrued to a resident who
19 as a governmental employee was a prisoner of war or
20 missing in action, and in respect of any compensation
21 paid to a resident in 2001 or thereafter by reason of
22 being a member of the Illinois National Guard or,
23 beginning with taxable years ending on or after
24 December 31, 2007, the National Guard of any other
25 state. The provisions of this subparagraph (E) are
26 exempt from the provisions of Section 250;

1 (F) An amount equal to all amounts included in such
2 total pursuant to the provisions of Sections 402(a),
3 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
4 Internal Revenue Code, or included in such total as
5 distributions under the provisions of any retirement
6 or disability plan for employees of any governmental
7 agency or unit, or retirement payments to retired
8 partners, which payments are excluded in computing net
9 earnings from self employment by Section 1402 of the
10 Internal Revenue Code and regulations adopted pursuant
11 thereto;

12 (G) The valuation limitation amount;

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

16 (I) An amount equal to all amounts included in such
17 total pursuant to the provisions of Section 111 of the
18 Internal Revenue Code as a recovery of items previously
19 deducted from adjusted gross income in the computation
20 of taxable income;

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

1 Redevelopment Zone or zones. This subparagraph (J) is
2 exempt from the provisions of Section 250;

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

12 (L) For taxable years ending after December 31,
13 1983, an amount equal to all social security benefits
14 and railroad retirement benefits included in such
15 total pursuant to Sections 72(r) and 86 of the Internal
16 Revenue Code;

17 (M) With the exception of any amounts subtracted
18 under subparagraph (N), an amount equal to the sum of
19 all amounts disallowed as deductions by (i) Sections
20 171(a) (2), and 265(2) of the Internal Revenue Code,
21 and all amounts of expenses allocable to interest and
22 disallowed as deductions by Section 265(1) of the
23 Internal Revenue Code; and (ii) for taxable years
24 ending on or after August 13, 1999, Sections 171(a) (2),
25 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
26 Code, plus, for taxable years ending on or after

1 December 31, 2011, Section 45G(e)(3) of the Internal
2 Revenue Code and, for taxable years ending on or after
3 December 31, 2008, any amount included in gross income
4 under Section 87 of the Internal Revenue Code; the
5 provisions of this subparagraph are exempt from the
6 provisions of Section 250;

7 (N) An amount equal to all amounts included in such
8 total which are exempt from taxation by this State
9 either by reason of its statutes or Constitution or by
10 reason of the Constitution, treaties or statutes of the
11 United States; provided that, in the case of any
12 statute of this State that exempts income derived from
13 bonds or other obligations from the tax imposed under
14 this Act, the amount exempted shall be the interest net
15 of bond premium amortization;

16 (O) An amount equal to any contribution made to a
17 job training project established pursuant to the Tax
18 Increment Allocation Redevelopment Act;

19 (P) An amount equal to the amount of the deduction
20 used to compute the federal income tax credit for
21 restoration of substantial amounts held under claim of
22 right for the taxable year pursuant to Section 1341 of
23 the Internal Revenue Code or of any itemized deduction
24 taken from adjusted gross income in the computation of
25 taxable income for restoration of substantial amounts
26 held under claim of right for the taxable year;

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

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

8 (S) An amount, to the extent included in adjusted
9 gross income, equal to the amount of a contribution
10 made in the taxable year on behalf of the taxpayer to a
11 medical care savings account established under the
12 Medical Care Savings Account Act or the Medical Care
13 Savings Account Act of 2000 to the extent the
14 contribution is accepted by the account administrator
15 as provided in that Act;

16 (T) An amount, to the extent included in adjusted
17 gross income, equal to the amount of interest earned in
18 the taxable year on a medical care savings account
19 established under the Medical Care Savings Account Act
20 or the Medical Care Savings Account Act of 2000 on
21 behalf of the taxpayer, other than interest added
22 pursuant to item (D-5) of this paragraph (2);

23 (U) For one taxable year beginning on or after
24 January 1, 1994, an amount equal to the total amount of
25 tax imposed and paid under subsections (a) and (b) of
26 Section 201 of this Act on grant amounts received by

1 the taxpayer under the Nursing Home Grant Assistance
2 Act during the taxpayer's taxable years 1992 and 1993;

3 (V) Beginning with tax years ending on or after
4 December 31, 1995 and ending with tax years ending on
5 or before December 31, 2004, an amount equal to the
6 amount paid by a taxpayer who is a self-employed
7 taxpayer, a partner of a partnership, or a shareholder
8 in a Subchapter S corporation for health insurance or
9 long-term care insurance for that taxpayer or that
10 taxpayer's spouse or dependents, to the extent that the
11 amount paid for that health insurance or long-term care
12 insurance may be deducted under Section 213 of the
13 Internal Revenue Code, has not been deducted on the
14 federal income tax return of the taxpayer, and does not
15 exceed the taxable income attributable to that
16 taxpayer's income, self-employment income, or
17 Subchapter S corporation income; except that no
18 deduction shall be allowed under this item (V) if the
19 taxpayer is eligible to participate in any health
20 insurance or long-term care insurance plan of an
21 employer of the taxpayer or the taxpayer's spouse. The
22 amount of the health insurance and long-term care
23 insurance subtracted under this item (V) shall be
24 determined by multiplying total health insurance and
25 long-term care insurance premiums paid by the taxpayer
26 times a number that represents the fractional

1 percentage of eligible medical expenses under Section
2 213 of the Internal Revenue Code of 1986 not actually
3 deducted on the taxpayer's federal income tax return;

4 (W) For taxable years beginning on or after January
5 1, 1998, all amounts included in the taxpayer's federal
6 gross income in the taxable year from amounts converted
7 from a regular IRA to a Roth IRA. This paragraph is
8 exempt from the provisions of Section 250;

9 (X) For taxable year 1999 and thereafter, an amount
10 equal to the amount of any (i) distributions, to the
11 extent includible in gross income for federal income
12 tax purposes, made to the taxpayer because of his or
13 her status as a victim of persecution for racial or
14 religious reasons by Nazi Germany or any other Axis
15 regime or as an heir of the victim and (ii) items of
16 income, to the extent includible in gross income for
17 federal income tax purposes, attributable to, derived
18 from or in any way related to assets stolen from,
19 hidden from, or otherwise lost to a victim of
20 persecution for racial or religious reasons by Nazi
21 Germany or any other Axis regime immediately prior to,
22 during, and immediately after World War II, including,
23 but not limited to, interest on the proceeds receivable
24 as insurance under policies issued to a victim of
25 persecution for racial or religious reasons by Nazi
26 Germany or any other Axis regime by European insurance

1 companies immediately prior to and during World War II;
2 provided, however, this subtraction from federal
3 adjusted gross income does not apply to assets acquired
4 with such assets or with the proceeds from the sale of
5 such assets; provided, further, this paragraph shall
6 only apply to a taxpayer who was the first recipient of
7 such assets after their recovery and who is a victim of
8 persecution for racial or religious reasons by Nazi
9 Germany or any other Axis regime or as an heir of the
10 victim. The amount of and the eligibility for any
11 public assistance, benefit, or similar entitlement is
12 not affected by the inclusion of items (i) and (ii) of
13 this paragraph in gross income for federal income tax
14 purposes. This paragraph is exempt from the provisions
15 of Section 250;

16 (Y) For taxable years beginning on or after January
17 1, 2002 and ending on or before December 31, 2004,
18 moneys contributed in the taxable year to a College
19 Savings Pool account under Section 16.5 of the State
20 Treasurer Act, except that amounts excluded from gross
21 income under Section 529(c)(3)(C)(i) of the Internal
22 Revenue Code shall not be considered moneys
23 contributed under this subparagraph (Y). For taxable
24 years beginning on or after January 1, 2005, a maximum
25 of \$10,000 contributed in the taxable year to (i) a
26 College Savings Pool account under Section 16.5 of the

1 State Treasurer Act or (ii) the Illinois Prepaid
2 Tuition Trust Fund, except that amounts excluded from
3 gross income under Section 529(c)(3)(C)(i) of the
4 Internal Revenue Code shall not be considered moneys
5 contributed under this subparagraph (Y). For purposes
6 of this subparagraph, contributions made by an
7 employer on behalf of an employee, or matching
8 contributions made by an employee, shall be treated as
9 made by the employee. This subparagraph (Y) is exempt
10 from the provisions of Section 250;

11 (Z) 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 (Z) is exempt from the provisions of
20 Section 250;

21 (AA) If the taxpayer sells, transfers, abandons,
22 or otherwise disposes of property for which the
23 taxpayer was required in any taxable year to make an
24 addition modification under subparagraph (D-15), then
25 an amount 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-15), 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 (AA) is exempt from the
11 provisions of Section 250;

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

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

1 respect to such transaction under Section
2 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
3 203(d)(2)(D-8), but not to exceed the amount of that
4 addition modification. This subparagraph (CC) is
5 exempt from the provisions of Section 250;

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

26 (EE) An amount equal to the income from intangible

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

21 (FF) An amount equal to any amount awarded to the
22 taxpayer during the taxable year by the Court of Claims
23 under subsection (c) of Section 8 of the Court of
24 Claims Act for time unjustly served in a State prison.
25 This subparagraph (FF) is exempt from the provisions of
26 Section 250; and

1 (GG) For taxable years ending on or after December
2 31, 2011, in the case of a taxpayer who was required to
3 add back any insurance premiums under Section
4 203(a)(2)(D-19), such taxpayer may elect to subtract
5 that part of a reimbursement received from the
6 insurance company equal to the amount of the expense or
7 loss (including expenses incurred by the insurance
8 company) that would have been taken into account as a
9 deduction for federal income tax purposes if the
10 expense or loss had been uninsured. If a taxpayer makes
11 the election provided for by this subparagraph (GG),
12 the insurer to which the premiums were paid must add
13 back to income the amount subtracted by the taxpayer
14 pursuant to this subparagraph (GG). This subparagraph
15 (GG) is exempt from the provisions of Section 250.

16 (b) Corporations.

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

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

23 (A) An amount equal to all amounts paid or accrued
24 to the taxpayer as interest and all distributions
25 received from regulated investment companies during

1 the taxable year to the extent excluded from gross
2 income in the computation of taxable income;

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

6 (C) In the case of a regulated investment company,
7 an amount equal to the excess of (i) the net long-term
8 capital gain for the taxable year, over (ii) the amount
9 of the capital gain dividends designated as such in
10 accordance with Section 852(b)(3)(C) of the Internal
11 Revenue Code and any amount designated under Section
12 852(b)(3)(D) of the Internal Revenue Code,
13 attributable to the taxable year (this amendatory Act
14 of 1995 (Public Act 89-89) is declarative of existing
15 law and is not a new enactment);

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

20 (E) For taxable years in which a net operating loss
21 carryback or carryforward from a taxable year ending
22 prior to December 31, 1986 is an element of taxable
23 income under paragraph (1) of subsection (e) or
24 subparagraph (E) of paragraph (2) of subsection (e),
25 the amount by which addition modifications other than
26 those provided by this subparagraph (E) exceeded

1 subtraction modifications in such earlier taxable
2 year, with the following limitations applied in the
3 order that they are listed:

4 (i) 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 be reduced by the amount of
8 addition modification under this subparagraph (E)
9 which related to that net operating loss and which
10 was taken into account in calculating the base
11 income of an earlier taxable year, and

12 (ii) the addition modification relating to the
13 net operating loss carried back or forward to the
14 taxable year from any taxable year ending prior to
15 December 31, 1986 shall not exceed the amount of
16 such carryback or carryforward;

17 For taxable years in which there is a net operating
18 loss carryback or carryforward from more than one other
19 taxable year ending prior to December 31, 1986, the
20 addition modification provided in this subparagraph
21 (E) shall be the sum of the amounts computed
22 independently under the preceding provisions of this
23 subparagraph (E) for each such taxable year;

24 (E-5) For taxable years ending after December 31,
25 1997, an amount equal to any eligible remediation costs
26 that the corporation deducted in computing adjusted

1 gross income and for which the corporation claims a
2 credit under subsection (l) of Section 201;

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

8 (E-11) If the taxpayer sells, transfers, abandons,
9 or otherwise disposes of property for which the
10 taxpayer was required in any taxable year to make an
11 addition modification under subparagraph (E-10), then
12 an amount equal to the aggregate amount of the
13 deductions taken in all taxable years under
14 subparagraph (T) with respect to that property.

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 allowed in any taxable year to make a subtraction
20 modification under subparagraph (T), then an amount
21 equal to that subtraction modification.

22 The taxpayer is required to make the addition
23 modification under this subparagraph only once with
24 respect to any one piece of property;

25 (E-12) An amount equal to the amount otherwise
26 allowed as a deduction in computing base income for

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

26 This paragraph shall not apply to the following:

1 (i) an item of interest paid, accrued, or
2 incurred, directly or indirectly, to a person who
3 is subject in a foreign country or state, other
4 than a state which requires mandatory unitary
5 reporting, to a tax on or measured by net income
6 with respect to such interest; or

7 (ii) an item of interest paid, accrued, or
8 incurred, directly or indirectly, to a person if
9 the taxpayer can establish, based on a
10 preponderance of the evidence, both of the
11 following:

12 (a) the person, during the same taxable
13 year, paid, accrued, or incurred, the interest
14 to a person that is not a related member, and

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

22 (iii) the taxpayer can establish, based on
23 clear and convincing evidence, that the interest
24 paid, accrued, or incurred relates to a contract or
25 agreement entered into at arm's-length rates and
26 terms and the principal purpose for the payment is

1 not federal or Illinois tax avoidance; or

2 (iv) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a person if
4 the taxpayer establishes by clear and convincing
5 evidence that the adjustments are unreasonable; or
6 if the taxpayer and the Director agree in writing
7 to the application or use of an alternative method
8 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-13) An amount equal to the amount of intangible
19 expenses and costs otherwise allowed as a deduction in
20 computing base income, and that were paid, accrued, or
21 incurred, directly or indirectly, (i) for taxable
22 years ending on or after December 31, 2004, to a
23 foreign person who would be a member of the same
24 unitary business group but for the fact that the
25 foreign person's business activity outside the United
26 States is 80% or more of that person's total business

1 activity and (ii) for taxable years ending on or after
2 December 31, 2008, to a person who would be a member of
3 the same unitary business group but for the fact that
4 the person is prohibited under Section 1501(a)(27)
5 from being included in the unitary business group
6 because he or she is ordinarily required to apportion
7 business income under different subsections of Section
8 304. The addition modification required by this
9 subparagraph shall be reduced to the extent that
10 dividends were included in base income of the unitary
11 group for the same taxable year and received by the
12 taxpayer or by a member of the taxpayer's unitary
13 business group (including amounts included in gross
14 income pursuant to Sections 951 through 964 of the
15 Internal Revenue Code and amounts included in gross
16 income under Section 78 of the Internal Revenue Code)
17 with respect to the stock of the same person to whom
18 the intangible expenses and costs were directly or
19 indirectly paid, incurred, or accrued. The preceding
20 sentence shall not apply to the extent that the same
21 dividends caused a reduction to the addition
22 modification required under Section 203(b)(2)(E-12) of
23 this Act. As used in this subparagraph, the term
24 "intangible expenses and costs" includes (1) expenses,
25 losses, and costs for, or related to, the direct or
26 indirect acquisition, use, maintenance or management,

1 ownership, sale, exchange, or any other disposition of
2 intangible property; (2) losses incurred, directly or
3 indirectly, from factoring transactions or discounting
4 transactions; (3) royalty, patent, technical, and
5 copyright fees; (4) licensing fees; and (5) other
6 similar expenses and costs. For purposes of this
7 subparagraph, "intangible property" includes patents,
8 patent applications, trade names, trademarks, service
9 marks, copyrights, mask works, trade secrets, and
10 similar types of intangible assets.

11 This paragraph shall not apply to the following:

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

19 (ii) any item of intangible expense or cost
20 paid, accrued, or incurred, directly or
21 indirectly, if the taxpayer can establish, based
22 on a preponderance of the evidence, both of the
23 following:

24 (a) the person during the same taxable
25 year paid, accrued, or incurred, the
26 intangible expense or cost to a person that is

1 not a related member, and

2 (b) the transaction giving rise to the
3 intangible expense or cost between the
4 taxpayer and the person did not have as a
5 principal purpose the avoidance of Illinois
6 income tax, and is paid pursuant to a contract
7 or agreement that reflects arm's-length terms;
8 or

9 (iii) any item of intangible expense or cost
10 paid, accrued, or incurred, directly or
11 indirectly, from a transaction with a person if the
12 taxpayer establishes by clear and convincing
13 evidence, that the adjustments are unreasonable;
14 or if the taxpayer and the Director agree in
15 writing to the application or use of an alternative
16 method 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;

26 (E-14) For taxable years ending on or after

1 December 31, 2008, an amount equal to the amount of
2 insurance premium expenses and costs otherwise allowed
3 as a deduction in computing base income, and that were
4 paid, accrued, or incurred, directly or indirectly, to
5 a person who would be a member of the same unitary
6 business group but for the fact that the person is
7 prohibited under Section 1501(a)(27) from being
8 included in the unitary business group because he or
9 she is ordinarily required to apportion business
10 income under different subsections of Section 304. The
11 addition modification required by this subparagraph
12 shall be reduced to the extent that dividends were
13 included in base income of the unitary group for the
14 same taxable year and received by the taxpayer or by a
15 member of the taxpayer's unitary business group
16 (including amounts included in gross income under
17 Sections 951 through 964 of the Internal Revenue Code
18 and amounts included in gross income under Section 78
19 of the Internal Revenue Code) with respect to the stock
20 of the same person to whom the premiums and costs were
21 directly or indirectly paid, incurred, or accrued. The
22 preceding sentence does not apply to the extent that
23 the same dividends caused a reduction to the addition
24 modification required under Section 203(b)(2)(E-12) or
25 Section 203(b)(2)(E-13) of this Act;

26 (E-15) For taxable years beginning after December

1 31, 2008, any deduction for dividends paid by a captive
2 real estate investment trust that is allowed to a real
3 estate investment trust under Section 857(b)(2)(B) of
4 the Internal Revenue Code for dividends paid;

5 (E-16) An amount equal to the credit allowable to
6 the taxpayer under Section 218(a) of this Act,
7 determined without regard to Section 218(c) of this
8 Act;

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

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

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

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

20 (H) In the case of a regulated investment company,
21 an amount equal to the amount of exempt interest
22 dividends as defined in subsection (b)(5) of Section
23 852 of the Internal Revenue Code, paid to shareholders
24 for the taxable year;

25 (I) With the exception of any amounts subtracted
26 under subparagraph (J), an amount equal to the sum of

1 all amounts disallowed as deductions by (i) Sections
2 171(a) (2), and 265(a)(2) and amounts disallowed as
3 interest expense by Section 291(a)(3) of the Internal
4 Revenue Code, and all amounts of expenses allocable to
5 interest and disallowed as deductions by Section
6 265(a)(1) of the Internal Revenue Code; and (ii) for
7 taxable years ending on or after August 13, 1999,
8 Sections 171(a)(2), 265, 280C, 291(a)(3), and
9 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
10 for tax years ending on or after December 31, 2011,
11 amounts disallowed as deductions by Section 45G(e)(3)
12 of the Internal Revenue Code and, for taxable years
13 ending on or after December 31, 2008, any amount
14 included in gross income under Section 87 of the
15 Internal Revenue Code and the policyholders' share of
16 tax-exempt interest of a life insurance company under
17 Section 807(a)(2)(B) of the Internal Revenue Code (in
18 the case of a life insurance company with gross income
19 from a decrease in reserves for the tax year) or
20 Section 807(b)(1)(B) of the Internal Revenue Code (in
21 the case of a life insurance company allowed a
22 deduction for an increase in reserves for the tax
23 year); the provisions of this subparagraph are exempt
24 from the provisions of Section 250;

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

16 (L) An amount equal to those dividends included in
17 such total that were paid by a corporation that
18 conducts business operations in a federally designated
19 Foreign Trade Zone or Sub-Zone and that is designated a
20 High Impact Business located in Illinois; provided
21 that dividends eligible for the deduction provided in
22 subparagraph (K) of paragraph 2 of this subsection
23 shall not be eligible for the deduction provided under
24 this subparagraph (L);

25 (M) For any taxpayer that is a financial
26 organization within the meaning of Section 304(c) of

1 this Act, an amount included in such total as interest
2 income from a loan or loans made by such taxpayer to a
3 borrower, to the extent that such a loan is secured by
4 property which is eligible for the River Edge
5 Redevelopment Zone Investment Credit. To determine the
6 portion of a loan or loans that is secured by property
7 eligible for a Section 201(f) investment credit to the
8 borrower, the entire principal amount of the loan or
9 loans between the taxpayer and the borrower should be
10 divided into the basis of the Section 201(f) investment
11 credit property which secures the loan or loans, using
12 for this purpose the original basis of such property on
13 the date that it was placed in service in the River
14 Edge Redevelopment Zone. The subtraction modification
15 available to taxpayer in any year under this subsection
16 shall be that portion of the total interest paid by the
17 borrower with respect to such loan attributable to the
18 eligible property as calculated under the previous
19 sentence. This subparagraph (M) is exempt from the
20 provisions of Section 250;

21 (M-1) For any taxpayer that is a financial
22 organization within the meaning of Section 304(c) of
23 this Act, an amount included in such total as interest
24 income from a loan or loans made by such taxpayer to a
25 borrower, to the extent that such a loan is secured by
26 property which is eligible for the High Impact Business

1 Investment Credit. To determine the portion of a loan
2 or loans that is secured by property eligible for a
3 Section 201(h) investment credit to the borrower, the
4 entire principal amount of the loan or loans between
5 the taxpayer and the borrower should be divided into
6 the basis of the Section 201(h) investment credit
7 property which secures the loan or loans, using for
8 this purpose the original basis of such property on the
9 date that it was placed in service in a federally
10 designated Foreign Trade Zone or Sub-Zone located in
11 Illinois. No taxpayer that is eligible for the
12 deduction provided in subparagraph (M) of paragraph
13 (2) of this subsection shall be eligible for the
14 deduction provided under this subparagraph (M-1). The
15 subtraction modification available to taxpayers in any
16 year under this subsection shall be that portion of the
17 total interest paid by the borrower with respect to
18 such loan attributable to the eligible property as
19 calculated under the previous sentence;

20 (N) Two times any contribution made during the
21 taxable year to a designated zone organization to the
22 extent that the contribution (i) qualifies as a
23 charitable contribution under subsection (c) of
24 Section 170 of the Internal Revenue Code and (ii) must,
25 by its terms, be used for a project approved by the
26 Department of Commerce and Economic Opportunity under

1 Section 11 of the Illinois Enterprise Zone Act or under
2 Section 10-10 of the River Edge Redevelopment Zone Act.
3 This subparagraph (N) is exempt from the provisions of
4 Section 250;

5 (O) An amount equal to: (i) 85% for taxable years
6 ending on or before December 31, 1992, or, a percentage
7 equal to the percentage allowable under Section
8 243(a)(1) of the Internal Revenue Code of 1986 for
9 taxable years ending after December 31, 1992, of the
10 amount by which dividends included in taxable income
11 and received from a corporation that is not created or
12 organized under the laws of the United States or any
13 state or political subdivision thereof, including, for
14 taxable years ending on or after December 31, 1988,
15 dividends received or deemed received or paid or deemed
16 paid under Sections 951 through 965 of the Internal
17 Revenue Code, exceed the amount of the modification
18 provided under subparagraph (G) of paragraph (2) of
19 this subsection (b) which is related to such dividends,
20 and including, for taxable years ending on or after
21 December 31, 2008, dividends received from a captive
22 real estate investment trust; plus (ii) 100% of the
23 amount by which dividends, included in taxable income
24 and received, including, for taxable years ending on or
25 after December 31, 1988, dividends received or deemed
26 received or paid or deemed paid under Sections 951

1 through 964 of the Internal Revenue Code and including,
2 for taxable years ending on or after December 31, 2008,
3 dividends received from a captive real estate
4 investment trust, from any such corporation specified
5 in clause (i) that would but for the provisions of
6 Section 1504 (b) (3) of the Internal Revenue Code be
7 treated as a member of the affiliated group which
8 includes the dividend recipient, exceed the amount of
9 the modification provided under subparagraph (G) of
10 paragraph (2) of this subsection (b) which is related
11 to such dividends. This subparagraph (O) is exempt from
12 the provisions of Section 250 of this Act;

13 (P) An amount equal to any contribution made to a
14 job training project established pursuant to the Tax
15 Increment Allocation Redevelopment Act;

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

21 (R) On and after July 20, 1999, in the case of an
22 attorney-in-fact with respect to whom an interinsurer
23 or a reciprocal insurer has made the election under
24 Section 835 of the Internal Revenue Code, 26 U.S.C.
25 835, an amount equal to the excess, if any, of the
26 amounts paid or incurred by that interinsurer or

1 reciprocal insurer in the taxable year to the
2 attorney-in-fact over the deduction allowed to that
3 interinsurer or reciprocal insurer with respect to the
4 attorney-in-fact under Section 835(b) of the Internal
5 Revenue Code for the taxable year; the provisions of
6 this subparagraph are exempt from the provisions of
7 Section 250;

8 (S) For taxable years ending on or after December
9 31, 1997, in the case of a Subchapter S corporation, an
10 amount equal to all amounts of income allocable to a
11 shareholder subject to the Personal Property Tax
12 Replacement Income Tax imposed by subsections (c) and
13 (d) of Section 201 of this Act, including amounts
14 allocable to organizations exempt from federal income
15 tax by reason of Section 501(a) of the Internal Revenue
16 Code. This subparagraph (S) is exempt from the
17 provisions of Section 250;

18 (T) For taxable years 2001 and thereafter, for the
19 taxable year in which the bonus depreciation deduction
20 is taken on the taxpayer's federal income tax return
21 under subsection (k) of Section 168 of the Internal
22 Revenue Code and for each applicable taxable year
23 thereafter, an amount equal to "x", where:

24 (1) "y" equals the amount of the depreciation
25 deduction taken for the taxable year on the
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was
2 taken in any year under subsection (k) of Section
3 168 of the Internal Revenue Code, but not including
4 the bonus depreciation deduction;

5 (2) for taxable years ending on or before
6 December 31, 2005, "x" equals "y" multiplied by 30
7 and then divided by 70 (or "y" multiplied by
8 0.429); and

9 (3) for taxable years ending after December
10 31, 2005:

11 (i) for property on which a bonus
12 depreciation deduction of 30% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 30 and then divided by 70 (or "y" multiplied by
15 0.429); and

16 (ii) for property on which a bonus
17 depreciation deduction of 50% of the adjusted
18 basis was taken, "x" equals "y" multiplied by
19 1.0.

20 The aggregate amount deducted under this
21 subparagraph in all taxable years for any one piece of
22 property may not exceed the amount of the bonus
23 depreciation deduction taken on that property on the
24 taxpayer's federal income tax return under subsection
25 (k) of Section 168 of the Internal Revenue Code. This
26 subparagraph (T) is exempt from the provisions of

1 Section 250;

2 (U) If the taxpayer sells, transfers, abandons, or
3 otherwise disposes of property for which the taxpayer
4 was required in any taxable year to make an addition
5 modification under subparagraph (E-10), then an amount
6 equal to that addition modification.

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 required in any taxable year to make an addition
12 modification under subparagraph (E-10), then an amount
13 equal to that addition modification.

14 The taxpayer is allowed to take the deduction under
15 this subparagraph only once with respect to any one
16 piece of property.

17 This subparagraph (U) is exempt from the
18 provisions of Section 250;

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

1 income from intangible property (net of the deductions
2 allocable thereto) taken into account for the taxable
3 year with respect to a transaction with a taxpayer that
4 is required to make an addition modification with
5 respect to such transaction under Section
6 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
7 203(d)(2)(D-8), but not to exceed the amount of such
8 addition modification, and (iii) any insurance premium
9 income (net of deductions allocable thereto) taken
10 into account for the taxable year with respect to a
11 transaction with a taxpayer that is required to make an
12 addition modification with respect to such transaction
13 under Section 203(a)(2)(D-19), Section
14 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
15 203(d)(2)(D-9), but not to exceed the amount of that
16 addition modification. This subparagraph (V) is exempt
17 from the provisions of Section 250;

18 (W) 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 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(b)(2)(E-12) for
9 interest paid, accrued, or incurred, directly or
10 indirectly, to the same person. This subparagraph (W)
11 is exempt from the provisions of Section 250;

12 (X) 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(b)(2)(E-13) for
3 intangible expenses and costs paid, accrued, or
4 incurred, directly or indirectly, to the same foreign
5 person. This subparagraph (X) is exempt from the
6 provisions of Section 250;

7 (Y) For taxable years ending on or after December
8 31, 2011, in the case of a taxpayer who was required to
9 add back any insurance premiums under Section
10 203(b)(2)(E-14), such taxpayer may elect to subtract
11 that part of a reimbursement received from the
12 insurance company equal to the amount of the expense or
13 loss (including expenses incurred by the insurance
14 company) that would have been taken into account as a
15 deduction for federal income tax purposes if the
16 expense or loss had been uninsured. If a taxpayer makes
17 the election provided for by this subparagraph (Y), the
18 insurer to which the premiums were paid must add back
19 to income the amount subtracted by the taxpayer
20 pursuant to this subparagraph (Y). This subparagraph
21 (Y) is exempt from the provisions of Section 250; and

22 (Z) The difference between the nondeductible
23 controlled foreign corporation dividends under Section
24 965(e)(3) of the Internal Revenue Code over the taxable
25 income of the taxpayer, computed without regard to
26 Section 965(e)(2)(A) of the Internal Revenue Code, and

1 without regard to any net operating loss deduction.

2 This subparagraph (Z) is exempt from the provisions of
3 Section 250.

4 (3) Special rule. For purposes of paragraph (2) (A),
5 "gross income" in the case of a life insurance company, for
6 tax years ending on and after December 31, 1994, and prior
7 to December 31, 2011, shall mean the gross investment
8 income for the taxable year and, for tax years ending on or
9 after December 31, 2011, shall mean all amounts included in
10 life insurance gross income under Section 803(a)(3) of the
11 Internal Revenue Code.

12 (c) Trusts and estates.

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

16 (2) Modifications. Subject to the provisions of
17 paragraph (3), the taxable income referred to in paragraph
18 (1) shall be modified by adding thereto the sum of the
19 following amounts:

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

24 (B) In the case of (i) an estate, \$600; (ii) a
25 trust which, under its governing instrument, is

1 required to distribute all of its income currently,
2 \$300; and (iii) any other trust, \$100, but in each such
3 case, only to the extent such amount was deducted in
4 the computation of taxable income;

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

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 taxable year, with
20 the following limitations applied in the order that
21 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 (F) For taxable years ending on or after January 1,
17 1989, an amount equal to the tax deducted pursuant to
18 Section 164 of the Internal Revenue Code if the trust
19 or estate is claiming the same tax for purposes of the
20 Illinois foreign tax credit under Section 601 of this
21 Act;

22 (G) An amount equal to the amount of the capital
23 gain deduction allowable under the Internal Revenue
24 Code, to the extent deducted from gross income in the
25 computation of taxable income;

26 (G-5) For taxable years ending after December 31,

1 1997, an amount equal to any eligible remediation costs
2 that the trust or estate deducted in computing adjusted
3 gross income and for which the trust or estate claims a
4 credit under subsection (l) of Section 201;

5 (G-10) For taxable years 2001 and thereafter, an
6 amount equal to the bonus depreciation deduction taken
7 on the taxpayer's federal income tax return for the
8 taxable year under subsection (k) of Section 168 of the
9 Internal Revenue Code; and

10 (G-11) If the taxpayer sells, transfers, abandons,
11 or otherwise disposes of property for which the
12 taxpayer was required in any taxable year to make an
13 addition modification under subparagraph (G-10), then
14 an amount equal to the aggregate amount of the
15 deductions taken in all taxable years under
16 subparagraph (R) with respect to that property.

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

24 The taxpayer is required to make the addition
25 modification under this subparagraph only once with
26 respect to any one piece of property;

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

1 incurred.

2 This paragraph shall not apply to the following:

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

9 (ii) an item of interest paid, accrued, or
10 incurred, directly or indirectly, to a person if
11 the taxpayer can establish, based on a
12 preponderance of the evidence, both of the
13 following:

14 (a) the person, during the same taxable
15 year, paid, accrued, or incurred, the interest
16 to a person that is not a related member, and

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

24 (iii) the taxpayer can establish, based on
25 clear and convincing evidence, that the interest
26 paid, accrued, or incurred relates to a contract or

1 agreement entered into at arm's-length rates and
2 terms and the principal purpose for the payment is
3 not federal or Illinois tax avoidance; or

4 (iv) an item of interest paid, accrued, or
5 incurred, directly or indirectly, to a person if
6 the taxpayer establishes by clear and convincing
7 evidence that the adjustments are unreasonable; or
8 if the taxpayer and the Director agree in writing
9 to the application or use of an alternative method
10 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-13) An amount equal to the amount of intangible
21 expenses and costs otherwise allowed as a deduction in
22 computing base income, and that were paid, accrued, or
23 incurred, directly or indirectly, (i) for taxable
24 years ending on or after December 31, 2004, to a
25 foreign person who would be a member of the same
26 unitary business group but for the fact that the

1 foreign person's business activity outside the United
2 States is 80% or more of that person's total business
3 activity and (ii) for taxable years ending on or after
4 December 31, 2008, to a person who would be a member of
5 the same unitary business group but for the fact that
6 the person is prohibited under Section 1501(a)(27)
7 from being included in the unitary business group
8 because he or she is ordinarily required to apportion
9 business income under different subsections of Section
10 304. The addition modification required by this
11 subparagraph shall be reduced to the extent that
12 dividends were included in base income of the unitary
13 group for the same taxable year and received by the
14 taxpayer or by a member of the taxpayer's unitary
15 business group (including amounts included in gross
16 income pursuant to Sections 951 through 964 of the
17 Internal Revenue Code and amounts included in gross
18 income under Section 78 of the Internal Revenue Code)
19 with respect to the stock of the same person to whom
20 the intangible expenses and costs were directly or
21 indirectly paid, incurred, or accrued. The preceding
22 sentence shall not apply to the extent that the same
23 dividends caused a reduction to the addition
24 modification required under Section 203(c)(2)(G-12) of
25 this Act. As used in this subparagraph, the term
26 "intangible expenses and costs" includes: (1)

1 expenses, losses, and costs for or related to the
2 direct or indirect acquisition, use, maintenance or
3 management, ownership, sale, exchange, or any other
4 disposition of intangible property; (2) losses
5 incurred, directly or indirectly, from factoring
6 transactions or discounting transactions; (3) royalty,
7 patent, technical, and copyright fees; (4) licensing
8 fees; and (5) other similar expenses and costs. For
9 purposes of this subparagraph, "intangible property"
10 includes patents, patent applications, trade names,
11 trademarks, service marks, copyrights, mask works,
12 trade secrets, and similar types of intangible assets.

13 This paragraph shall not apply to the following:

14 (i) any item of intangible expenses or costs
15 paid, accrued, or incurred, directly or
16 indirectly, from a transaction with a person who is
17 subject in a foreign country or state, other than a
18 state which requires mandatory unitary reporting,
19 to a tax on or measured by net income with respect
20 to such item; or

21 (ii) any item of intangible expense or cost
22 paid, accrued, or incurred, directly or
23 indirectly, if the taxpayer can establish, based
24 on a preponderance of the evidence, both of the
25 following:

26 (a) the person during the same taxable

1 year paid, accrued, or incurred, the
2 intangible expense or cost to a person that is
3 not a related member, and

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

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

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

1 under Section 404 of this Act;

2 (G-14) For taxable years ending on or after
3 December 31, 2008, an amount equal to the amount of
4 insurance premium expenses and costs otherwise allowed
5 as a deduction in computing base income, and that were
6 paid, accrued, or incurred, directly or indirectly, to
7 a person who would be a member of the same unitary
8 business group but for the fact that the person is
9 prohibited under Section 1501(a)(27) from being
10 included in the unitary business group because he or
11 she is ordinarily required to apportion business
12 income under different subsections of Section 304. The
13 addition modification required by this subparagraph
14 shall be reduced to the extent that dividends were
15 included in base income of the unitary group for the
16 same taxable year and received by the taxpayer or by a
17 member of the taxpayer's unitary business group
18 (including amounts included in gross income under
19 Sections 951 through 964 of the Internal Revenue Code
20 and amounts included in gross income under Section 78
21 of the Internal Revenue Code) with respect to the stock
22 of the same person to whom the premiums and costs were
23 directly or indirectly paid, incurred, or accrued. The
24 preceding sentence does not apply to the extent that
25 the same dividends caused a reduction to the addition
26 modification required under Section 203(c)(2)(G-12) or

1 Section 203(c) (2) (G-13) of this Act;

2 (G-15) An amount equal to the credit allowable to
3 the taxpayer under Section 218(a) of this Act,
4 determined without regard to Section 218(c) of this
5 Act;

6 (G-16) For taxable years beginning on or after
7 January 1, 2017, an amount equal to the deduction
8 allowed under Section 199 of the Internal Revenue Code
9 for the taxable year;

10 and by deducting from the total so obtained the sum of the
11 following amounts:

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

23 (I) The valuation limitation amount;

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

1 (K) An amount equal to all amounts included in
2 taxable income as modified by subparagraphs (A), (B),
3 (C), (D), (E), (F) and (G) which are exempt from
4 taxation by this State either by reason of its statutes
5 or Constitution or by reason of the Constitution,
6 treaties or statutes of the United States; provided
7 that, in the case of any statute of this State that
8 exempts income derived from bonds or other obligations
9 from the tax imposed under this Act, the amount
10 exempted shall be the interest net of bond premium
11 amortization;

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

1 provisions of Section 250;

2 (M) An amount equal to those dividends included in
3 such total which were paid by a corporation which
4 conducts business operations in a River Edge
5 Redevelopment Zone or zones created under the River
6 Edge Redevelopment Zone Act and conducts substantially
7 all of its operations in a River Edge Redevelopment
8 Zone or zones. This subparagraph (M) is exempt from the
9 provisions of Section 250;

10 (N) An amount equal to any contribution made to a
11 job training project established pursuant to the Tax
12 Increment Allocation Redevelopment Act;

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

22 (P) An amount equal to the amount of the deduction
23 used to compute the federal income tax credit for
24 restoration of substantial amounts held under claim of
25 right for the taxable year pursuant to Section 1341 of
26 the Internal Revenue Code;

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

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

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

25 (3) for taxable years ending after December
26 31, 2005:

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

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

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

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

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 required in any taxable year to make an addition
2 modification under subparagraph (G-10), then an amount
3 equal to that addition modification.

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

7 This subparagraph (S) is exempt from the
8 provisions of Section 250;

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

26 (U) An amount equal to the interest income taken

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

20 (V) An amount equal to the income from intangible
21 property taken into account for the taxable year (net
22 of the deductions allocable thereto) with respect to
23 transactions with (i) a foreign person who would be a
24 member of the taxpayer's unitary business group but for
25 the fact that the foreign person's business activity
26 outside the United States is 80% or more of that

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, but not to exceed the
9 addition modification required to be made for the same
10 taxable year under Section 203(c)(2)(G-13) for
11 intangible expenses and costs paid, accrued, or
12 incurred, directly or indirectly, to the same foreign
13 person. This subparagraph (V) is exempt from the
14 provisions of Section 250;

15 (W) in the case of an estate, an amount equal to
16 all amounts included in such total pursuant to the
17 provisions of Section 111 of the Internal Revenue Code
18 as a recovery of items previously deducted by the
19 decedent from adjusted gross income in the computation
20 of taxable income. This subparagraph (W) is exempt from
21 Section 250;

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

1 (Y) For taxable years ending on or after December
2 31, 2011, in the case of a taxpayer who was required to
3 add back any insurance premiums under Section
4 203(c)(2)(G-14), such taxpayer may elect to subtract
5 that part of a reimbursement received from the
6 insurance company equal to the amount of the expense or
7 loss (including expenses incurred by the insurance
8 company) that would have been taken into account as a
9 deduction for federal income tax purposes if the
10 expense or loss had been uninsured. If a taxpayer makes
11 the election provided for by this subparagraph (Y), the
12 insurer to which the premiums were paid must add back
13 to income the amount subtracted by the taxpayer
14 pursuant to this subparagraph (Y). This subparagraph
15 (Y) is exempt from the provisions of Section 250.

16 (3) Limitation. The amount of any modification
17 otherwise required under this subsection shall, under
18 regulations prescribed by the Department, be adjusted by
19 any amounts included therein which were properly paid,
20 credited, or required to be distributed, or permanently set
21 aside for charitable purposes pursuant to Internal Revenue
22 Code Section 642(c) during the taxable year.

23 (d) Partnerships.

24 (1) In general. In the case of a partnership, base
25 income means an amount equal to the taxpayer's taxable

1 income for the taxable year as modified by paragraph (2).

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

5 (A) An amount equal to all amounts paid or accrued
6 to the taxpayer as interest or dividends during the
7 taxable year to the extent excluded from gross income
8 in the computation of taxable income;

9 (B) An amount equal to the amount of tax imposed by
10 this Act to the extent deducted from gross income for
11 the taxable year;

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

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

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

24 (D-6) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (D-5), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (O) with respect to that property.

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

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

15 (D-7) An amount equal to the amount otherwise
16 allowed as a deduction in computing base income for
17 interest paid, accrued, or incurred, directly or
18 indirectly, (i) for taxable years ending on or after
19 December 31, 2004, to a foreign person who would be a
20 member of the same unitary business group but for the
21 fact the foreign person's business activity outside
22 the United States is 80% or more of the foreign
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

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

16 This paragraph shall not apply to the following:

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

23 (ii) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person if
25 the taxpayer can establish, based on a
26 preponderance of the evidence, both of the

1 following:

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

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

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

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

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

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

1 This paragraph shall not apply to the following:

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

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

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

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

25 (iii) any item of intangible expense or cost
26 paid, accrued, or incurred, directly or

1 indirectly, from a transaction with a person if the
2 taxpayer establishes by clear and convincing
3 evidence, that the adjustments are unreasonable;
4 or if the taxpayer and the Director agree in
5 writing to the application or use of an alternative
6 method of apportionment under Section 304(f);

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

16 (D-9) For taxable years ending on or after December
17 31, 2008, an amount equal to the amount of insurance
18 premium expenses and costs otherwise allowed as a
19 deduction in computing base income, and that were paid,
20 accrued, or incurred, directly or indirectly, to a
21 person who would be a member of the same unitary
22 business group but for the fact that the person is
23 prohibited under Section 1501(a)(27) from being
24 included in the unitary business group because he or
25 she is ordinarily required to apportion business
26 income under different subsections of Section 304. The

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

16 (D-10) An amount equal to the credit allowable to
17 the taxpayer under Section 218(a) of this Act,
18 determined without regard to Section 218(c) of this
19 Act;

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

24 and by deducting from the total so obtained the following
25 amounts:

26 (E) The valuation limitation amount;

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

4 (G) An amount equal to all amounts included in
5 taxable income as modified by subparagraphs (A), (B),
6 (C) and (D) which are exempt from taxation by this
7 State either by reason of its statutes or Constitution
8 or by reason of the Constitution, treaties or statutes
9 of the United States; provided that, in the case of any
10 statute of this State that exempts income derived from
11 bonds or other obligations from the tax imposed under
12 this Act, the amount exempted shall be the interest net
13 of bond premium amortization;

14 (H) Any income of the partnership which
15 constitutes personal service income as defined in
16 Section 1348 (b) (1) of the Internal Revenue Code (as
17 in effect December 31, 1981) or a reasonable allowance
18 for compensation paid or accrued for services rendered
19 by partners to the partnership, whichever is greater;
20 this subparagraph (H) is exempt from the provisions of
21 Section 250;

22 (I) An amount equal to all amounts of income
23 distributable to an entity subject to the Personal
24 Property Tax Replacement Income Tax imposed by
25 subsections (c) and (d) of Section 201 of this Act
26 including amounts distributable to organizations

1 exempt from federal income tax by reason of Section
2 501(a) of the Internal Revenue Code; this subparagraph
3 (I) is exempt from the provisions of Section 250;

4 (J) With the exception of any amounts subtracted
5 under subparagraph (G), an amount equal to the sum of
6 all amounts disallowed as deductions by (i) Sections
7 171(a) (2), and 265(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 (K) 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 from a River Edge Redevelopment
26 Zone or zones. This subparagraph (K) is exempt from the

1 provisions of Section 250;

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

5 (M) 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 (K) of paragraph (2) of this subsection
12 shall not be eligible for the deduction provided under
13 this subparagraph (M);

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

25 (1) "y" equals the amount of the depreciation
26 deduction taken for the taxable year on the

1 taxpayer's federal income tax return on property
2 for which the bonus depreciation deduction was
3 taken in any year under subsection (k) of Section
4 168 of the Internal Revenue Code, but not including
5 the bonus depreciation deduction;

6 (2) for taxable years ending on or before
7 December 31, 2005, "x" equals "y" multiplied by 30
8 and then divided by 70 (or "y" multiplied by
9 0.429); and

10 (3) for taxable years ending after December
11 31, 2005:

12 (i) for property on which a bonus
13 depreciation deduction of 30% of the adjusted
14 basis was taken, "x" equals "y" multiplied by
15 30 and then divided by 70 (or "y" multiplied by
16 0.429); and

17 (ii) for property on which a bonus
18 depreciation deduction of 50% of the adjusted
19 basis was taken, "x" equals "y" multiplied by
20 1.0.

21 The aggregate amount deducted under this
22 subparagraph in all taxable years for any one piece of
23 property may not exceed the amount of the bonus
24 depreciation deduction taken on that property on the
25 taxpayer's federal income tax return under subsection
26 (k) of Section 168 of the Internal Revenue Code. This

1 subparagraph (O) is exempt from the provisions of
2 Section 250;

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

8 If the taxpayer continues to own property through
9 the last day of the last tax year for which the
10 taxpayer may claim a depreciation deduction for
11 federal income tax purposes and for which the taxpayer
12 was required in any taxable year to make an addition
13 modification under subparagraph (D-5), then an amount
14 equal to that addition modification.

15 The taxpayer is allowed to take the deduction under
16 this subparagraph only once with respect to any one
17 piece of property.

18 This subparagraph (P) is exempt from the
19 provisions of Section 250;

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

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

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

1 taxable year under Section 203(d) (2) (D-7) for interest
2 paid, accrued, or incurred, directly or indirectly, to
3 the same person. This subparagraph (R) is exempt from
4 Section 250;

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

25 (T) 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(d)(2)(D-9), 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 (T), 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 (T). This subparagraph
13 (T) is exempt from the provisions of Section 250.

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

15 (1) In general. Subject to the provisions of paragraph
16 (2) and subsection (b) (3), for purposes of this Section
17 and Section 803(e), a taxpayer's gross income, adjusted
18 gross income, or taxable income for the taxable year shall
19 mean the amount of gross income, adjusted gross income or
20 taxable income properly reportable for federal income tax
21 purposes for the taxable year under the provisions of the
22 Internal Revenue Code. Taxable income may be less than
23 zero. However, for taxable years ending on or after
24 December 31, 1986, net operating loss carryforwards from
25 taxable years ending prior to December 31, 1986, may not

1 exceed the sum of federal taxable income for the taxable
2 year before net operating loss deduction, plus the excess
3 of addition modifications over subtraction modifications
4 for the taxable year. For taxable years ending prior to
5 December 31, 1986, taxable income may never be an amount in
6 excess of the net operating loss for the taxable year as
7 defined in subsections (c) and (d) of Section 172 of the
8 Internal Revenue Code, provided that when taxable income of
9 a corporation (other than a Subchapter S corporation),
10 trust, or estate is less than zero and addition
11 modifications, other than those provided by subparagraph
12 (E) of paragraph (2) of subsection (b) for corporations or
13 subparagraph (E) of paragraph (2) of subsection (c) for
14 trusts and estates, exceed subtraction modifications, an
15 addition modification must be made under those
16 subparagraphs for any other taxable year to which the
17 taxable income less than zero (net operating loss) is
18 applied under Section 172 of the Internal Revenue Code or
19 under subparagraph (E) of paragraph (2) of this subsection
20 (e) applied in conjunction with Section 172 of the Internal
21 Revenue Code.

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

25 (A) Certain life insurance companies. In the case
26 of a life insurance company subject to the tax imposed

1 by Section 801 of the Internal Revenue Code, life
2 insurance company taxable income, plus the amount of
3 distribution from pre-1984 policyholder surplus
4 accounts as calculated under Section 815a of the
5 Internal Revenue Code;

6 (B) Certain other insurance companies. In the case
7 of mutual insurance companies subject to the tax
8 imposed by Section 831 of the Internal Revenue Code,
9 insurance company taxable income;

10 (C) Regulated investment companies. In the case of
11 a regulated investment company subject to the tax
12 imposed by Section 852 of the Internal Revenue Code,
13 investment company taxable income;

14 (D) Real estate investment trusts. In the case of a
15 real estate investment trust subject to the tax imposed
16 by Section 857 of the Internal Revenue Code, real
17 estate investment trust taxable income;

18 (E) Consolidated corporations. In the case of a
19 corporation which is a member of an affiliated group of
20 corporations filing a consolidated income tax return
21 for the taxable year for federal income tax purposes,
22 taxable income determined as if such corporation had
23 filed a separate return for federal income tax purposes
24 for the taxable year and each preceding taxable year
25 for which it was a member of an affiliated group. For
26 purposes of this subparagraph, the taxpayer's separate

1 taxable income shall be determined as if the election
2 provided by Section 243(b) (2) of the Internal Revenue
3 Code had been in effect for all such years;

4 (F) Cooperatives. In the case of a cooperative
5 corporation or association, the taxable income of such
6 organization determined in accordance with the
7 provisions of Section 1381 through 1388 of the Internal
8 Revenue Code, but without regard to the prohibition
9 against offsetting losses from patronage activities
10 against income from nonpatronage activities; except
11 that a cooperative corporation or association may make
12 an election to follow its federal income tax treatment
13 of patronage losses and nonpatronage losses. In the
14 event such election is made, such losses shall be
15 computed and carried over in a manner consistent with
16 subsection (a) of Section 207 of this Act and
17 apportioned by the apportionment factor reported by
18 the cooperative on its Illinois income tax return filed
19 for the taxable year in which the losses are incurred.
20 The election shall be effective for all taxable years
21 with original returns due on or after the date of the
22 election. In addition, the cooperative may file an
23 amended return or returns, as allowed under this Act,
24 to provide that the election shall be effective for
25 losses incurred or carried forward for taxable years
26 occurring prior to the date of the election. Once made,

1 the election may only be revoked upon approval of the
2 Director. The Department shall adopt rules setting
3 forth requirements for documenting the elections and
4 any resulting Illinois net loss and the standards to be
5 used by the Director in evaluating requests to revoke
6 elections. Public Act 96-932 is declaratory of
7 existing law;

8 (G) Subchapter S corporations. In the case of: (i)
9 a Subchapter S corporation for which there is in effect
10 an election for the taxable year under Section 1362 of
11 the Internal Revenue Code, the taxable income of such
12 corporation determined in accordance with Section
13 1363(b) of the Internal Revenue Code, except that
14 taxable income shall take into account those items
15 which are required by Section 1363(b)(1) of the
16 Internal Revenue Code to be separately stated; and (ii)
17 a Subchapter S corporation for which there is in effect
18 a federal election to opt out of the provisions of the
19 Subchapter S Revision Act of 1982 and have applied
20 instead the prior federal Subchapter S rules as in
21 effect on July 1, 1982, the taxable income of such
22 corporation determined in accordance with the federal
23 Subchapter S rules as in effect on July 1, 1982; and

24 (H) Partnerships. In the case of a partnership,
25 taxable income determined in accordance with Section
26 703 of the Internal Revenue Code, except that taxable

1 income shall take into account those items which are
2 required by Section 703(a)(1) to be separately stated
3 but which would be taken into account by an individual
4 in calculating his taxable income.

5 (3) Recapture of business expenses on disposition of
6 asset or business. Notwithstanding any other law to the
7 contrary, if in prior years income from an asset or
8 business has been classified as business income and in a
9 later year is demonstrated to be non-business income, then
10 all expenses, without limitation, deducted in such later
11 year and in the 2 immediately preceding taxable years
12 related to that asset or business that generated the
13 non-business income shall be added back and recaptured as
14 business income in the year of the disposition of the asset
15 or business. Such amount shall be apportioned to Illinois
16 using the greater of the apportionment fraction computed
17 for the business under Section 304 of this Act for the
18 taxable year or the average of the apportionment fractions
19 computed for the business under Section 304 of this Act for
20 the taxable year and for the 2 immediately preceding
21 taxable years.

22 (f) Valuation limitation amount.

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

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

6 (B) The lesser of (i) the sum of the pre-August 1,
7 1969 appreciation amounts (to the extent consisting of
8 capital gain) for all property in respect of which such
9 gain was reported for federal income tax purposes for
10 the taxable year, or (ii) the net capital gain for the
11 taxable year, reduced in either case by any amount of
12 such gain included in the amount determined under
13 subsection (a) (2) (F) or (c) (2) (H).

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

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

26 (B) If the fair market value of property referred

1 to in paragraph (1) was not readily ascertainable on
2 August 1, 1969, the pre-August 1, 1969 appreciation
3 amount for such property is that amount which bears the
4 same ratio to the total gain reported in respect of the
5 property for federal income tax purposes for the
6 taxable year, as the number of full calendar months in
7 that part of the taxpayer's holding period for the
8 property ending July 31, 1969 bears to the number of
9 full calendar months in the taxpayer's entire holding
10 period for the property.

11 (C) The Department shall prescribe such
12 regulations as may be necessary to carry out the
13 purposes of this paragraph.

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

17 (h) Legislative intention. Except as expressly provided by
18 this Section there shall be no modifications or limitations on
19 the amounts of income, gain, loss or deduction taken into
20 account in determining gross income, adjusted gross income or
21 taxable income for federal income tax purposes for the taxable
22 year, or in the amount of such items entering into the
23 computation of base income and net income under this Act for
24 such taxable year, whether in respect of property values as of

1 August 1, 1969 or otherwise.

2 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
3 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
4 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
5 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
6 eff. 8-23-11; 97-905, eff. 8-7-12.)

7 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

8 Sec. 204. Standard Exemption.

9 (a) Allowance of exemption. In computing net income under
10 this Act, there shall be allowed as an exemption the sum of the
11 amounts determined under subsections (b), (c) and (d),
12 multiplied by a fraction the numerator of which is the amount
13 of the taxpayer's base income allocable to this State for the
14 taxable year and the denominator of which is the taxpayer's
15 total base income for the taxable year.

16 (b) Basic amount. For the purpose of subsection (a) of this
17 Section, except as provided by subsection (a) of Section 205
18 and in this subsection, each taxpayer shall be allowed a basic
19 amount of \$1000, except that for corporations the basic amount
20 shall be zero for tax years ending on or after December 31,
21 2003, and for individuals the basic amount shall be:

22 (1) for taxable years ending on or after December 31,
23 1998 and prior to December 31, 1999, \$1,300;

24 (2) for taxable years ending on or after December 31,
25 1999 and prior to December 31, 2000, \$1,650;

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

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

5 (5) for taxable years ending on or after December 31,
6 2013, \$2,050 plus the cost-of-living adjustment under
7 subsection (d-5).

8 For taxable years ending on or after December 31, 1992, a
9 taxpayer whose Illinois base income exceeds the basic amount
10 and who is claimed as a dependent on another person's tax
11 return under the Internal Revenue Code shall not be allowed any
12 basic amount under this subsection.

13 (c) Additional amount for individuals. In the case of an
14 individual taxpayer, there shall be allowed for the purpose of
15 subsection (a), in addition to the basic amount provided by
16 subsection (b), an additional exemption equal to the basic
17 amount for each exemption in excess of one allowable to such
18 individual taxpayer for the taxable year under Section 151 of
19 the Internal Revenue Code.

20 (d) Additional exemptions for an individual taxpayer and
21 his or her spouse. In the case of an individual taxpayer and
22 his or her spouse, he or she shall each be allowed additional
23 exemptions as follows:

24 (1) Additional exemption for taxpayer or spouse 65
25 years of age or older.

26 (A) For taxpayer. An additional exemption of

1 \$1,000 for the taxpayer if he or she has attained the
2 age of 65 before the end of the taxable year.

3 (B) For spouse when a joint return is not filed. An
4 additional exemption of \$1,000 for the spouse of the
5 taxpayer if a joint return is not made by the taxpayer
6 and his spouse, and if the spouse has attained the age
7 of 65 before the end of such taxable year, and, for the
8 calendar year in which the taxable year of the taxpayer
9 begins, has no gross income and is not the dependent of
10 another taxpayer.

11 (2) Additional exemption for blindness of taxpayer or
12 spouse.

13 (A) For taxpayer. An additional exemption of
14 \$1,000 for the taxpayer if he or she is blind at the
15 end of the taxable year.

16 (B) For spouse when a joint return is not filed. An
17 additional exemption of \$1,000 for the spouse of the
18 taxpayer if a separate return is made by the taxpayer,
19 and if the spouse is blind and, for the calendar year
20 in which the taxable year of the taxpayer begins, has
21 no gross income and is not the dependent of another
22 taxpayer. For purposes of this paragraph, the
23 determination of whether the spouse is blind shall be
24 made as of the end of the taxable year of the taxpayer;
25 except that if the spouse dies during such taxable year
26 such determination shall be made as of the time of such

1 death.

2 (C) Blindness defined. For purposes of this
3 subsection, an individual is blind only if his or her
4 central visual acuity does not exceed 20/200 in the
5 better eye with correcting lenses, or if his or her
6 visual acuity is greater than 20/200 but is accompanied
7 by a limitation in the fields of vision such that the
8 widest diameter of the visual fields subtends an angle
9 no greater than 20 degrees.

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

15 (1) the Consumer Price Index for the preceding calendar
16 year, exceeds

17 (2) the Consumer Price Index for the calendar year
18 2011.

19 The Consumer Price Index for any calendar year is the
20 average of the Consumer Price Index as of the close of the
21 12-month period ending on August 31 of that calendar year.

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

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

1 \$25.

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

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

6 (g) Notwithstanding any other provision of law, for taxable
7 years beginning on or after January 1, 2018, no taxpayer may
8 claim an exemption under this Section if the taxpayer's
9 adjusted gross income for the taxable year exceeds (i)
10 \$500,000, in the case of spouses filing a joint federal tax
11 return or (ii) \$250,000, in the case of all other taxpayers.

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

13 (35 ILCS 5/212)

14 Sec. 212. Earned income tax credit.

15 (a) With respect to the federal earned income tax credit
16 allowed for the taxable year under Section 32 of the federal
17 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
18 is entitled to a credit against the tax imposed by subsections
19 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
20 federal tax credit for each taxable year beginning on or after
21 January 1, 2000 and ending prior to December 31, 2012, (ii)
22 7.5% of the federal tax credit for each taxable year beginning
23 on or after January 1, 2012 and ending prior to December 31,
24 2013, ~~and~~ (iii) 10% of the federal tax credit for each taxable
25 year beginning on or after January 1, 2013 and beginning prior

1 to January 1, 2017, (iv) 11% of the federal tax credit for each
2 taxable year beginning on or after January 1, 2017 and
3 beginning prior to January 1, 2018, (v) 12% of the federal tax
4 credit for each taxable year beginning on or after January 1,
5 2018 and beginning prior to January 1, 2019, (vi) 13% of the
6 federal tax credit for each taxable year beginning on or after
7 January 1, 2019 and beginning prior to January 1, 2020, (vii)
8 14% of the federal tax credit for each taxable year beginning
9 on or after January 1, 2020 and beginning prior to January 1,
10 2021, and (viii) 15% of the federal tax credit for each taxable
11 year beginning on or after January 1, 2021.

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

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

26 (c) This Section is exempt from the provisions of Section

1 250.

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

3 (35 ILCS 5/222)

4 Sec. 222. Live theater production credit.

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

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

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

23 (d) The Department of Revenue, in cooperation with the
24 Department of Commerce and Economic Opportunity, shall adopt
25 rules to enforce and administer the provisions of this Section.

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

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

12 (35 ILCS 5/225 new)

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

22 The credit may not be carried back and may not reduce the
23 taxpayer's liability to less than zero. If the amount of the
24 credit exceeds the tax liability for the year, the excess may
25 be carried forward and applied to the tax liability of the 5

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

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

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

13 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

14 Sec. 804. Failure to Pay Estimated Tax.

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

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

24 (1) the amount of the installment which would be
25 required to be paid under subsection (c), over

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

3 (c) Amount of Required Installments.

4 (1) Amount.

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

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

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

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

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

1 a taxable year of 12 months.

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

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

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

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

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

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

1 due date for the installment, over

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

4 (C) Applicable Percentage.

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

7	1st.....	22.5%
8	2nd.....	45%
9	3rd.....	67.5%
10	4th.....	90%

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

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

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

24 (iii) deducting from such amount the standard
25 exemption allowable for the taxable year, such
26 standard exemption being determined as of the last

1 date prescribed for payment of the installment.

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

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

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

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

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

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

23 (3) Notwithstanding any other provision of this
24 subsection (c), in the case of a federally regulated
25 exchange that elects to apportion its income under Section
26 304(c-1) of this Act, the amount of each required

1 installment due prior to June 30 of the first taxable year
2 to which the election applies shall be 25% of the tax that
3 would have been shown on the return for that taxable year
4 if the taxpayer had not made such election.

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

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

23 (f) Definition of tax. For purposes of subsections (b) and
24 (c), the term "tax" means the excess of the tax imposed under
25 Article 2 of this Act, over the amounts credited against such
26 tax under Sections 601(b) (3) and (4).

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

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

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

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

23 (g-5) Amounts withheld under the State Salary and Annuity
24 Withholding Act. An individual who has amounts withheld under
25 paragraph (10) of Section 4 of the State Salary and Annuity
26 Withholding Act may elect to have those amounts treated as

1 payments of estimated tax made on the dates on which those
2 amounts are actually withheld.

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

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

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

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

19 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

20 Sec. 901. Collection authority.

21 (a) In general.

22 The Department shall collect the taxes imposed by this Act.
23 The Department shall collect certified past due child support
24 amounts under Section 2505-650 of the Department of Revenue Law
25 (20 ILCS 2505/2505-650). Except as provided in subsections (c),

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

14 (b) Local Government Distributive Fund.

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

1 July 1, 1995 and continuing through January 31, 2011, the
2 Treasurer shall transfer each month from the General Revenue
3 Fund to the Local Government Distributive Fund an amount equal
4 to the net of (i) 1/10 of the net revenue realized from the tax
5 imposed by subsections (a) and (b) of Section 201 of the
6 Illinois Income Tax Act during the preceding month (ii) minus,
7 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
8 and beginning July 1, 2004, zero. Beginning February 1, 2011,
9 and continuing through January 31, 2015, the Treasurer shall
10 transfer each month from the General Revenue Fund to the Local
11 Government Distributive Fund an amount equal to the sum of (i)
12 6% (10% of the ratio of the 3% individual income tax rate prior
13 to 2011 to the 5% individual income tax rate after 2010) of the
14 net revenue realized from the tax imposed by subsections (a)
15 and (b) of Section 201 of this Act upon individuals, trusts,
16 and estates during the preceding month and (ii) 6.86% (10% of
17 the ratio of the 4.8% corporate income tax rate prior to 2011
18 to the 7% corporate income tax rate after 2010) of the net
19 revenue realized from the tax imposed by subsections (a) and
20 (b) of Section 201 of this Act upon corporations during the
21 preceding month. Beginning February 1, 2015 and continuing
22 through January 31, 2017 ~~January 31, 2025~~, the Treasurer shall
23 transfer each month from the General Revenue Fund to the Local
24 Government Distributive Fund an amount equal to the sum of (i)
25 8% (10% of the ratio of the 3% individual income tax rate prior
26 to 2011 to the 3.75% individual income tax rate after 2014) of

1 the net revenue realized from the tax imposed by subsections
2 (a) and (b) of Section 201 of this Act upon individuals,
3 trusts, and estates during the preceding month and (ii) 9.14%
4 (10% of the ratio of the 4.8% corporate income tax rate prior
5 to 2011 to the 5.25% corporate income tax rate after 2014) of
6 the net revenue realized from the tax imposed by subsections
7 (a) and (b) of Section 201 of this Act upon corporations during
8 the preceding month. Beginning February 1, 2017 and continuing
9 through January 31, 2024 ~~February 1, 2025~~, the Treasurer shall
10 transfer each month from the General Revenue Fund to the Local
11 Government Distributive Fund an amount equal to the sum of (i)
12 6.06% ~~9.23%~~ (10% of the ratio of the 3% individual income tax
13 rate prior to 2011 to the 4.95% ~~3.25%~~ individual income tax
14 rate beginning in 2017 ~~after 2024~~) of the net revenue realized
15 from the tax imposed by subsections (a) and (b) of Section 201
16 of this Act upon individuals, trusts, and estates during the
17 preceding month and (ii) 6.86% (10% of the ratio of the 4.8%
18 corporate income tax rate prior to 2011 to the 7% corporate
19 income tax rate beginning in 2017) ~~10%~~ of the net revenue
20 realized from the tax imposed by subsections (a) and (b) of
21 Section 201 of this Act upon corporations during the preceding
22 month. Beginning February 1, 2024, the Treasurer shall transfer
23 each month from the General Revenue Fund to the Local
24 Government Distributive Fund an amount equal to the sum of (i)
25 8% (10% of the ratio of the 3% individual income tax rate prior
26 to 2011 to the 3.75% individual income tax rate after 2024) of

1 the net revenue realized from the tax imposed by subsections
2 (a) and (b) of Section 201 of this Act upon individuals,
3 trusts, and estates during the preceding month and (ii) 9.14%
4 (10% of the ratio of the 4.8% corporate income tax rate prior
5 to 2011 to the 5.25% corporate income tax rate beginning in
6 2024) of the net revenue realized from the tax imposed by
7 subsections (a) and (b) of Section 201 of this Act upon
8 corporations during the preceding month. Net revenue realized
9 for a month shall be defined as the revenue from the tax
10 imposed by subsections (a) and (b) of Section 201 of this Act
11 which is deposited in the General Revenue Fund, the Education
12 Assistance Fund, the Income Tax Surcharge Local Government
13 Distributive Fund, the Fund for the Advancement of Education,
14 and the Commitment to Human Services Fund during the month
15 minus the amount paid out of the General Revenue Fund in State
16 warrants during that same month as refunds to taxpayers for
17 overpayment of liability under the tax imposed by subsections
18 (a) and (b) of Section 201 of this Act.

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

24 (c) Deposits Into Income Tax Refund Fund.

25 (1) Beginning on January 1, 1989 and thereafter, the
26 Department shall deposit a percentage of the amounts

1 collected pursuant to subsections (a) and (b) (1), (2), and
2 (3), of Section 201 of this Act into a fund in the State
3 treasury known as the Income Tax Refund Fund. The
4 Department shall deposit 6% of such amounts during the
5 period beginning January 1, 1989 and ending on June 30,
6 1989. Beginning with State fiscal year 1990 and for each
7 fiscal year thereafter, the percentage deposited into the
8 Income Tax Refund Fund during a fiscal year shall be the
9 Annual Percentage. For fiscal years 1999 through 2001, the
10 Annual Percentage shall be 7.1%. For fiscal year 2003, the
11 Annual Percentage shall be 8%. For fiscal year 2004, the
12 Annual Percentage shall be 11.7%. Upon the effective date
13 of this amendatory Act of the 93rd General Assembly, the
14 Annual Percentage shall be 10% for fiscal year 2005. For
15 fiscal year 2006, the Annual Percentage shall be 9.75%. For
16 fiscal year 2007, the Annual Percentage shall be 9.75%. For
17 fiscal year 2008, the Annual Percentage shall be 7.75%. For
18 fiscal year 2009, the Annual Percentage shall be 9.75%. For
19 fiscal year 2010, the Annual Percentage shall be 9.75%. For
20 fiscal year 2011, the Annual Percentage shall be 8.75%. For
21 fiscal year 2012, the Annual Percentage shall be 8.75%. For
22 fiscal year 2013, the Annual Percentage shall be 9.75%. For
23 fiscal year 2014, the Annual Percentage shall be 9.5%. For
24 fiscal year 2015, the Annual Percentage shall be 10%. For
25 all other fiscal years, the Annual Percentage shall be
26 calculated as a fraction, the numerator of which shall be

1 the amount of refunds approved for payment by the
2 Department during the preceding fiscal year as a result of
3 overpayment of tax liability under subsections (a) and
4 (b) (1), (2), and (3) of Section 201 of this Act plus the
5 amount of such refunds remaining approved but unpaid at the
6 end of the preceding fiscal year, minus the amounts
7 transferred into the Income Tax Refund Fund from the
8 Tobacco Settlement Recovery Fund, and the denominator of
9 which shall be the amounts which will be collected pursuant
10 to subsections (a) and (b) (1), (2), and (3) of Section 201
11 of this Act during the preceding fiscal year; except that
12 in State fiscal year 2002, the Annual Percentage shall in
13 no event exceed 7.6%. The Director of Revenue shall certify
14 the Annual Percentage to the Comptroller on the last
15 business day of the fiscal year immediately preceding the
16 fiscal year for which it is to be effective.

17 (2) Beginning on January 1, 1989 and thereafter, the
18 Department shall deposit a percentage of the amounts
19 collected pursuant to subsections (a) and (b) (6), (7), and
20 (8), (c) and (d) of Section 201 of this Act into a fund in
21 the State treasury known as the Income Tax Refund Fund. The
22 Department shall deposit 18% of such amounts during the
23 period beginning January 1, 1989 and ending on June 30,
24 1989. Beginning with State fiscal year 1990 and for each
25 fiscal year thereafter, the percentage deposited into the
26 Income Tax Refund Fund during a fiscal year shall be the

1 Annual Percentage. For fiscal years 1999, 2000, and 2001,
2 the Annual Percentage shall be 19%. For fiscal year 2003,
3 the Annual Percentage shall be 27%. For fiscal year 2004,
4 the Annual Percentage shall be 32%. Upon the effective date
5 of this amendatory Act of the 93rd General Assembly, the
6 Annual Percentage shall be 24% for fiscal year 2005. For
7 fiscal year 2006, the Annual Percentage shall be 20%. For
8 fiscal year 2007, the Annual Percentage shall be 17.5%. For
9 fiscal year 2008, the Annual Percentage shall be 15.5%. For
10 fiscal year 2009, the Annual Percentage shall be 17.5%. For
11 fiscal year 2010, the Annual Percentage shall be 17.5%. For
12 fiscal year 2011, the Annual Percentage shall be 17.5%. For
13 fiscal year 2012, the Annual Percentage shall be 17.5%. For
14 fiscal year 2013, the Annual Percentage shall be 14%. For
15 fiscal year 2014, the Annual Percentage shall be 13.4%. For
16 fiscal year 2015, the Annual Percentage shall be 14%. For
17 all other fiscal years, the Annual Percentage shall be
18 calculated as a fraction, the numerator of which shall be
19 the amount of refunds approved for payment by the
20 Department during the preceding fiscal year as a result of
21 overpayment of tax liability under subsections (a) and
22 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
23 Act plus the amount of such refunds remaining approved but
24 unpaid at the end of the preceding fiscal year, and the
25 denominator of which shall be the amounts which will be
26 collected pursuant to subsections (a) and (b) (6), (7), and

1 (8), (c) and (d) of Section 201 of this Act during the
2 preceding fiscal year; except that in State fiscal year
3 2002, the Annual Percentage shall in no event exceed 23%.
4 The Director of Revenue shall certify the Annual Percentage
5 to the Comptroller on the last business day of the fiscal
6 year immediately preceding the fiscal year for which it is
7 to be effective.

8 (3) The Comptroller shall order transferred and the
9 Treasurer shall transfer from the Tobacco Settlement
10 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
11 in January, 2001, (ii) \$35,000,000 in January, 2002, and
12 (iii) \$35,000,000 in January, 2003.

13 (d) Expenditures from Income Tax Refund Fund.

14 (1) Beginning January 1, 1989, money in the Income Tax
15 Refund Fund shall be expended exclusively for the purpose
16 of paying refunds resulting from overpayment of tax
17 liability under Section 201 of this Act, for paying rebates
18 under Section 208.1 in the event that the amounts in the
19 Homeowners' Tax Relief Fund are insufficient for that
20 purpose, and for making transfers pursuant to this
21 subsection (d).

22 (2) The Director shall order payment of refunds
23 resulting from overpayment of tax liability under Section
24 201 of this Act from the Income Tax Refund Fund only to the
25 extent that amounts collected pursuant to Section 201 of
26 this Act and transfers pursuant to this subsection (d) and

1 item (3) of subsection (c) have been deposited and retained
2 in the Fund.

3 (3) 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 Income Tax Refund Fund to the Personal Property Tax
7 Replacement Fund an amount, certified by the Director to
8 the Comptroller, equal to the excess of the amount
9 collected pursuant to subsections (c) and (d) of Section
10 201 of this Act deposited into the Income Tax Refund Fund
11 during the fiscal year over the amount of refunds resulting
12 from overpayment of tax liability under subsections (c) and
13 (d) of Section 201 of this Act paid from the Income Tax
14 Refund Fund during the fiscal year.

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

1 (4.5) As soon as possible after the end of fiscal year
2 1999 and of each fiscal year thereafter, the Director shall
3 order transferred and the State Treasurer and State
4 Comptroller shall transfer from the Income Tax Refund Fund
5 to the General Revenue Fund any surplus remaining in the
6 Income Tax Refund Fund as of the end of such fiscal year;
7 excluding for fiscal years 2000, 2001, and 2002 amounts
8 attributable to transfers under item (3) of subsection (c)
9 less refunds resulting from the earned income tax credit.

10 (5) This Act shall constitute an irrevocable and
11 continuing appropriation from the Income Tax Refund Fund
12 for the purpose of paying refunds upon the order of the
13 Director in accordance with the provisions of this Section.

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

16 On July 1, 1991, and thereafter, of the amounts collected
17 pursuant to subsections (a) and (b) of Section 201 of this Act,
18 minus deposits into the Income Tax Refund Fund, the Department
19 shall deposit 7.3% into the Education Assistance Fund in the
20 State Treasury. Beginning July 1, 1991, and continuing through
21 January 31, 1993, of the amounts collected pursuant to
22 subsections (a) and (b) of Section 201 of the Illinois Income
23 Tax Act, minus deposits into the Income Tax Refund Fund, the
24 Department shall deposit 3.0% into the Income Tax Surcharge
25 Local Government Distributive Fund in the State Treasury.
26 Beginning February 1, 1993 and continuing through June 30,

1 1993, of the amounts collected pursuant to subsections (a) and
2 (b) of Section 201 of the Illinois Income Tax Act, minus
3 deposits into the Income Tax Refund Fund, the Department shall
4 deposit 4.4% into the Income Tax Surcharge Local Government
5 Distributive Fund in the State Treasury. Beginning July 1,
6 1993, and continuing through June 30, 1994, of the amounts
7 collected under subsections (a) and (b) of Section 201 of this
8 Act, minus deposits into the Income Tax Refund Fund, the
9 Department shall deposit 1.475% into the Income Tax Surcharge
10 Local Government Distributive Fund in the State Treasury.

11 (f) Deposits into the Fund for the Advancement of
12 Education. Beginning February 1, 2015, the Department shall
13 deposit the following portions of the revenue realized from the
14 tax imposed upon individuals, trusts, and estates by
15 subsections (a) and (b) of Section 201 of this Act during the
16 preceding month, minus deposits into the Income Tax Refund
17 Fund, into the Fund for the Advancement of Education:

18 (1) beginning February 1, 2015, and prior to February
19 1, 2025, 1/30; and

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

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

25 (g) Deposits into the Commitment to Human Services Fund.
26 Beginning February 1, 2015, the Department shall deposit the

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

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 (g) on or after the effective date of the reduction.

13 (h) Deposits into the Tax Compliance and Administration
14 Fund. Beginning on the first day of the first calendar month to
15 occur on or after August 26, 2014 (the effective date of Public
16 Act 98-1098), each month the Department shall pay into the Tax
17 Compliance and Administration Fund, to be used, subject to
18 appropriation, to fund additional auditors and compliance
19 personnel at the Department, an amount equal to 1/12 of 5% of
20 the cash receipts collected during the preceding fiscal year by
21 the Audit Bureau of the Department from the tax imposed by
22 subsections (a), (b), (c), and (d) of Section 201 of this Act,
23 net of deposits into the Income Tax Refund Fund made from those
24 cash receipts.

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

1 7-20-15.)

2 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

3 Sec. 1501. Definitions.

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

7 (1) Business income. The term "business income" means
8 all income that may be treated as apportionable business
9 income under the Constitution of the United States.
10 Business income is net of the deductions allocable thereto.
11 Such term does not include compensation or the deductions
12 allocable thereto. For each taxable year beginning on or
13 after January 1, 2003, a taxpayer may elect to treat all
14 income other than compensation as business income. This
15 election shall be made in accordance with rules adopted by
16 the Department and, once made, shall be irrevocable.

17 (1.5) Captive real estate investment trust:

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

20 (i) that is considered a real estate
21 investment trust for the taxable year under
22 Section 856 of the Internal Revenue Code;

23 (ii) the certificates of beneficial interest
24 or shares of which are not regularly traded on an
25 established securities market; and

1 (iii) of which more than 50% of the voting
2 power or value of the beneficial interest or
3 shares, at any time during the last half of the
4 taxable year, is owned or controlled, directly,
5 indirectly, or constructively, by a single
6 corporation.

7 (B) The term "captive real estate investment
8 trust" does not include:

9 (i) a real estate investment trust of which
10 more than 50% of the voting power or value of the
11 beneficial interest or shares is owned or
12 controlled, directly, indirectly, or
13 constructively, by:

14 (a) a real estate investment trust, other
15 than a captive real estate investment trust;

16 (b) a person who is exempt from taxation
17 under Section 501 of the Internal Revenue Code,
18 and who is not required to treat income
19 received from the real estate investment trust
20 as unrelated business taxable income under
21 Section 512 of the Internal Revenue Code;

22 (c) a listed Australian property trust, if
23 no more than 50% of the voting power or value
24 of the beneficial interest or shares of that
25 trust, at any time during the last half of the
26 taxable year, is owned or controlled, directly

1 or indirectly, by a single person;

2 (d) an entity organized as a trust,
3 provided a listed Australian property trust
4 described in subparagraph (c) owns or
5 controls, directly or indirectly, or
6 constructively, 75% or more of the voting power
7 or value of the beneficial interests or shares
8 of such entity; or

9 (e) an entity that is organized outside of
10 the laws of the United States and that
11 satisfies all of the following criteria:

12 (1) at least 75% of the entity's total
13 asset value at the close of its taxable
14 year is represented by real estate assets
15 (as defined in Section 856(c)(5)(B) of the
16 Internal Revenue Code, thereby including
17 shares or certificates of beneficial
18 interest in any real estate investment
19 trust), cash and cash equivalents, and
20 U.S. Government securities;

21 (2) the entity is not subject to tax on
22 amounts that are distributed to its
23 beneficial owners or is exempt from
24 entity-level taxation;

25 (3) the entity distributes at least
26 85% of its taxable income (as computed in

1 the jurisdiction in which it is organized)
2 to the holders of its shares or
3 certificates of beneficial interest on an
4 annual basis;

5 (4) either (i) the shares or
6 beneficial interests of the entity are
7 regularly traded on an established
8 securities market or (ii) not more than 10%
9 of the voting power or value in the entity
10 is held, directly, indirectly, or
11 constructively, by a single entity or
12 individual; and

13 (5) the entity is organized in a
14 country that has entered into a tax treaty
15 with the United States; or

16 (ii) during its first taxable year for which it
17 elects to be treated as a real estate investment
18 trust under Section 856(c)(1) of the Internal
19 Revenue Code, a real estate investment trust the
20 certificates of beneficial interest or shares of
21 which are not regularly traded on an established
22 securities market, but only if the certificates of
23 beneficial interest or shares of the real estate
24 investment trust are regularly traded on an
25 established securities market prior to the earlier
26 of the due date (including extensions) for filing

1 its return under this Act for that first taxable
2 year or the date it actually files that return.

3 (C) For the purposes of this subsection (1.5), the
4 constructive ownership rules prescribed under Section
5 318(a) of the Internal Revenue Code, as modified by
6 Section 856(d)(5) of the Internal Revenue Code, apply
7 in determining the ownership of stock, assets, or net
8 profits of any person.

9 (D) For the purposes of this item (1.5), for
10 taxable years ending on or after August 16, 2007, the
11 voting power or value of the beneficial interest or
12 shares of a real estate investment trust does not
13 include any voting power or value of beneficial
14 interest or shares in a real estate investment trust
15 held directly or indirectly in a segregated asset
16 account by a life insurance company (as described in
17 Section 817 of the Internal Revenue Code) to the extent
18 such voting power or value is for the benefit of
19 entities or persons who are either immune from taxation
20 or exempt from taxation under subtitle A of the
21 Internal Revenue Code.

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

25 (3) Compensation. The term "compensation" means wages,
26 salaries, commissions and any other form of remuneration

1 paid to employees for personal services.

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

8 (5) Department. The term "Department" means the
9 Department of Revenue of this State.

10 (6) Director. The term "Director" means the Director of
11 Revenue of this State.

12 (7) Fiduciary. The term "fiduciary" means a guardian,
13 trustee, executor, administrator, receiver, or any person
14 acting in any fiduciary capacity for any person.

15 (8) Financial organization.

16 (A) The term "financial organization" means any
17 bank, bank holding company, trust company, savings
18 bank, industrial bank, land bank, safe deposit
19 company, private banker, savings and loan association,
20 building and loan association, credit union, currency
21 exchange, cooperative bank, small loan company, sales
22 finance company, investment company, or any person
23 which is owned by a bank or bank holding company. For
24 the purpose of this Section a "person" will include
25 only those persons which a bank holding company may
26 acquire and hold an interest in, directly or

1 indirectly, under the provisions of the Bank Holding
2 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
3 where interests in any person must be disposed of
4 within certain required time limits under the Bank
5 Holding Company Act of 1956.

6 (B) For purposes of subparagraph (A) of this
7 paragraph, the term "bank" includes (i) any entity that
8 is regulated by the Comptroller of the Currency under
9 the National Bank Act, or by the Federal Reserve Board,
10 or by the Federal Deposit Insurance Corporation and
11 (ii) any federally or State chartered bank operating as
12 a credit card bank.

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

16 (i) A person primarily engaged in one or more
17 of the following businesses: the business of
18 purchasing customer receivables, the business of
19 making loans upon the security of customer
20 receivables, the business of making loans for the
21 express purpose of funding purchases of tangible
22 personal property or services by the borrower, or
23 the business of finance leasing. For purposes of
24 this item (i), "customer receivable" means:

25 (a) a retail installment contract or
26 retail charge agreement within the meaning of

1 the Sales Finance Agency Act, the Retail
2 Installment Sales Act, or the Motor Vehicle
3 Retail Installment Sales Act;

4 (b) an installment, charge, credit, or
5 similar contract or agreement arising from the
6 sale of tangible personal property or services
7 in a transaction involving a deferred payment
8 price payable in one or more installments
9 subsequent to the sale; or

10 (c) the outstanding balance of a contract
11 or agreement described in provisions (a) or (b)
12 of this item (i).

13 A customer receivable need not provide for
14 payment of interest on deferred payments. A sales
15 finance company may purchase a customer receivable
16 from, or make a loan secured by a customer
17 receivable to, the seller in the original
18 transaction or to a person who purchased the
19 customer receivable directly or indirectly from
20 that seller.

21 (ii) A corporation meeting each of the
22 following criteria:

23 (a) the corporation must be a member of an
24 "affiliated group" within the meaning of
25 Section 1504(a) of the Internal Revenue Code,
26 determined without regard to Section 1504(b)

1 of the Internal Revenue Code;

2 (b) more than 50% of the gross income of
3 the corporation for the taxable year must be
4 interest income derived from qualifying loans.
5 A "qualifying loan" is a loan made to a member
6 of the corporation's affiliated group that
7 originates customer receivables (within the
8 meaning of item (i)) or to whom customer
9 receivables originated by a member of the
10 affiliated group have been transferred, to the
11 extent the average outstanding balance of
12 loans from that corporation to members of its
13 affiliated group during the taxable year do not
14 exceed the limitation amount for that
15 corporation. The "limitation amount" for a
16 corporation is the average outstanding
17 balances during the taxable year of customer
18 receivables (within the meaning of item (i))
19 originated by all members of the affiliated
20 group. If the average outstanding balances of
21 the loans made by a corporation to members of
22 its affiliated group exceed the limitation
23 amount, the interest income of that
24 corporation from qualifying loans shall be
25 equal to its interest income from loans to
26 members of its affiliated groups times a

1 fraction equal to the limitation amount
2 divided by the average outstanding balances of
3 the loans made by that corporation to members
4 of its affiliated group;

5 (c) the total of all shareholder's equity
6 (including, without limitation, paid-in
7 capital on common and preferred stock and
8 retained earnings) of the corporation plus the
9 total of all of its loans, advances, and other
10 obligations payable or owed to members of its
11 affiliated group may not exceed 20% of the
12 total assets of the corporation at any time
13 during the tax year; and

14 (d) more than 50% of all interest-bearing
15 obligations of the affiliated group payable to
16 persons outside the group determined in
17 accordance with generally accepted accounting
18 principles must be obligations of the
19 corporation.

20 This amendatory Act of the 91st General Assembly is
21 declaratory of existing law.

22 (D) Subparagraphs (B) and (C) of this paragraph are
23 declaratory of existing law and apply retroactively,
24 for all tax years beginning on or before December 31,
25 1996, to all original returns, to all amended returns
26 filed no later than 30 days after the effective date of

1 this amendatory Act of 1996, and to all notices issued
2 on or before the effective date of this amendatory Act
3 of 1996 under subsection (a) of Section 903, subsection
4 (a) of Section 904, subsection (e) of Section 909, or
5 Section 912. A taxpayer that is a "financial
6 organization" that engages in any transaction with an
7 affiliate shall be a "financial organization" for all
8 purposes of this Act.

9 (E) For all tax years beginning on or before
10 December 31, 1996, a taxpayer that falls within the
11 definition of a "financial organization" under
12 subparagraphs (B) or (C) of this paragraph, but who
13 does not fall within the definition of a "financial
14 organization" under the Proposed Regulations issued by
15 the Department of Revenue on July 19, 1996, may
16 irrevocably elect to apply the Proposed Regulations
17 for all of those years as though the Proposed
18 Regulations had been lawfully promulgated, adopted,
19 and in effect for all of those years. For purposes of
20 applying subparagraphs (B) or (C) of this paragraph to
21 all of those years, the election allowed by this
22 subparagraph applies only to the taxpayer making the
23 election and to those members of the taxpayer's unitary
24 business group who are ordinarily required to
25 apportion business income under the same subsection of
26 Section 304 of this Act as the taxpayer making the

1 election. No election allowed by this subparagraph
2 shall be made under a claim filed under subsection (d)
3 of Section 909 more than 30 days after the effective
4 date of this amendatory Act of 1996.

5 (F) Finance Leases. For purposes of this
6 subsection, a finance lease shall be treated as a loan
7 or other extension of credit, rather than as a lease,
8 regardless of how the transaction is characterized for
9 any other purpose, including the purposes of any
10 regulatory agency to which the lessor is subject. A
11 finance lease is any transaction in the form of a lease
12 in which the lessee is treated as the owner of the
13 leased asset entitled to any deduction for
14 depreciation allowed under Section 167 of the Internal
15 Revenue Code.

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

19 (9.5) Fixed place of business. The term "fixed place of
20 business" has the same meaning as that term is given in
21 Section 864 of the Internal Revenue Code and the related
22 Treasury regulations.

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

1 (11) Internal Revenue Code. The term "Internal Revenue
2 Code" means the United States Internal Revenue Code of 1954
3 or any successor law or laws relating to federal income
4 taxes in effect for the taxable year.

5 (11.5) Investment partnership.

6 (A) The term "investment partnership" means any
7 entity that is treated as a partnership for federal
8 income tax purposes that meets the following
9 requirements:

10 (i) no less than 90% of the partnership's cost
11 of its total assets consists of qualifying
12 investment securities, deposits at banks or other
13 financial institutions, and office space and
14 equipment reasonably necessary to carry on its
15 activities as an investment partnership;

16 (ii) no less than 90% of its gross income
17 consists of interest, dividends, and gains from
18 the sale or exchange of qualifying investment
19 securities; and

20 (iii) the partnership is not a dealer in
21 qualifying investment securities.

22 (B) For purposes of this paragraph (11.5), the term
23 "qualifying investment securities" includes all of the
24 following:

25 (i) common stock, including preferred or debt
26 securities convertible into common stock, and

1 preferred stock;

2 (ii) bonds, debentures, and other debt
3 securities;

4 (iii) foreign and domestic currency deposits
5 secured by federal, state, or local governmental
6 agencies;

7 (iv) mortgage or asset-backed securities
8 secured by federal, state, or local governmental
9 agencies;

10 (v) repurchase agreements and loan
11 participations;

12 (vi) foreign currency exchange contracts and
13 forward and futures contracts on foreign
14 currencies;

15 (vii) stock and bond index securities and
16 futures contracts and other similar financial
17 securities and futures contracts on those
18 securities;

19 (viii) options for the purchase or sale of any
20 of the securities, currencies, contracts, or
21 financial instruments described in items (i) to
22 (vii), inclusive;

23 (ix) regulated futures contracts;

24 (x) commodities (not described in Section
25 1221(a)(1) of the Internal Revenue Code) or
26 futures, forwards, and options with respect to

1 such commodities, provided, however, that any item
2 of a physical commodity to which title is actually
3 acquired in the partnership's capacity as a dealer
4 in such commodity shall not be a qualifying
5 investment security;

6 (xi) derivatives; and

7 (xii) a partnership interest in another
8 partnership that is an investment partnership.

9 (12) Mathematical error. The term "mathematical error"
10 includes the following types of errors, omissions, or
11 defects in a return filed by a taxpayer which prevents
12 acceptance of the return as filed for processing:

13 (A) arithmetic errors or incorrect computations on
14 the return or supporting schedules;

15 (B) entries on the wrong lines;

16 (C) omission of required supporting forms or
17 schedules or the omission of the information in whole
18 or in part called for thereon; and

19 (D) an attempt to claim, exclude, deduct, or
20 improperly report, in a manner directly contrary to the
21 provisions of the Act and regulations thereunder any
22 item of income, exemption, deduction, or credit.

23 (13) Nonbusiness income. The term "nonbusiness income"
24 means all income other than business income or
25 compensation.

26 (14) Nonresident. The term "nonresident" means a

1 person who is not a resident.

2 (15) Paid, incurred and accrued. The terms "paid",
3 "incurred" and "accrued" shall be construed according to
4 the method of accounting upon the basis of which the
5 person's base income is computed under this Act.

6 (16) Partnership and partner. The term "partnership"
7 includes a syndicate, group, pool, joint venture or other
8 unincorporated organization, through or by means of which
9 any business, financial operation, or venture is carried
10 on, and which is not, within the meaning of this Act, a
11 trust or estate or a corporation; and the term "partner"
12 includes a member in such syndicate, group, pool, joint
13 venture or organization.

14 The term "partnership" includes any entity, including
15 a limited liability company formed under the Illinois
16 Limited Liability Company Act, classified as a partnership
17 for federal income tax purposes.

18 The term "partnership" does not include a syndicate,
19 group, pool, joint venture, or other unincorporated
20 organization established for the sole purpose of playing
21 the Illinois State Lottery.

22 (17) Part-year resident. The term "part-year resident"
23 means an individual who became a resident during the
24 taxable year or ceased to be a resident during the taxable
25 year. Under Section 1501(a)(20)(A)(i) residence commences
26 with presence in this State for other than a temporary or

1 transitory purpose and ceases with absence from this State
2 for other than a temporary or transitory purpose. Under
3 Section 1501(a)(20)(A)(ii) residence commences with the
4 establishment of domicile in this State and ceases with the
5 establishment of domicile in another State.

6 (18) Person. The term "person" shall be construed to
7 mean and include an individual, a trust, estate,
8 partnership, association, firm, company, corporation,
9 limited liability company, or fiduciary. For purposes of
10 Section 1301 and 1302 of this Act, a "person" means (i) an
11 individual, (ii) a corporation, (iii) an officer, agent, or
12 employee of a corporation, (iv) a member, agent or employee
13 of a partnership, or (v) a member, manager, employee,
14 officer, director, or agent of a limited liability company
15 who in such capacity commits an offense specified in
16 Section 1301 and 1302.

17 (18A) Records. The term "records" includes all data
18 maintained by the taxpayer, whether on paper, microfilm,
19 microfiche, or any type of machine-sensible data
20 compilation.

21 (19) Regulations. The term "regulations" includes
22 rules promulgated and forms prescribed by the Department.

23 (20) Resident. The term "resident" means:

24 (A) an individual (i) who is in this State for
25 other than a temporary or transitory purpose during the
26 taxable year; or (ii) who is domiciled in this State

1 but is absent from the State for a temporary or
2 transitory purpose during the taxable year;

3 (B) The estate of a decedent who at his or her
4 death was domiciled in this State;

5 (C) A trust created by a will of a decedent who at
6 his death was domiciled in this State; and

7 (D) An irrevocable trust, the grantor of which was
8 domiciled in this State at the time such trust became
9 irrevocable. For purpose of this subparagraph, a trust
10 shall be considered irrevocable to the extent that the
11 grantor is not treated as the owner thereof under
12 Sections 671 through 678 of the Internal Revenue Code.

13 (21) Sales. The term "sales" means all gross receipts
14 of the taxpayer not allocated under Sections 301, 302 and
15 303.

16 (22) State. The term "state" when applied to a
17 jurisdiction other than this State means any state of the
18 United States, the District of Columbia, the Commonwealth
19 of Puerto Rico, any Territory or Possession of the United
20 States, and any foreign country, or any political
21 subdivision of any of the foregoing. For purposes of the
22 foreign tax credit under Section 601, the term "state"
23 means any state of the United States, the District of
24 Columbia, the Commonwealth of Puerto Rico, and any
25 territory or possession of the United States, or any
26 political subdivision of any of the foregoing, effective

1 for tax years ending on or after December 31, 1989.

2 (23) Taxable year. The term "taxable year" means the
3 calendar year, or the fiscal year ending during such
4 calendar year, upon the basis of which the base income is
5 computed under this Act. "Taxable year" means, in the case
6 of a return made for a fractional part of a year under the
7 provisions of this Act, the period for which such return is
8 made.

9 (24) Taxpayer. The term "taxpayer" means any person
10 subject to the tax imposed by this Act.

11 (25) International banking facility. The term
12 international banking facility shall have the same meaning
13 as is set forth in the Illinois Banking Act or as is set
14 forth in the laws of the United States or regulations of
15 the Board of Governors of the Federal Reserve System.

16 (26) Income Tax Return Preparer.

17 (A) The term "income tax return preparer" means any
18 person who prepares for compensation, or who employs
19 one or more persons to prepare for compensation, any
20 return of tax imposed by this Act or any claim for
21 refund of tax imposed by this Act. The preparation of a
22 substantial portion of a return or claim for refund
23 shall be treated as the preparation of that return or
24 claim for refund.

25 (B) A person is not an income tax return preparer
26 if all he or she does is

1 (i) furnish typing, reproducing, or other
2 mechanical assistance;

3 (ii) prepare returns or claims for refunds for
4 the employer by whom he or she is regularly and
5 continuously employed;

6 (iii) prepare as a fiduciary returns or claims
7 for refunds for any person; or

8 (iv) prepare claims for refunds for a taxpayer
9 in response to any notice of deficiency issued to
10 that taxpayer or in response to any waiver of
11 restriction after the commencement of an audit of
12 that taxpayer or of another taxpayer if a
13 determination in the audit of the other taxpayer
14 directly or indirectly affects the tax liability
15 of the taxpayer whose claims he or she is
16 preparing.

17 (27) Unitary business group.

18 (A) The term "unitary business group" means a group
19 of persons related through common ownership whose
20 business activities are integrated with, dependent
21 upon and contribute to each other. The group will not
22 include those members whose business activity outside
23 the United States is 80% or more of any such member's
24 total business activity; for purposes of this
25 paragraph and clause (a)(3)(B)(ii) of Section 304,
26 business activity within the United States shall be

1 measured by means of the factors ordinarily applicable
2 under subsections (a), (b), (c), (d), or (h) of Section
3 304 except that, in the case of members ordinarily
4 required to apportion business income by means of the 3
5 factor formula of property, payroll and sales
6 specified in subsection (a) of Section 304, including
7 the formula as weighted in subsection (h) of Section
8 304, such members shall not use the sales factor in the
9 computation and the results of the property and payroll
10 factor computations of subsection (a) of Section 304
11 shall be divided by 2 (by one if either the property or
12 payroll factor has a denominator of zero). The
13 computation required by the preceding sentence shall,
14 in each case, involve the division of the member's
15 property, payroll, or revenue miles in the United
16 States, insurance premiums on property or risk in the
17 United States, or financial organization business
18 income from sources within the United States, as the
19 case may be, by the respective worldwide figures for
20 such items. Common ownership in the case of
21 corporations is the direct or indirect control or
22 ownership of more than 50% of the outstanding voting
23 stock of the persons carrying on unitary business
24 activity. Unitary business activity can ordinarily be
25 illustrated where the activities of the members are:
26 (1) in the same general line (such as manufacturing,

1 wholesaling, retailing of tangible personal property,
2 insurance, transportation or finance); or (2) are
3 steps in a vertically structured enterprise or process
4 (such as the steps involved in the production of
5 natural resources, which might include exploration,
6 mining, refining, and marketing); and, in either
7 instance, the members are functionally integrated
8 through the exercise of strong centralized management
9 (where, for example, authority over such matters as
10 purchasing, financing, tax compliance, product line,
11 personnel, marketing and capital investment is not
12 left to each member).

13 (B) In no event, for taxable years beginning prior
14 to January 1, 2017, and excepting any unitary business
15 group that apportions business income under Section
16 304(b) of this Act and is subject to the insurance
17 premium tax imposed under the Illinois Insurance Code,
18 shall any unitary business group include members which
19 are ordinarily required to apportion business income
20 under different subsections of Section 304 except that
21 for tax years ending on or after December 31, 1987 this
22 prohibition shall not apply to a holding company that
23 would otherwise be a member of a unitary business group
24 with taxpayers that apportion business income under
25 any of subsections (b), (c), (c-1), or (d) of Section
26 304. If a unitary business group would, but for the

1 preceding sentence, include members that are
2 ordinarily required to apportion business income under
3 different subsections of Section 304, then for each
4 subsection of Section 304 for which there are two or
5 more members, there shall be a separate unitary
6 business group composed of such members. For purposes
7 of the preceding two sentences, a member is "ordinarily
8 required to apportion business income" under a
9 particular subsection of Section 304 if it would be
10 required to use the apportionment method prescribed by
11 such subsection except for the fact that it derives
12 business income solely from Illinois. As used in this
13 paragraph, the phrase "United States" means ~~only~~ the 50
14 states and the District of Columbia and, ~~but~~ does not
15 include any territory or possession of the United
16 States, but, for taxable years ending on or after
17 December 31, 2017, does include ~~or~~ any area over which
18 the United States has asserted jurisdiction or claimed
19 exclusive rights with respect to the exploration for or
20 exploitation of natural resources.

21 (C) Holding companies.

22 (i) For purposes of this subparagraph, a
23 "holding company" is a corporation (other than a
24 corporation that is a financial organization under
25 paragraph (8) of this subsection (a) of Section
26 1501 because it is a bank holding company under the

1 provisions of the Bank Holding Company Act of 1956
2 (12 U.S.C. 1841, et seq.) or because it is owned by
3 a bank or a bank holding company) that owns a
4 controlling interest in one or more other
5 taxpayers ("controlled taxpayers"); that, during
6 the period that includes the taxable year and the 2
7 immediately preceding taxable years or, if the
8 corporation was formed during the current or
9 immediately preceding taxable year, the taxable
10 years in which the corporation has been in
11 existence, derived substantially all its gross
12 income from dividends, interest, rents, royalties,
13 fees or other charges received from controlled
14 taxpayers for the provision of services, and gains
15 on the sale or other disposition of interests in
16 controlled taxpayers or in property leased or
17 licensed to controlled taxpayers or used by the
18 taxpayer in providing services to controlled
19 taxpayers; and that incurs no substantial expenses
20 other than expenses (including interest and other
21 costs of borrowing) incurred in connection with
22 the acquisition and holding of interests in
23 controlled taxpayers and in the provision of
24 services to controlled taxpayers or in the leasing
25 or licensing of property to controlled taxpayers.

26 (ii) The income of a holding company which is a

1 member of more than one unitary business group
2 shall be included in each unitary business group of
3 which it is a member on a pro rata basis, by
4 including in each unitary business group that
5 portion of the base income of the holding company
6 that bears the same proportion to the total base
7 income of the holding company as the gross receipts
8 of the unitary business group bears to the combined
9 gross receipts of all unitary business groups (in
10 both cases without regard to the holding company)
11 or on any other reasonable basis, consistently
12 applied.

13 (iii) A holding company shall apportion its
14 business income under the subsection of Section
15 304 used by the other members of its unitary
16 business group. The apportionment factors of a
17 holding company which would be a member of more
18 than one unitary business group shall be included
19 with the apportionment factors of each unitary
20 business group of which it is a member on a pro
21 rata basis using the same method used in clause
22 (ii).

23 (iv) The provisions of this subparagraph (C)
24 are intended to clarify existing law.

25 (D) If including the base income and factors of a
26 holding company in more than one unitary business group

1 under subparagraph (C) does not fairly reflect the
2 degree of integration between the holding company and
3 one or more of the unitary business groups, the
4 dependence of the holding company and one or more of
5 the unitary business groups upon each other, or the
6 contributions between the holding company and one or
7 more of the unitary business groups, the holding
8 company may petition the Director, under the
9 procedures provided under Section 304(f), for
10 permission to include all base income and factors of
11 the holding company only with members of a unitary
12 business group apportioning their business income
13 under one subsection of subsections (a), (b), (c), or
14 (d) of Section 304. If the petition is granted, the
15 holding company shall be included in a unitary business
16 group only with persons apportioning their business
17 income under the selected subsection of Section 304
18 until the Director grants a petition of the holding
19 company either to be included in more than one unitary
20 business group under subparagraph (C) or to include its
21 base income and factors only with members of a unitary
22 business group apportioning their business income
23 under a different subsection of Section 304.

24 (E) If the unitary business group members'
25 accounting periods differ, the common parent's
26 accounting period or, if there is no common parent, the

1 accounting period of the member that is expected to
2 have, on a recurring basis, the greatest Illinois
3 income tax liability must be used to determine whether
4 to use the apportionment method provided in subsection
5 (a) or subsection (h) of Section 304. The prohibition
6 against membership in a unitary business group for
7 taxpayers ordinarily required to apportion income
8 under different subsections of Section 304 does not
9 apply to taxpayers required to apportion income under
10 subsection (a) and subsection (h) of Section 304. The
11 provisions of this amendatory Act of 1998 apply to tax
12 years ending on or after December 31, 1998.

13 (28) Subchapter S corporation. The term "Subchapter S
14 corporation" means a corporation for which there is in
15 effect an election under Section 1362 of the Internal
16 Revenue Code, or for which there is a federal election to
17 opt out of the provisions of the Subchapter S Revision Act
18 of 1982 and have applied instead the prior federal
19 Subchapter S rules as in effect on July 1, 1982.

20 (30) Foreign person. The term "foreign person" means
21 any person who is a nonresident alien individual and any
22 nonindividual entity, regardless of where created or
23 organized, whose business activity outside the United
24 States is 80% or more of the entity's total business
25 activity.

1 (b) Other definitions.

2 (1) Words denoting number, gender, and so forth, when
3 used in this Act, where not otherwise distinctly expressed
4 or manifestly incompatible with the intent thereof:

5 (A) Words importing the singular include and apply
6 to several persons, parties or things;

7 (B) Words importing the plural include the
8 singular; and

9 (C) Words importing the masculine gender include
10 the feminine as well.

11 (2) "Company" or "association" as including successors
12 and assigns. The word "company" or "association", when used
13 in reference to a corporation, shall be deemed to embrace
14 the words "successors and assigns of such company or
15 association", and in like manner as if these last-named
16 words, or words of similar import, were expressed.

17 (3) Other terms. Any term used in any Section of this
18 Act with respect to the application of, or in connection
19 with, the provisions of any other Section of this Act shall
20 have the same meaning as in such other Section.

21 (Source: P.A. 99-213, eff. 7-31-15.)

22 Section 30-15. The Film Production Services Tax Credit Act
23 of 2008 is amended by changing Section 42 as follows:

24 (35 ILCS 16/42)

1 Sec. 42. Sunset of credits. The application of credits
2 awarded pursuant to this Act shall be limited by a reasonable
3 and appropriate sunset date. A taxpayer shall not be entitled
4 to take a credit awarded pursuant to this Act for tax years
5 beginning on or after January 1, 2027 ~~10 years after the~~
6 ~~effective date of this amendatory Act of the 97th General~~
7 ~~Assembly. After the initial 10 year sunset, the General~~
8 ~~Assembly may extend the sunset date by 5 year intervals.~~

9 (Source: P.A. 97-2, eff. 5-6-11; 97-3, eff. 5-6-11.)

10 Section 30-20. The Use Tax Act is amended by changing
11 Sections 2, 3, 3-5, 3-10, 3-10.5, 3-45, 3-50, 3-55, 3-65, 3-75,
12 3a, 4, 5, 6, 7, 8, 9, 10, and 11 and by adding Section 2a-2 as
13 follows:

14 (35 ILCS 105/2) (from Ch. 120, par. 439.2)

15 Sec. 2. Definitions.

16 "Use" means the exercise by any person of any right or
17 power over tangible personal property incident to the ownership
18 of that property or the exercise by any person of any right or
19 power over, or the enjoyment of, a taxable service, except that
20 it does not include the sale of such property or taxable
21 service in any form as tangible personal property or a taxable
22 service in the regular course of business to the extent that
23 such property or taxable service is not first subjected to a
24 use for which it was purchased, and does not include the use of

1 such property or taxable service by its owner for demonstration
2 purposes: Provided that the property or service purchased is
3 deemed to be purchased for the purpose of resale, despite first
4 being used, to the extent to which it is resold as an
5 ingredient of an intentionally produced product or by-product
6 of manufacturing or is otherwise transferred to the purchaser
7 of tangible personal property or taxable service. "Use" does
8 not mean the demonstration use or interim use of tangible
9 personal property or a taxable service by a retailer before he
10 sells that tangible personal property or taxable service. For
11 watercraft or aircraft, if the period of demonstration use or
12 interim use by the retailer exceeds 18 months, the retailer
13 shall pay on the retailers' original cost price the tax imposed
14 by this Act, and no credit for that tax is permitted if the
15 watercraft or aircraft is subsequently sold by the retailer.
16 "Use" does not mean the physical incorporation of tangible
17 personal property, to the extent not first subjected to a use
18 for which it was purchased, as an ingredient or constituent,
19 into other tangible personal property (a) which is sold in the
20 regular course of business or (b) which the person
21 incorporating such ingredient or constituent therein has
22 undertaken at the time of such purchase to cause to be
23 transported in interstate commerce to destinations outside the
24 State of Illinois: Provided that the property purchased is
25 deemed to be purchased for the purpose of resale, despite first
26 being used, to the extent to which it is resold as an

1 ingredient of an intentionally produced product or by-product
2 of manufacturing.

3 "Watercraft" means a Class 2, Class 3, or Class 4
4 watercraft as defined in Section 3-2 of the Boat Registration
5 and Safety Act, a personal watercraft, or any boat equipped
6 with an inboard motor.

7 "Purchase at retail" means the acquisition of the ownership
8 of or title to tangible personal property or the acquisition of
9 a taxable service through a sale at retail.

10 "Purchaser" means anyone who, through a sale at retail,
11 acquires a taxable service or the ownership of tangible
12 personal property for a valuable consideration.

13 "Sale at retail" means any transfer of the ownership of or
14 title to tangible personal property to a purchaser or the
15 performance of a taxable service for a purchaser, for the
16 purpose of use, and not for the purpose of resale in any form
17 as tangible personal property or taxable service to the extent
18 not first subjected to a use for which it was purchased, for a
19 valuable consideration: Provided that the property purchased
20 is deemed to be purchased for the purpose of resale, despite
21 first being used, to the extent to which it is resold as an
22 ingredient of an intentionally produced product or by-product
23 of manufacturing. For this purpose, slag produced as an
24 incident to manufacturing pig iron or steel and sold is
25 considered to be an intentionally produced by-product of
26 manufacturing. "Sale at retail" includes any such transfer made

1 for resale unless made in compliance with Section 2c of the
2 Retailers' Occupation Tax Act, as incorporated by reference
3 into Section 12 of this Act. Transactions whereby the
4 possession of the property is transferred but the seller
5 retains the title as security for payment of the selling price
6 are sales.

7 "Sale at retail" shall also be construed to include any
8 Illinois florist's sales transaction in which the purchase
9 order is received in Illinois by a florist and the sale is for
10 use or consumption, but the Illinois florist has a florist in
11 another state deliver the property to the purchaser or the
12 purchaser's donee in such other state.

13 Nonreusable tangible personal property that is used by
14 persons engaged in the business of operating a restaurant,
15 cafeteria, or drive-in is a sale for resale when it is
16 transferred to customers in the ordinary course of business as
17 part of the sale of food or beverages and is used to deliver,
18 package, or consume food or beverages, regardless of where
19 consumption of the food or beverages occurs. Examples of those
20 items include, but are not limited to nonreusable, paper and
21 plastic cups, plates, baskets, boxes, sleeves, buckets or other
22 containers, utensils, straws, placemats, napkins, doggie bags,
23 and wrapping or packaging materials that are transferred to
24 customers as part of the sale of food or beverages in the
25 ordinary course of business.

26 The purchase, employment and transfer of such tangible

1 personal property as newsprint and ink for the primary purpose
2 of conveying news (with or without other information) is not a
3 purchase, use or sale of tangible personal property.

4 "Selling price" means the consideration for a sale valued
5 in money whether received in money or otherwise, including
6 cash, credits, property other than as hereinafter provided, and
7 services, but not including the value of or credit given for
8 traded-in tangible personal property where the item that is
9 traded-in is of like kind and character as that which is being
10 sold, and shall be determined without any deduction on account
11 of the cost of the property sold, the cost of materials used,
12 labor or service cost or any other expense whatsoever, but does
13 not include interest or finance charges which appear as
14 separate items on the bill of sale or sales contract nor
15 charges that are added to prices by sellers on account of the
16 seller's tax liability under the "Retailers' Occupation Tax
17 Act", or on account of the seller's duty to collect, from the
18 purchaser, the tax that is imposed by this Act, or, except as
19 otherwise provided with respect to any cigarette tax imposed by
20 a home rule unit, on account of the seller's tax liability
21 under any local occupation tax administered by the Department,
22 or, except as otherwise provided with respect to any cigarette
23 tax imposed by a home rule unit on account of the seller's duty
24 to collect, from the purchasers, the tax that is imposed under
25 any local use tax administered by the Department. Effective
26 December 1, 1985, "selling price" shall include charges that

1 are added to prices by sellers on account of the seller's tax
2 liability under the Cigarette Tax Act, on account of the
3 seller's duty to collect, from the purchaser, the tax imposed
4 under the Cigarette Use Tax Act, and on account of the seller's
5 duty to collect, from the purchaser, any cigarette tax imposed
6 by a home rule unit.

7 Notwithstanding any law to the contrary, for any motor
8 vehicle, as defined in Section 1-146 of the Vehicle Code, that
9 is sold on or after January 1, 2015 for the purpose of leasing
10 the vehicle for a defined period that is longer than one year
11 and (1) is a motor vehicle of the second division that: (A) is
12 a self-contained motor vehicle designed or permanently
13 converted to provide living quarters for recreational,
14 camping, or travel use, with direct walk through access to the
15 living quarters from the driver's seat; (B) is of the van
16 configuration designed for the transportation of not less than
17 7 nor more than 16 passengers; or (C) has a gross vehicle
18 weight rating of 8,000 pounds or less or (2) is a motor vehicle
19 of the first division, "selling price" or "amount of sale"
20 means the consideration received by the lessor pursuant to the
21 lease contract, including amounts due at lease signing and all
22 monthly or other regular payments charged over the term of the
23 lease. Also included in the selling price is any amount
24 received by the lessor from the lessee for the leased vehicle
25 that is not calculated at the time the lease is executed,
26 including, but not limited to, excess mileage charges and

1 charges for excess wear and tear. For sales that occur in
2 Illinois, with respect to any amount received by the lessor
3 from the lessee for the leased vehicle that is not calculated
4 at the time the lease is executed, the lessor who purchased the
5 motor vehicle does not incur the tax imposed by the Use Tax Act
6 on those amounts, and the retailer who makes the retail sale of
7 the motor vehicle to the lessor is not required to collect the
8 tax imposed by this Act or to pay the tax imposed by the
9 Retailers' Occupation Tax Act on those amounts. However, the
10 lessor who purchased the motor vehicle assumes the liability
11 for reporting and paying the tax on those amounts directly to
12 the Department in the same form (Illinois Retailers' Occupation
13 Tax, and local retailers' occupation taxes, if applicable) in
14 which the retailer would have reported and paid such tax if the
15 retailer had accounted for the tax to the Department. For
16 amounts received by the lessor from the lessee that are not
17 calculated at the time the lease is executed, the lessor must
18 file the return and pay the tax to the Department by the due
19 date otherwise required by this Act for returns other than
20 transaction returns. If the retailer is entitled under this Act
21 to a discount for collecting and remitting the tax imposed
22 under this Act to the Department with respect to the sale of
23 the motor vehicle to the lessor, then the right to the discount
24 provided in this Act shall be transferred to the lessor with
25 respect to the tax paid by the lessor for any amount received
26 by the lessor from the lessee for the leased vehicle that is

1 not calculated at the time the lease is executed; provided that
2 the discount is only allowed if the return is timely filed and
3 for amounts timely paid. The "selling price" of a motor vehicle
4 that is sold on or after January 1, 2015 for the purpose of
5 leasing for a defined period of longer than one year shall not
6 be reduced by the value of or credit given for traded-in
7 tangible personal property owned by the lessor, nor shall it be
8 reduced by the value of or credit given for traded-in tangible
9 personal property owned by the lessee, regardless of whether
10 the trade-in value thereof is assigned by the lessee to the
11 lessor. In the case of a motor vehicle that is sold for the
12 purpose of leasing for a defined period of longer than one
13 year, the sale occurs at the time of the delivery of the
14 vehicle, regardless of the due date of any lease payments. A
15 lessor who incurs a Retailers' Occupation Tax liability on the
16 sale of a motor vehicle coming off lease may not take a credit
17 against that liability for the Use Tax the lessor paid upon the
18 purchase of the motor vehicle (or for any tax the lessor paid
19 with respect to any amount received by the lessor from the
20 lessee for the leased vehicle that was not calculated at the
21 time the lease was executed) if the selling price of the motor
22 vehicle at the time of purchase was calculated using the
23 definition of "selling price" as defined in this paragraph.
24 Notwithstanding any other provision of this Act to the
25 contrary, lessors shall file all returns and make all payments
26 required under this paragraph to the Department by electronic

1 means in the manner and form as required by the Department.
2 This paragraph does not apply to leases of motor vehicles for
3 which, at the time the lease is entered into, the term of the
4 lease is not a defined period, including leases with a defined
5 initial period with the option to continue the lease on a
6 month-to-month or other basis beyond the initial defined
7 period.

8 The phrase "like kind and character" shall be liberally
9 construed (including but not limited to any form of motor
10 vehicle for any form of motor vehicle, or any kind of farm or
11 agricultural implement for any other kind of farm or
12 agricultural implement), while not including a kind of item
13 which, if sold at retail by that retailer, would be exempt from
14 retailers' occupation tax and use tax as an isolated or
15 occasional sale.

16 "Department" means the Department of Revenue.

17 "Person" means any natural individual, firm, partnership,
18 association, joint stock company, joint adventure, public or
19 private corporation, limited liability company, or a receiver,
20 executor, trustee, guardian or other representative appointed
21 by order of any court.

22 "Retailer" means and includes every person engaged in the
23 business of making sales at retail as defined in this Section.

24 A person who holds himself or herself out as being engaged
25 (or who habitually engages) in selling tangible personal
26 property or taxable services at retail is a retailer hereunder

1 with respect to such sales (and not primarily in a nontaxable
2 service occupation) notwithstanding the fact that such person
3 designs and produces such tangible personal property or taxable
4 service on special order for the purchaser and in such a way as
5 to render the property or service of value only to such
6 purchaser, if such tangible personal property or taxable
7 service so produced on special order serves substantially the
8 same function as stock or standard items of tangible personal
9 property or taxable service that are sold at retail.

10 A person whose activities are organized and conducted
11 primarily as a not-for-profit service enterprise, and who
12 engages in selling tangible personal property or taxable
13 services at retail (whether to the public or merely to members
14 and their guests) is a retailer with respect to such
15 transactions, excepting only a person organized and operated
16 exclusively for charitable, religious or educational purposes
17 either (1), to the extent of sales by such person to its
18 members, students, patients or inmates of tangible personal
19 property to be used primarily for the purposes of such person,
20 or (2), to the extent of sales by such person of tangible
21 personal property or taxable services which are ~~is~~ not sold or
22 offered for sale by persons organized for profit. The selling
23 of school books and school supplies by schools at retail to
24 students is not "primarily for the purposes of" the school
25 which does such selling. This paragraph does not apply to nor
26 subject to taxation occasional dinners, social or similar

1 activities of a person organized and operated exclusively for
2 charitable, religious or educational purposes, whether or not
3 such activities are open to the public.

4 A person who is the recipient of a grant or contract under
5 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
6 serves meals to participants in the federal Nutrition Program
7 for the Elderly in return for contributions established in
8 amount by the individual participant pursuant to a schedule of
9 suggested fees as provided for in the federal Act is not a
10 retailer under this Act with respect to such transactions.

11 Persons who engage in the business of transferring tangible
12 personal property or taxable services upon the redemption of
13 trading stamps are retailers hereunder when engaged in such
14 business.

15 The isolated or occasional sale of tangible personal
16 property or taxable services at retail by a person who does not
17 hold himself out as being engaged (or who does not habitually
18 engage) in selling such tangible personal property or taxable
19 services at retail or a sale through a bulk vending machine
20 does not make such person a retailer hereunder. However, any
21 person who is engaged in a business which is not subject to the
22 tax imposed by the "Retailers' Occupation Tax Act" because of
23 involving the sale of or a contract to sell real estate or a
24 construction contract to improve real estate, but who, in the
25 course of conducting such business, transfers tangible
26 personal property to users or consumers in the finished form in

1 which it was purchased, and which does not become real estate,
2 under any provision of a construction contract or real estate
3 sale or real estate sales agreement entered into with some
4 other person arising out of or because of such nontaxable
5 business, is a retailer to the extent of the value of the
6 tangible personal property so transferred. If, in such
7 transaction, a separate charge is made for the tangible
8 personal property so transferred, the value of such property,
9 for the purposes of this Act, is the amount so separately
10 charged, but not less than the cost of such property to the
11 transferor; if no separate charge is made, the value of such
12 property, for the purposes of this Act, is the cost to the
13 transferor of such tangible personal property.

14 "Retailer maintaining a place of business in this State",
15 or any like term, means and includes any of the following
16 retailers:

- 17 1. A retailer having or maintaining within this State,
18 directly or by a subsidiary, an office, distribution house,
19 sales house, warehouse or other place of business, or any
20 agent or other representative operating within this State
21 under the authority of the retailer or its subsidiary,
22 irrespective of whether such place of business or agent or
23 other representative is located here permanently or
24 temporarily, or whether such retailer or subsidiary is
25 licensed to do business in this State. However, the
26 ownership of property that is located at the premises of a

1 printer with which the retailer has contracted for printing
2 and that consists of the final printed product, property
3 that becomes a part of the final printed product, or copy
4 from which the printed product is produced shall not result
5 in the retailer being deemed to have or maintain an office,
6 distribution house, sales house, warehouse, or other place
7 of business within this State.

8 1.1. A retailer having a contract with a person located
9 in this State under which the person, for a commission or
10 other consideration based upon the sale of tangible
11 personal property or taxable services by the retailer,
12 directly or indirectly refers potential customers to the
13 retailer by providing to the potential customers a
14 promotional code or other mechanism that allows the
15 retailer to track purchases referred by such persons.
16 Examples of mechanisms that allow the retailer to track
17 purchases referred by such persons include but are not
18 limited to the use of a link on the person's Internet
19 website, promotional codes distributed through the
20 person's hand-delivered or mailed material, and
21 promotional codes distributed by the person through radio
22 or other broadcast media. The provisions of this paragraph
23 1.1 shall apply only if the cumulative gross receipts from
24 sales of tangible personal property or taxable service by
25 the retailer to customers who are referred to the retailer
26 by all persons in this State under such contracts exceed

1 \$10,000 during the preceding 4 quarterly periods ending on
2 the last day of March, June, September, and December. A
3 retailer meeting the requirements of this paragraph 1.1
4 shall be presumed to be maintaining a place of business in
5 this State but may rebut this presumption by submitting
6 proof that the referrals or other activities pursued within
7 this State by such persons were not sufficient to meet the
8 nexus standards of the United States Constitution during
9 the preceding 4 quarterly periods.

10 1.2. Beginning July 1, 2011, a retailer having a
11 contract with a person located in this State under which:

12 A. the retailer sells the same or substantially
13 similar line of products or taxable services as the
14 person located in this State and does so using an
15 identical or substantially similar name, trade name,
16 or trademark as the person located in this State; and

17 B. the retailer provides a commission or other
18 consideration to the person located in this State based
19 upon the sale of tangible personal property or taxable
20 service by the retailer.

21 The provisions of this paragraph 1.2 shall apply only if
22 the cumulative gross receipts from sales of tangible
23 personal property or taxable service by the retailer to
24 customers in this State under all such contracts exceed
25 \$10,000 during the preceding 4 quarterly periods ending on
26 the last day of March, June, September, and December.

1 2. A retailer soliciting orders for tangible personal
2 property or taxable service by means of a telecommunication
3 or television shopping system (which utilizes toll free
4 numbers) which is intended by the retailer to be broadcast
5 by cable television or other means of broadcasting, to
6 consumers located in this State.

7 3. A retailer, pursuant to a contract with a
8 broadcaster or publisher located in this State, soliciting
9 orders for tangible personal property or taxable service by
10 means of advertising which is disseminated primarily to
11 consumers located in this State and only secondarily to
12 bordering jurisdictions.

13 4. A retailer soliciting orders for tangible personal
14 property or taxable service by mail if the solicitations
15 are substantial and recurring and if the retailer benefits
16 from any banking, financing, debt collection,
17 telecommunication, or marketing activities occurring in
18 this State or benefits from the location in this State of
19 authorized installation, servicing, or repair facilities.

20 5. A retailer that is owned or controlled by the same
21 interests that own or control any retailer engaging in
22 business in the same or similar line of business in this
23 State.

24 6. A retailer having a franchisee or licensee operating
25 under its trade name if the franchisee or licensee is
26 required to collect the tax under this Section.

1 7. A retailer, pursuant to a contract with a cable
2 television operator located in this State, soliciting
3 orders for tangible personal property or taxable service by
4 means of advertising which is transmitted or distributed
5 over a cable television system in this State.

6 8. A retailer engaging in activities in Illinois, which
7 activities in the state in which the retail business
8 engaging in such activities is located would constitute
9 maintaining a place of business in that state.

10 "Bulk vending machine" means a vending machine, containing
11 unsorted confections, nuts, toys, or other items designed
12 primarily to be used or played with by children which, when a
13 coin or coins of a denomination not larger than \$0.50 are
14 inserted, are dispensed in equal portions, at random and
15 without selection by the customer.

16 (Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14;
17 98-1089, eff. 1-1-15; 99-78, eff. 7-20-15.)

18 (35 ILCS 105/2a-2 new)

19 Sec. 2a-2. Taxable services. Beginning January 1, 2018,
20 "taxable service" means any of the following services:

21 (1) Providing space for storage.

22 (A) "Storage" means the retaining or keeping of
23 tangible personal property in this State for any
24 purpose. For purposes of this Section, tangible
25 personal property, does not include "grain" as defined

1 in the Public Grain Warehouse and Warehouse Receipts
2 Act.

3 (B) "Space for storage" means (i) secure areas,
4 such as rooms, units, compartments or containers,
5 whether accessible from outside or from within a
6 building, that are designated for the use of a
7 purchaser, where the purchaser can store and retrieve
8 property, including self-storage units, mini-storage
9 units, and areas by any other name; (ii) any parking
10 lot, ramp, or parking garage for a vehicle, whether the
11 vehicle is parked by the operator of the vehicle or by
12 an attendant; (iii) any aircraft parking area, ramp, or
13 hanger; (iv) any boat slip, dock, or dry dock; (v) any
14 recreational vehicle parking area or garage; and (vi)
15 any other areas for storage or parking of tangible
16 personal property.

17 (C) "Self-storage or mini-storage" includes
18 storage lockers or storage units in apartment
19 complexes (if the locker or unit is utilized at the
20 tenant's option and includes payment of a fee in
21 addition to apartment rental), and in amusement parks,
22 water parks, recreational facilities, and other
23 locations where lockers are rented for self-storage.

24 (2) Repair, servicing, alteration, fitting, cleaning,
25 painting, coating, towing, inspection, or maintenance of
26 tangible personal property or tangible personal property

1 that has been affixed to real estate; this paragraph (2)
2 does not apply to new construction, reconstruction, or
3 expansion of a building or structure.

4 (3) Landscaping services. "Landscaping services" means
5 services performed by a person who arranges and modifies
6 the natural condition of a given parcel or tract of land so
7 as to render the land suitable for public or private use or
8 enjoyment. Landscaping services include, but are not
9 limited to, mowing, watering, and aerating lawns; weeding;
10 mulching; raking leaves; tree and shrub trimming and
11 removal; planting of trees, shrubs, flowering and
12 non-flowering plants, and sod; spraying; fertilizing;
13 applying chemicals; lawn and garden installation;
14 constructing, remodeling, or repairing irrigation or lawn
15 sprinkler systems, patios (other than asphalt, tar,
16 macadam, or poured concrete), walkways (other than
17 asphalt, tar, macadam, or poured concrete), fences,
18 trellises, and retaining walls; grading (such as the
19 filling or leveling of topsoil for lawns and gardens), and
20 snow plowing and removal.

21 (4) Laundry, drycleaning, cloth pressing, dyeing, or
22 linen service, except when the service is performed by the
23 purchaser through the use of coin-operated, self-service
24 machines.

25 (5) Cable television service as defined in 47 U.S.C.
26 522(6), video and audio streaming services, and direct

1 broadcast satellite service. "Direct broadcast satellite
2 service" includes the distribution or broadcasting of
3 programming or services by satellite, including audio or
4 video programming, to receiving equipment located at a
5 purchaser's premises. "Video and audio streaming service"
6 means the method used to deliver multimedia elements
7 including but not limited to video and audio from a data
8 streaming service provider to an end user.

9 (6) Private detective, private alarm, and private
10 security service for which the provider of the service is
11 required to be licensed pursuant to the Private Detective,
12 Private Alarm, Private Security, Fingerprint Vendor, and
13 Locksmith Act of 2004, or would be required to be so
14 licensed in performing those services in this State.

15 (7) Structural pest control services. "Structural pest
16 control services" means use of any device or the
17 application of any substance to prevent, repel, mitigate,
18 curb, control, or eradicate any structural pest in, on,
19 under, or around a structure, or within a part of, or
20 materials used in building, a structure; the use of any
21 pesticide, including insecticides, fungicides and other
22 wood treatment products, attractants, repellents,
23 rodenticides, fumigants, or mechanical devices for
24 preventing, controlling, eradicating, identifying,
25 mitigating, diminishing, or curbing insects, vermin, rats,
26 mice, or other pests in, on, under, or around a structure,

1 or within a part of, or materials used in building, a
2 structure; vault fumigation and fumigation of box cars,
3 trucks, ships, airplanes, docks, warehouses, and common
4 carriers or soliciting to perform any of the foregoing
5 functions.

6 (8) Personal care services, including skin care, the
7 application of cosmetics, manicuring, pedicuring, hair
8 removal, tattooing, body piercing, tanning, and other
9 similar services. "Personal care services" does not
10 include personal care services provided by or on the order
11 of a licensed physician, licensed chiropractor, physician
12 assistant, advanced practice nurse, registered nurse, or
13 licensed practical nurse, or the cutting, coloring, or
14 styling of an individual's hair.

15 (35 ILCS 105/3) (from Ch. 120, par. 439.3)

16 Sec. 3. Tax imposed. A tax is imposed upon the privilege of
17 using in this State a taxable service or tangible personal
18 property purchased at retail from a retailer, including
19 computer software, and including photographs, negatives, and
20 positives that are the product of photoprocessing, but not
21 including products of photoprocessing produced for use in
22 motion pictures for commercial exhibition. Beginning January
23 1, 2001, prepaid telephone calling arrangements shall be
24 considered tangible personal property subject to the tax
25 imposed under this Act regardless of the form in which those

1 arrangements may be embodied, transmitted, or fixed by any
2 method now known or hereafter developed. Purchases of (1)
3 electricity delivered to customers by wire; (2) natural or
4 artificial gas that is delivered to customers through pipes,
5 pipelines, or mains; and (3) water that is delivered to
6 customers through pipes, pipelines, or mains are not subject to
7 tax under this Act. The provisions of this amendatory Act of
8 the 98th General Assembly are declaratory of existing law as to
9 the meaning and scope of this Act.

10 (Source: P.A. 98-583, eff. 1-1-14.)

11 (35 ILCS 105/3-5)

12 Sec. 3-5. Exemptions. Use of the following tangible
13 personal property or taxable service is exempt from the tax
14 imposed by this Act:

15 (1) Personal property or taxable services purchased from a
16 corporation, 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 or taxable service was not purchased by the
21 enterprise for the purpose of resale by the enterprise.

22 (2) Personal property or taxable service purchased by a
23 not-for-profit Illinois county fair association for use in
24 conducting, operating, or promoting the county fair.

25 (3) Personal property or taxable services purchased by a

1 not-for-profit arts or cultural organization that establishes,
2 by proof required by the Department by rule, that it has
3 received an exemption under Section 501(c)(3) of the Internal
4 Revenue Code and that is organized and operated primarily for
5 the presentation or support of arts or cultural programming,
6 activities, or services. These organizations include, but are
7 not limited to, music and dramatic arts organizations such as
8 symphony orchestras and theatrical groups, arts and cultural
9 service organizations, local arts councils, visual arts
10 organizations, and media arts organizations. On and after the
11 effective date of this amendatory Act of the 92nd General
12 Assembly, however, an entity otherwise eligible for this
13 exemption shall not make tax-free purchases unless it has an
14 active identification number issued by the Department.

15 (4) Personal property or taxable services purchased by a
16 governmental body, by a corporation, society, association,
17 foundation, or institution organized and operated exclusively
18 for charitable, religious, or educational purposes, or by a
19 not-for-profit corporation, society, association, foundation,
20 institution, or organization that has no compensated officers
21 or employees and that is organized and operated primarily for
22 the recreation of persons 55 years of age or older. A limited
23 liability company may qualify for the exemption under this
24 paragraph only if the limited liability company is organized
25 and operated exclusively for educational purposes. On and after
26 July 1, 1987, however, no entity otherwise eligible for this

1 exemption shall make tax-free purchases unless it has an active
2 exemption identification number issued by the Department.

3 (5) Until July 1, 2003, a passenger car that is a
4 replacement vehicle to the extent that the purchase price of
5 the car is subject to the Replacement Vehicle Tax.

6 (6) Until July 1, 2003 and beginning again on September 1,
7 2004 through August 30, 2014, graphic arts machinery and
8 equipment, including repair and replacement parts, both new and
9 used, and including that manufactured on special order,
10 certified by the purchaser to be used primarily for graphic
11 arts production, and including machinery and equipment
12 purchased for lease. Equipment includes chemicals or chemicals
13 acting as catalysts but only if the chemicals or chemicals
14 acting as catalysts effect a direct and immediate change upon a
15 graphic arts product. Beginning on July 1, 2017, graphic arts
16 machinery and equipment is included in the manufacturing and
17 assembling machinery and equipment exemption under paragraph
18 (18).

19 (7) Farm chemicals.

20 (8) Legal tender, currency, medallions, or gold or silver
21 coinage issued by the State of Illinois, the government of the
22 United States of America, or the government of any foreign
23 country, and bullion.

24 (9) Personal property purchased from a teacher-sponsored
25 student organization affiliated with an elementary or
26 secondary school located in Illinois.

1 (10) A motor vehicle that is used for automobile renting,
2 as defined in the Automobile Renting Occupation and Use Tax
3 Act.

4 (11) Farm machinery and equipment, both new and used,
5 including that manufactured on special order, certified by the
6 purchaser to be used primarily for production agriculture or
7 State or federal agricultural programs, including individual
8 replacement parts for the machinery and equipment, including
9 machinery and equipment purchased for lease, and including
10 implements of husbandry defined in Section 1-130 of the
11 Illinois Vehicle Code, farm machinery and agricultural
12 chemical and fertilizer spreaders, and nurse wagons required to
13 be registered under Section 3-809 of the Illinois Vehicle Code,
14 but excluding other motor vehicles required to be registered
15 under the Illinois Vehicle Code. Horticultural polyhouses or
16 hoop houses used for propagating, growing, or overwintering
17 plants shall be considered farm machinery and equipment under
18 this item (11). Agricultural chemical tender tanks and dry
19 boxes shall include units sold separately from a motor vehicle
20 required to be licensed and units sold mounted on a motor
21 vehicle required to be licensed if the selling price of the
22 tender is separately stated.

23 Farm machinery and equipment shall include precision
24 farming equipment that is installed or purchased to be
25 installed on farm machinery and equipment including, but not
26 limited to, tractors, harvesters, sprayers, planters, seeders,

1 or spreaders. Precision farming equipment includes, but is not
2 limited to, soil testing sensors, computers, monitors,
3 software, global positioning and mapping systems, and other
4 such equipment.

5 Farm machinery and equipment also includes computers,
6 sensors, software, and related equipment used primarily in the
7 computer-assisted operation of production agriculture
8 facilities, equipment, and activities such as, but not limited
9 to, the collection, monitoring, and correlation of animal and
10 crop data for the purpose of formulating animal diets and
11 agricultural chemicals. This item (11) is exempt from the
12 provisions of Section 3-90.

13 (12) Until June 30, 2013, fuel and petroleum products sold
14 to or used by an air common carrier, certified by the carrier
15 to be used for consumption, shipment, or storage in the conduct
16 of its business as an air common carrier, for a flight destined
17 for or returning from a location or locations outside the
18 United States without regard to previous or subsequent domestic
19 stopovers.

20 Beginning July 1, 2013, fuel and petroleum products sold to
21 or used by an air carrier, certified by the carrier to be used
22 for consumption, shipment, or storage in the conduct of its
23 business as an air common carrier, for a flight that (i) is
24 engaged in foreign trade or is engaged in trade between the
25 United States and any of its possessions and (ii) transports at
26 least one individual or package for hire from the city of

1 origination to the city of final destination on the same
2 aircraft, without regard to a change in the flight number of
3 that aircraft.

4 (13) Proceeds of mandatory service charges separately
5 stated on customers' bills for the purchase and consumption of
6 food and beverages or taxable services purchased at retail from
7 a retailer, to the extent that the proceeds of the service
8 charge are in fact turned over as tips or as a substitute for
9 tips to the employees who participate directly in preparing,
10 serving, hosting or cleaning up the food or beverage function
11 with respect to which the service charge is imposed.

12 (14) Until July 1, 2003, oil field exploration, drilling,
13 and production equipment, including (i) rigs and parts of rigs,
14 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
15 tubular goods, including casing and drill strings, (iii) pumps
16 and pump-jack units, (iv) storage tanks and flow lines, (v) any
17 individual replacement part for oil field exploration,
18 drilling, and production equipment, and (vi) machinery and
19 equipment purchased for lease; but excluding motor vehicles
20 required to be registered under the Illinois Vehicle Code.

21 (15) Photoprocessing machinery and equipment, including
22 repair and replacement parts, both new and used, including that
23 manufactured on special order, certified by the purchaser to be
24 used primarily for photoprocessing, and including
25 photoprocessing machinery and equipment purchased for lease.

26 (16) Coal and aggregate exploration, mining, off-highway

1 hauling, processing, maintenance, and reclamation equipment,
2 including replacement parts and equipment, and including
3 equipment purchased for lease, but excluding motor vehicles
4 required to be registered under the Illinois Vehicle Code. The
5 changes made to this Section by Public Act 97-767 apply on and
6 after July 1, 2003, but no claim for credit or refund is
7 allowed on or after August 16, 2013 (the effective date of
8 Public Act 98-456) for such taxes paid during the period
9 beginning July 1, 2003 and ending on August 16, 2013 (the
10 effective date of Public Act 98-456).

11 (17) Until July 1, 2003, distillation machinery and
12 equipment, sold as a unit or kit, assembled or installed by the
13 retailer, certified by the user to be used only for the
14 production of ethyl alcohol that will be used for consumption
15 as motor fuel or as a component of motor fuel for the personal
16 use of the user, and not subject to sale or resale.

17 (18) Manufacturing and assembling machinery and equipment
18 used primarily in the process of manufacturing or assembling
19 tangible personal property for wholesale or retail sale or
20 lease, whether that sale or lease is made directly by the
21 manufacturer or by some other person, whether the materials
22 used in the process are owned by the manufacturer or some other
23 person, or whether that sale or lease is made apart from or as
24 an incident to the seller's engaging in the service occupation
25 of producing machines, tools, dies, jigs, patterns, gauges, or
26 other similar items of no commercial value on special order for

1 a particular purchaser. The exemption provided by this
2 paragraph (18) does not include machinery and equipment used in
3 (i) the generation of electricity for wholesale or retail sale;
4 (ii) the generation or treatment of natural or artificial gas
5 for wholesale or retail sale that is delivered to customers
6 through pipes, pipelines, or mains; or (iii) the treatment of
7 water for wholesale or retail sale that is delivered to
8 customers through pipes, pipelines, or mains. The provisions of
9 Public Act 98-583 are declaratory of existing law as to the
10 meaning and scope of this exemption. Beginning on July 1, 2017,
11 the exemption provided by this paragraph (18) includes, but is
12 not limited to, graphic arts machinery and equipment, as
13 defined in paragraph (6) of this Section. Beginning on July 1,
14 2017, the exemption provided by this paragraph (18) includes,
15 but is not limited to, production related tangible personal
16 property, as defined in Section 3-50 of this Act. The exemption
17 provided by this paragraph (18) is exempt from the provisions
18 of Section 3-90.

19 (19) Personal property delivered to a purchaser or
20 purchaser's donee inside Illinois when the purchase order for
21 that personal property was received by a florist located
22 outside Illinois who has a florist located inside Illinois
23 deliver the personal property.

24 (20) Semen used for artificial insemination of livestock
25 for direct agricultural production.

26 (21) Horses, or interests in horses, registered with and

1 meeting the requirements of any of the Arabian Horse Club
2 Registry of America, Appaloosa Horse Club, American Quarter
3 Horse Association, United States Trotting Association, or
4 Jockey Club, as appropriate, used for purposes of breeding or
5 racing for prizes. This item (21) is exempt from the provisions
6 of Section 3-90, and the exemption provided for under this item
7 (21) applies for all periods beginning May 30, 1995, but no
8 claim for credit or refund is allowed on or after January 1,
9 2008 for such taxes paid during the period beginning May 30,
10 2000 and ending on January 1, 2008.

11 (22) Computers and communications equipment utilized for
12 any hospital purpose and equipment used in the diagnosis,
13 analysis, or treatment of hospital patients purchased by a
14 lessor who leases the equipment, under a lease of one year or
15 longer executed or in effect at the time the lessor would
16 otherwise be subject to the tax imposed by this Act, to a
17 hospital that has been issued an active tax exemption
18 identification number by the Department under Section 1g of the
19 Retailers' Occupation Tax Act. If the equipment is leased in a
20 manner that does not qualify for this exemption or is used in
21 any other non-exempt manner, the lessor shall be liable for the
22 tax imposed under this Act or the Service Use Tax Act, as the
23 case may be, based on the fair market value of the property at
24 the time the non-qualifying use occurs. No lessor shall collect
25 or attempt to collect an amount (however designated) that
26 purports to reimburse that lessor for the tax imposed by this

1 Act or the Service Use Tax Act, as the case may be, if the tax
2 has not been paid by the lessor. If a lessor improperly
3 collects any such amount from the lessee, the lessee shall have
4 a legal right to claim a refund of that amount from the lessor.
5 If, however, that amount is not refunded to the lessee for any
6 reason, the lessor is liable to pay that amount to the
7 Department.

8 (23) Personal property purchased by a lessor who leases the
9 property, under a lease of one year or longer executed or in
10 effect at the time the lessor would otherwise be subject to the
11 tax imposed by this Act, to a governmental body that has been
12 issued an active sales tax exemption identification number by
13 the Department under Section 1g of the Retailers' Occupation
14 Tax Act. If the property is leased in a manner that does not
15 qualify for this exemption or used in any other non-exempt
16 manner, the lessor shall be liable for the tax imposed under
17 this Act or the Service Use Tax Act, as the case may be, based
18 on the fair market value of the property at the time the
19 non-qualifying use occurs. No lessor shall collect or attempt
20 to collect an amount (however designated) that purports to
21 reimburse that lessor for the tax imposed by this Act or the
22 Service Use Tax Act, as the case may be, if the tax has not been
23 paid by the lessor. If a lessor improperly collects any such
24 amount from the lessee, the lessee shall have a legal right to
25 claim a refund of that amount from the lessor. If, however,
26 that amount is not refunded to the lessee for any reason, the

1 lessor is liable to pay that amount to the Department.

2 (24) Beginning with taxable years ending on or after
3 December 31, 1995 and ending with taxable years ending on or
4 before December 31, 2004, personal property that is donated for
5 disaster relief to be used in a State or federally declared
6 disaster area in Illinois or bordering Illinois by a
7 manufacturer or retailer that is registered in this State to a
8 corporation, society, association, foundation, or institution
9 that has been issued a sales tax exemption identification
10 number by the Department that assists victims of the disaster
11 who reside within the declared disaster area.

12 (25) Beginning with taxable years ending on or after
13 December 31, 1995 and ending with taxable years ending on or
14 before December 31, 2004, personal property that is used in the
15 performance of infrastructure repairs in this State, including
16 but not limited to municipal roads and streets, access roads,
17 bridges, sidewalks, waste disposal systems, water and sewer
18 line extensions, water distribution and purification
19 facilities, storm water drainage and retention facilities, and
20 sewage treatment facilities, resulting from a State or
21 federally declared disaster in Illinois or bordering Illinois
22 when such repairs are initiated on facilities located in the
23 declared disaster area within 6 months after the disaster.

24 (26) Beginning July 1, 1999, game or game birds purchased
25 at a "game breeding and hunting preserve area" as that term is
26 used in the Wildlife Code. This paragraph is exempt from the

1 provisions of Section 3-90.

2 (27) A motor vehicle, as that term is defined in Section
3 1-146 of the Illinois Vehicle Code, that is donated to a
4 corporation, limited liability company, society, association,
5 foundation, or institution that is determined by the Department
6 to be organized and operated exclusively for educational
7 purposes. For purposes of this exemption, "a corporation,
8 limited liability company, society, association, foundation,
9 or institution organized and operated exclusively for
10 educational purposes" means all tax-supported public schools,
11 private schools that offer systematic instruction in useful
12 branches of learning by methods common to public schools and
13 that compare favorably in their scope and intensity with the
14 course of study presented in tax-supported schools, and
15 vocational or technical schools or institutes organized and
16 operated exclusively to provide a course of study of not less
17 than 6 weeks duration and designed to prepare individuals to
18 follow a trade or to pursue a manual, technical, mechanical,
19 industrial, business, or commercial occupation.

20 (28) Beginning January 1, 2000, personal property,
21 including food, purchased through fundraising events for the
22 benefit of a public or private elementary or secondary school,
23 a group of those schools, or one or more school districts if
24 the events are sponsored by an entity recognized by the school
25 district that consists primarily of volunteers and includes
26 parents and teachers of the school children. This paragraph

1 does not apply to fundraising events (i) for the benefit of
2 private home instruction or (ii) for which the fundraising
3 entity purchases the personal property sold at the events from
4 another individual or entity that sold the property for the
5 purpose of resale by the fundraising entity and that profits
6 from the sale to the fundraising entity. This paragraph is
7 exempt from the provisions of Section 3-90.

8 (29) Beginning January 1, 2000 and through December 31,
9 2001, new or used automatic vending machines that prepare and
10 serve hot food and beverages, including coffee, soup, and other
11 items, and replacement parts for these machines. Beginning
12 January 1, 2002 and through June 30, 2003, machines and parts
13 for machines used in commercial, coin-operated amusement and
14 vending business if a use or occupation tax is paid on the
15 gross receipts derived from the use of the commercial,
16 coin-operated amusement and vending machines. This paragraph
17 is exempt from the provisions of Section 3-90.

18 (30) Beginning January 1, 2001 and through June 30, 2016,
19 food for human consumption that is to be consumed off the
20 premises where it is sold (other than alcoholic beverages, soft
21 drinks, and food that has been prepared for immediate
22 consumption) and prescription and nonprescription medicines,
23 drugs, medical appliances, and insulin, urine testing
24 materials, syringes, and needles used by diabetics, for human
25 use, when purchased for use by a person receiving medical
26 assistance under Article V of the Illinois Public Aid Code who

1 resides in a licensed long-term care facility, as defined in
2 the Nursing Home Care Act, or in a licensed facility as defined
3 in the ID/DD Community Care Act, the MC/DD Act, or the
4 Specialized Mental Health Rehabilitation Act of 2013.

5 (31) Beginning on the effective date of this amendatory Act
6 of the 92nd General Assembly, computers and communications
7 equipment utilized for any hospital purpose and equipment used
8 in the diagnosis, analysis, or treatment of hospital patients
9 purchased by a lessor who leases the equipment, under a lease
10 of one year or longer executed or in effect at the time the
11 lessor would otherwise be subject to the tax imposed by this
12 Act, to a 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 nonexempt manner, the lessor shall be liable for the
17 tax imposed under this Act or the Service Use Tax Act, as the
18 case may be, based on the fair market value of the property at
19 the time the nonqualifying use occurs. No lessor shall collect
20 or attempt to collect an amount (however designated) that
21 purports to reimburse that lessor for the tax imposed by this
22 Act or the Service Use Tax Act, as the case may be, if the tax
23 has not been paid by the lessor. If a lessor improperly
24 collects any such amount from the lessee, the lessee shall have
25 a legal right to claim a refund of that amount from the lessor.
26 If, however, that amount is not refunded to the lessee for any

1 reason, the lessor is liable to pay that amount to the
2 Department. This paragraph is exempt from the provisions of
3 Section 3-90.

4 (32) Beginning on the effective date of this amendatory Act
5 of the 92nd General Assembly, personal property purchased by a
6 lessor who leases the property, under a lease of one year or
7 longer executed or in effect at the time the lessor would
8 otherwise be subject to the tax imposed by this Act, to a
9 governmental body that has been issued an active sales tax
10 exemption identification number by the Department under
11 Section 1g of the Retailers' Occupation Tax Act. If the
12 property is leased in a manner that does not qualify for this
13 exemption or used in any other nonexempt manner, the lessor
14 shall be liable for the tax imposed under this Act or the
15 Service Use Tax Act, as the case may be, based on the fair
16 market value of the property at the time the nonqualifying use
17 occurs. No lessor shall collect or attempt to collect an amount
18 (however designated) that purports to reimburse that lessor for
19 the tax imposed by this Act or the Service Use Tax Act, as the
20 case may be, if the tax has not been paid by the lessor. If a
21 lessor improperly collects any such amount from the lessee, the
22 lessee shall have a legal right to claim a refund of that
23 amount from the lessor. If, however, that amount is not
24 refunded to the lessee for any reason, the lessor is liable to
25 pay that amount to the Department. This paragraph is exempt
26 from the provisions of Section 3-90.

1 (33) On and after July 1, 2003 and through June 30, 2004,
2 the use in this State of motor vehicles of the second division
3 with a gross vehicle weight in excess of 8,000 pounds and that
4 are subject to the commercial distribution fee imposed under
5 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
6 1, 2004 and through June 30, 2005, the use in this State of
7 motor vehicles of the second division: (i) with a gross vehicle
8 weight rating in excess of 8,000 pounds; (ii) that are subject
9 to the commercial distribution fee imposed under Section
10 3-815.1 of the Illinois Vehicle Code; and (iii) that are
11 primarily used for commercial purposes. Through June 30, 2005,
12 this exemption applies to repair and replacement parts added
13 after the initial purchase of such a motor vehicle if that
14 motor vehicle is used in a manner that would qualify for the
15 rolling stock exemption otherwise provided for in this Act. For
16 purposes of this paragraph, the term "used for commercial
17 purposes" means the transportation of persons or property in
18 furtherance of any commercial or industrial enterprise,
19 whether for-hire or not.

20 (34) Beginning January 1, 2008, tangible personal property
21 used in the construction or maintenance of a community water
22 supply, as defined under Section 3.145 of the Environmental
23 Protection Act, that is operated by a not-for-profit
24 corporation that holds a valid water supply permit issued under
25 Title IV of the Environmental Protection Act. This paragraph is
26 exempt from the provisions of Section 3-90.

1 (35) Beginning January 1, 2010, materials, parts,
2 equipment, components, and furnishings incorporated into or
3 upon an aircraft as part of the modification, refurbishment,
4 completion, replacement, repair, or maintenance of the
5 aircraft. This exemption includes consumable supplies used in
6 the modification, refurbishment, completion, replacement,
7 repair, and maintenance of aircraft, but excludes any
8 materials, parts, equipment, components, and consumable
9 supplies used in the modification, replacement, repair, and
10 maintenance of aircraft engines or power plants, whether such
11 engines or power plants are installed or uninstalled upon any
12 such aircraft. "Consumable supplies" include, but are not
13 limited to, adhesive, tape, sandpaper, general purpose
14 lubricants, cleaning solution, latex gloves, and protective
15 films. This exemption applies only to the use of qualifying
16 tangible personal property by persons who modify, refurbish,
17 complete, repair, replace, or maintain aircraft and who (i)
18 hold an Air Agency Certificate and are empowered to operate an
19 approved repair station by the Federal Aviation
20 Administration, (ii) have a Class IV Rating, and (iii) conduct
21 operations in accordance with Part 145 of the Federal Aviation
22 Regulations. The exemption does not include aircraft operated
23 by a 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 (35) by Public Act 98-534 are declarative of existing

1 law.

2 (36) 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 3-90.

16 (37) Beginning January 1, 2017, menstrual pads, tampons,
17 and menstrual cups.

18 (38) Beginning January 1, 2018, taxable services performed
19 on or to tangible personal property the sale of which is exempt
20 from taxation under this Act. This paragraph is exempt from the
21 provisions of Section 2-70.

22 (39) Beginning January 1, 2018, taxable services performed
23 in a transaction that would be exempt from taxation under this
24 Act if it involved solely the sale of tangible personal
25 property. Such exemption could be due to the nature of the
26 seller or of the service provider, the purchaser or service

1 recipient, or other features of the transaction, including but
2 not limited to the location or sale-for-resale nature of the
3 transaction. Any such exemption applies to transactions
4 involving solely the sale of tangible personal property, solely
5 the performance of taxable service, or some combination
6 thereof. This paragraph is exempt from the provisions of
7 Section 2-70.

8 (40) Beginning January 1, 2018, taxable services performed
9 for or provided to businesses making purchases of service for
10 the benefit of or in furtherance of the business. This
11 paragraph is exempt from the provisions of Section 2-70.

12 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
13 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
14 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
15 7-29-15; 99-855, eff. 8-19-16.)

16 (35 ILCS 105/3-10)

17 Sec. 3-10. Rate of tax. Unless otherwise provided in this
18 Section, the tax imposed by this Act is at the rate of 6.25% of
19 either the selling price or the fair market value, if any, of
20 the tangible personal property. Beginning on July 1, 2017, the
21 tax is also imposed at the rate of 6.25% of either the selling
22 price or the fair market value, if any, of taxable services. In
23 all cases where property or service functionally used or
24 consumed is the same as the property or service that was
25 purchased at retail, then the tax is imposed on the selling

1 price of the property or taxable service. In all cases where
2 property functionally used or consumed is a by-product or waste
3 product that has been refined, manufactured, or produced from
4 property purchased at retail, then the tax is imposed on the
5 lower of the fair market value, if any, of the specific
6 property so used in this State or on the selling price of the
7 property purchased at retail. For purposes of this Section
8 "fair market value" means the price at which property or
9 service would change hands between a willing buyer and a
10 willing seller, neither being under any compulsion to buy or
11 sell and both having reasonable knowledge of the relevant
12 facts. The fair market value shall be established by Illinois
13 sales by the taxpayer of the same property or service as that
14 functionally used or consumed, or if there are no such sales by
15 the taxpayer, then comparable sales or purchases of property or
16 service of like kind and character in Illinois.

17 Beginning on July 1, 2000 and through December 31, 2000,
18 with respect to motor fuel, as defined in Section 1.1 of the
19 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
20 the Use Tax Act, the tax is imposed at the rate of 1.25%.

21 Beginning on August 6, 2010 through August 15, 2010, with
22 respect to sales tax holiday items as defined in Section 3-6 of
23 this Act, the tax is imposed at the rate of 1.25%.

24 With respect to gasohol, the tax imposed by this Act
25 applies to (i) 70% of the proceeds of sales made on or after
26 January 1, 1990, and before July 1, 2003, (ii) 80% of the

1 proceeds of sales made on or after July 1, 2003 and on or
2 before December 31, 2018, and (iii) 100% of the proceeds of
3 sales made thereafter. If, at any time, however, the tax under
4 this Act on sales of gasohol is imposed at the rate of 1.25%,
5 then the tax imposed by this Act applies to 100% of the
6 proceeds of sales of gasohol made during that time.

7 With respect to majority blended ethanol fuel, the tax
8 imposed by this Act does not apply to the proceeds of sales
9 made on or after July 1, 2003 and on or before December 31,
10 2018 but applies to 100% of the proceeds of sales made
11 thereafter.

12 With respect to biodiesel blends with no less than 1% and
13 no more than 10% biodiesel, the tax imposed by this Act applies
14 to (i) 80% of the proceeds of sales made on or after July 1,
15 2003 and on or before December 31, 2018 and (ii) 100% of the
16 proceeds of sales made thereafter. If, at any time, however,
17 the tax under this Act on sales of biodiesel blends with no
18 less than 1% and no more than 10% biodiesel is imposed at the
19 rate of 1.25%, then the tax imposed by this Act applies to 100%
20 of the proceeds of sales of biodiesel blends with no less than
21 1% and no more than 10% biodiesel made during that time.

22 With respect to 100% biodiesel and biodiesel blends with
23 more than 10% but no more than 99% biodiesel, the tax imposed
24 by this Act does not apply to the proceeds of sales made on or
25 after July 1, 2003 and on or before December 31, 2018 but
26 applies to 100% of the proceeds of sales made thereafter.

1 With respect to food for human consumption that is to be
2 consumed off the premises where it is sold (other than
3 alcoholic beverages, soft drinks, and food that has been
4 prepared for immediate consumption) and prescription and
5 nonprescription medicines, drugs, medical appliances, products
6 classified as Class III medical devices by the United States
7 Food and Drug Administration that are used for cancer treatment
8 pursuant to a prescription, as well as any accessories and
9 components related to those devices, modifications to a motor
10 vehicle for the purpose of rendering it usable by a person with
11 a disability, and insulin, urine testing materials, syringes,
12 and needles used by diabetics, for human use, the tax is
13 imposed at the rate of 1%. For the purposes of this Section,
14 until September 1, 2009: the term "soft drinks" means any
15 complete, finished, ready-to-use, non-alcoholic drink, whether
16 carbonated or not, including but not limited to soda water,
17 cola, fruit juice, vegetable juice, carbonated water, and all
18 other preparations commonly known as soft drinks of whatever
19 kind or description that are contained in any closed or sealed
20 bottle, can, carton, or container, regardless of size; but
21 "soft drinks" does not include coffee, tea, non-carbonated
22 water, infant formula, milk or milk products as defined in the
23 Grade A Pasteurized Milk and Milk Products Act, or drinks
24 containing 50% or more natural fruit or vegetable juice.

25 Notwithstanding any other provisions of this Act,
26 beginning September 1, 2009, "soft drinks" means non-alcoholic

1 beverages that contain natural or artificial sweeteners. "Soft
2 drinks" do not include beverages that contain milk or milk
3 products, soy, rice or similar milk substitutes, or greater
4 than 50% of vegetable or fruit juice by volume.

5 Until August 1, 2009, and notwithstanding any other
6 provisions of this Act, "food for human consumption that is to
7 be consumed off the premises where it is sold" includes all
8 food sold through a vending machine, except soft drinks and
9 food products that are dispensed hot from a vending machine,
10 regardless of the location of the vending machine. Beginning
11 August 1, 2009, and notwithstanding any other provisions of
12 this Act, "food for human consumption that is to be consumed
13 off the premises where it is sold" includes all food sold
14 through a vending machine, except soft drinks, candy, and food
15 products that are dispensed hot from a vending machine,
16 regardless of the location of the vending machine.

17 Notwithstanding any other provisions of this Act,
18 beginning September 1, 2009, "food for human consumption that
19 is to be consumed off the premises where it is sold" does not
20 include candy. For purposes of this Section, "candy" means a
21 preparation of sugar, honey, or other natural or artificial
22 sweeteners in combination with chocolate, fruits, nuts or other
23 ingredients or flavorings in the form of bars, drops, or
24 pieces. "Candy" does not include any preparation that contains
25 flour or requires refrigeration.

26 Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "nonprescription medicines and
2 drugs" does not include grooming and hygiene products. For
3 purposes of this Section, "grooming and hygiene products"
4 includes, but is not limited to, soaps and cleaning solutions,
5 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
6 lotions and screens, unless those products are available by
7 prescription only, regardless of whether the products meet the
8 definition of "over-the-counter-drugs". For the purposes of
9 this paragraph, "over-the-counter-drug" means a drug for human
10 use that contains a label that identifies the product as a drug
11 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
12 label includes:

13 (A) A "Drug Facts" panel; or

14 (B) A statement of the "active ingredient(s)" with a
15 list of those ingredients contained in the compound,
16 substance or preparation.

17 Beginning on the effective date of this amendatory Act of
18 the 98th General Assembly, "prescription and nonprescription
19 medicines and drugs" includes medical cannabis purchased from a
20 registered dispensing organization under the Compassionate Use
21 of Medical Cannabis Pilot Program Act.

22 If the property that is purchased at retail from a retailer
23 is acquired outside Illinois and used outside Illinois before
24 being brought to Illinois for use here and is taxable under
25 this Act, the "selling price" on which the tax is computed
26 shall be reduced by an amount that represents a reasonable

1 allowance for depreciation for the period of prior out-of-state
2 use.

3 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
4 99-858, eff. 8-19-16.)

5 (35 ILCS 105/3-10.5)

6 Sec. 3-10.5. Direct payment of retailers' occupation tax
7 and applicable local retailers' occupation tax by purchaser;
8 purchaser relieved of paying use tax and local retailers'
9 occupation tax reimbursement liabilities to retailer.

10 (a) A retailer who makes a retail sale of tangible personal
11 property or taxable service to a purchaser who provides the
12 retailer with a copy of the purchaser's valid Direct Pay Permit
13 issued under Section 2-10.5 of the Retailers' Occupation Tax
14 Act is not required under Section 3-45 of this Act to collect
15 the tax imposed by this Act on that sale.

16 (b) A purchaser who makes a purchase from a retailer who
17 would otherwise incur retailers' occupation tax liability on
18 the transaction and who provides the retailer with a copy of a
19 valid Direct Pay Permit issued under Section 2-10.5 of the
20 Retailers' Occupation Tax Act does not incur the tax imposed by
21 this Act on the purchase. The purchaser assumes the retailer's
22 obligation to pay the retailers' occupation tax directly to the
23 Department, including all local retailers' occupation tax
24 liabilities applicable to that retail sale.

25 (c) A purchaser who makes a purchase from a retailer who

1 would not incur retailers' occupation tax liability on the
2 transaction and who provides the retailer with a copy of a
3 valid Direct Pay Permit issued under Section 2-10.5 of the
4 Retailers' Occupation Tax Act incurs the tax imposed by this
5 Act on the purchase. If, on any transaction, the retailer is
6 entitled under this Act to a discount for collecting and
7 remitting the tax imposed under this Act to the Department, the
8 right to the discount provided in Section 9 of this Act shall
9 be transferred to the Permit holder. If the retailer would not
10 be entitled to a discount as provided in Section 9 of this Act,
11 then the Permit holder is not entitled to a discount.

12 (Source: P.A. 92-484, eff. 8-23-01.)

13 (35 ILCS 105/3-45) (from Ch. 120, par. 439.3-45)

14 Sec. 3-45. Collection. The tax imposed by this Act shall be
15 collected from the purchaser by a retailer maintaining a place
16 of business in this State or a retailer authorized by the
17 Department under Section 6 of this Act, and shall be remitted
18 to the Department as provided in Section 9 of this Act, except
19 as provided in Section 3-10.5 of this Act.

20 The tax imposed by this Act that is not paid to a retailer
21 under this Section shall be paid to the Department directly by
22 any person using the property within this State as provided in
23 Section 10 of this Act.

24 Retailers shall collect the tax from users by adding the
25 tax to the selling price of tangible personal property or

1 taxable service, when sold for use, in the manner prescribed by
2 the Department. The Department may adopt and promulgate
3 reasonable rules and regulations for the adding of the tax by
4 retailers to selling prices by prescribing bracket systems for
5 the purpose of enabling the retailers to add and collect, as
6 far as practicable, the amount of the tax.

7 If a seller collects use tax measured by receipts that are
8 not subject to use tax, or if a seller, in collecting use tax
9 measured by receipts that are subject to tax under this Act,
10 collects more from the purchaser than the required amount of
11 the use tax on the transaction, the purchaser shall have a
12 legal right to claim a refund of that amount from the seller.
13 If, however, that amount is not refunded to the purchaser for
14 any reason, the seller is liable to pay that amount to the
15 Department. This paragraph does not apply to an amount
16 collected by the seller as use tax on receipts that are subject
17 to tax under this Act as long as the collection is made in
18 compliance with the tax collection brackets prescribed by the
19 Department in its rules and regulations.

20 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

21 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

22 Sec. 3-50. Manufacturing and assembly exemption. The
23 manufacturing and assembling machinery and equipment exemption
24 includes machinery and equipment that replaces machinery and
25 equipment in an existing manufacturing facility as well as

1 machinery and equipment that are for use in an expanded or new
2 manufacturing facility. The machinery and equipment exemption
3 also includes machinery and equipment used in the general
4 maintenance or repair of exempt machinery and equipment or for
5 in-house manufacture of exempt machinery and equipment.
6 Beginning on July 1, 2017, the manufacturing and assembling
7 machinery and equipment exemption also includes graphic arts
8 machinery and equipment, as defined in paragraph (6) of Section
9 3-5. Beginning on July 1, 2017, the manufacturing and
10 assembling machinery and equipment exemption also includes
11 production related tangible personal property, as defined in
12 this Section. The machinery and equipment exemption does not
13 include machinery and equipment used in (i) the generation of
14 electricity for wholesale or retail sale; (ii) the generation
15 or treatment of natural or artificial gas for wholesale or
16 retail sale that is delivered to customers through pipes,
17 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 this amendatory
20 Act of the 98th General Assembly are declaratory of existing
21 law as to the meaning and scope of this exemption. For the
22 purposes of this exemption, terms have the following meanings:

23 (1) "Manufacturing process" means the production of an
24 article of tangible personal property, whether the article
25 is a finished product or an article for use in the process
26 of manufacturing or assembling a different article of

1 tangible personal property, by a procedure commonly
2 regarded as manufacturing, processing, fabricating, or
3 refining that changes some existing material into a
4 material with a different form, use, or name. In relation
5 to a recognized integrated business composed of a series of
6 operations that collectively constitute manufacturing, or
7 individually constitute manufacturing operations, the
8 manufacturing process commences with the first operation
9 or stage of production in the series and does not end until
10 the completion of the final product in the last operation
11 or stage of production in the series. For purposes of this
12 exemption, photoprocessing is a manufacturing process of
13 tangible personal property for wholesale or retail sale.

14 (2) "Assembling process" means the production of an
15 article of tangible personal property, whether the article
16 is a finished product or an article for use in the process
17 of manufacturing or assembling a different article of
18 tangible personal property, by the combination of existing
19 materials in a manner commonly regarded as assembling that
20 results in an article or material of a different form, use,
21 or name.

22 (3) "Machinery" means major mechanical machines or
23 major components of those machines contributing to a
24 manufacturing or assembling process.

25 (4) "Equipment" includes an independent device or tool
26 separate from machinery but essential to an integrated

1 manufacturing or assembly process; including computers
2 used primarily in a manufacturer's computer assisted
3 design, computer assisted manufacturing (CAD/CAM) system;
4 any subunit or assembly comprising a component of any
5 machinery or auxiliary, adjunct, or attachment parts of
6 machinery, such as tools, dies, jigs, fixtures, patterns,
7 and molds; and any parts that require periodic replacement
8 in the course of normal operation; but does not include
9 hand tools. Equipment includes chemicals or chemicals
10 acting as catalysts but only if the chemicals or chemicals
11 acting as catalysts effect a direct and immediate change
12 upon a product being manufactured or assembled for
13 wholesale or retail sale or lease.

14 (5) "Production related tangible personal property"
15 means all tangible personal property that is used or
16 consumed by the purchaser in a manufacturing facility in
17 which a manufacturing process takes place and includes,
18 without limitation, tangible personal property that is
19 purchased for incorporation into real estate within a
20 manufacturing facility and tangible personal property that
21 is used or consumed in activities such as research and
22 development, preproduction material handling, receiving,
23 quality control, inventory control, storage, staging, and
24 packaging for shipping and transportation purposes.
25 "Production related tangible personal property" does not
26 include (i) tangible personal property that is used, within

1 or without a manufacturing facility, in sales, purchasing,
2 accounting, fiscal management, marketing, personnel
3 recruitment or selection, or landscaping or (ii) tangible
4 personal property that is required to be titled or
5 registered with a department, agency, or unit of federal,
6 State, or local government.

7 The manufacturing and assembling machinery and equipment
8 exemption includes production related tangible personal
9 property that is purchased (i) on or after July 1, 2007 and on
10 or before June 30, 2008 or (ii) on and after July 1, 2017. The
11 exemption for production related tangible personal property
12 purchased on or after July 1, 2007 and on or before June 30,
13 2008 is subject to both of the following limitations:

14 (1) The maximum amount of the exemption for any one
15 taxpayer may not exceed 5% of the purchase price of
16 production related tangible personal property that is
17 purchased on or after July 1, 2007 and on or before June
18 30, 2008. A credit under Section 3-85 of this Act may not
19 be earned by the purchase of production related tangible
20 personal property for which an exemption is received under
21 this Section.

22 (2) The maximum aggregate amount of the exemptions for
23 production related tangible personal property awarded
24 under this Act and the Retailers' Occupation Tax Act to all
25 taxpayers may not exceed \$10,000,000. If the claims for the
26 exemption exceed \$10,000,000, then the Department shall

1 reduce the amount of the exemption to each taxpayer on a
2 pro rata basis.

3 The Department may adopt rules to implement and administer the
4 exemption for production related tangible personal property.

5 The manufacturing and assembling machinery and equipment
6 exemption includes the sale of materials to a purchaser who
7 produces exempted types of machinery, equipment, or tools and
8 who rents or leases that machinery, equipment, or tools to a
9 manufacturer of tangible personal property. This exemption
10 also includes the sale of materials to a purchaser who
11 manufactures those materials into an exempted type of
12 machinery, equipment, or tools that the purchaser uses himself
13 or herself in the manufacturing of tangible personal property.
14 This exemption includes the sale of exempted types of machinery
15 or equipment to a purchaser who is not the manufacturer, but
16 who rents or leases the use of the property to a manufacturer.
17 The purchaser of the machinery and equipment who has an active
18 resale registration number shall furnish that number to the
19 seller at the time of purchase. A user of the machinery,
20 equipment, or tools without an active resale registration
21 number shall prepare a certificate of exemption for each
22 transaction stating facts establishing the exemption for that
23 transaction, and that certificate shall be available to the
24 Department for inspection or audit. The Department shall
25 prescribe the form of the certificate. Informal rulings,
26 opinions, or letters issued by the Department in response to an

1 inquiry or request for an opinion from any person regarding the
2 coverage and applicability of this exemption to specific
3 devices shall be published, maintained as a public record, and
4 made available for public inspection and copying. If the
5 informal ruling, opinion, or letter contains trade secrets or
6 other confidential information, where possible, the Department
7 shall delete that information before publication. Whenever
8 informal rulings, opinions, or letters contain a policy of
9 general applicability, the Department shall formulate and
10 adopt that policy as a rule in accordance with the Illinois
11 Administrative Procedure Act.

12 The manufacturing and assembling machinery and equipment
13 exemption, including the addition of production related
14 tangible personal property, is exempt from the provisions of
15 Section 3-90.

16 (Source: P.A. 98-583, eff. 1-1-14.)

17 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

18 Sec. 3-55. Multistate exemption. To prevent actual or
19 likely multistate taxation, the tax imposed by this Act does
20 not apply to the use of tangible personal property in this
21 State under the following circumstances:

22 (a) The use, in this State, of tangible personal property
23 acquired outside this State by a nonresident individual and
24 brought into this State by the individual for his or her own
25 use while temporarily within this State or while passing

1 through this State.

2 (b) The use, in this State, of tangible personal property
3 by an interstate carrier for hire as rolling stock moving in
4 interstate commerce or by lessors under a lease of one year or
5 longer executed or in effect at the time of purchase of
6 tangible personal property by interstate carriers for-hire for
7 use as rolling stock moving in interstate commerce as long as
8 so used by the interstate carriers for-hire, and equipment
9 operated by a telecommunications provider, licensed as a common
10 carrier by the Federal Communications Commission, which is
11 permanently installed in or affixed to aircraft moving in
12 interstate commerce.

13 (c) The use, in this State, by owners, lessors, or shippers
14 of tangible personal property that is utilized by interstate
15 carriers for hire for use as rolling stock moving in interstate
16 commerce as long as so used by the interstate carriers for
17 hire, and equipment operated by a telecommunications provider,
18 licensed as a common carrier by the Federal Communications
19 Commission, which is permanently installed in or affixed to
20 aircraft moving in interstate commerce.

21 (d) The use, in this State, of tangible personal property
22 or taxable service that is acquired outside this State and
23 caused to be brought into or performed in this State by a
24 person who has already paid a tax in another State in respect
25 to the sale, purchase, or use of that property, to the extent
26 of the amount of the tax properly due and paid in the other

1 State.

2 (e) The temporary storage, in this State, of tangible
3 personal property that is acquired outside this State and that,
4 after being brought into this State and stored here
5 temporarily, is used solely outside this State or is physically
6 attached to or incorporated into other tangible personal
7 property that is used solely outside this State, or is altered
8 by converting, fabricating, manufacturing, printing,
9 processing, or shaping, and, as altered, is used solely outside
10 this State.

11 (f) The temporary storage in this State of building
12 materials and fixtures that are acquired either in this State
13 or outside this State by an Illinois registered combination
14 retailer and construction contractor, and that the purchaser
15 thereafter uses outside this State by incorporating that
16 property into real estate located outside this State.

17 (g) The use or purchase of tangible personal property by a
18 common carrier by rail or motor that receives the physical
19 possession of the property in Illinois, and that transports the
20 property, or shares with another common carrier in the
21 transportation of the property, out of Illinois on a standard
22 uniform bill of lading showing the seller of the property as
23 the shipper or consignor of the property to a destination
24 outside Illinois, for use outside Illinois.

25 (h) Except as provided in subsection (h-1), the use, in
26 this State, of a motor vehicle that was sold in this State to a

1 nonresident, even though the motor vehicle is delivered to the
2 nonresident in this State, if the motor vehicle is not to be
3 titled in this State, and if a drive-away permit is issued to
4 the motor vehicle as provided in Section 3-603 of the Illinois
5 Vehicle Code or if the nonresident purchaser has vehicle
6 registration plates to transfer to the motor vehicle upon
7 returning to his or her home state. The issuance of the
8 drive-away permit or having the out-of-state registration
9 plates to be transferred shall be prima facie evidence that the
10 motor vehicle will not be titled in this State.

11 (h-1) The exemption under subsection (h) does not apply if
12 the state in which the motor vehicle will be titled does not
13 allow a reciprocal exemption for the use in that state of a
14 motor vehicle sold and delivered in that state to an Illinois
15 resident but titled in Illinois. The tax collected under this
16 Act on the sale of a motor vehicle in this State to a resident
17 of another state that does not allow a reciprocal exemption
18 shall be imposed at a rate equal to the state's rate of tax on
19 taxable property in the state in which the purchaser is a
20 resident, except that the tax shall not exceed the tax that
21 would otherwise be imposed under this Act. At the time of the
22 sale, the purchaser shall execute a statement, signed under
23 penalty of perjury, of his or her intent to title the vehicle
24 in the state in which the purchaser is a resident within 30
25 days after the sale and of the fact of the payment to the State
26 of Illinois of tax in an amount equivalent to the state's rate

1 of tax on taxable property in his or her state of residence and
2 shall submit the statement to the appropriate tax collection
3 agency in his or her state of residence. In addition, the
4 retailer must retain a signed copy of the statement in his or
5 her records. Nothing in this subsection shall be construed to
6 require the removal of the vehicle from this state following
7 the filing of an intent to title the vehicle in the purchaser's
8 state of residence if the purchaser titles the vehicle in his
9 or her state of residence within 30 days after the date of
10 sale. The tax collected under this Act in accordance with this
11 subsection (h-1) shall be proportionately distributed as if the
12 tax were collected at the 6.25% general rate imposed under this
13 Act.

14 (h-2) The following exemptions apply with respect to
15 certain aircraft:

16 (1) Beginning on July 1, 2007, no tax is imposed under
17 this Act on the purchase of an aircraft, as defined in
18 Section 3 of the Illinois Aeronautics Act, if all of the
19 following conditions are met:

20 (A) the aircraft leaves this State within 15 days
21 after the later of either the issuance of the final
22 billing for the purchase of the aircraft or the
23 authorized approval for return to service, completion
24 of the maintenance record entry, and completion of the
25 test flight and ground test for inspection, as required
26 by 14 C.F.R. 91.407;

1 (B) the aircraft is not based or registered in this
2 State after the purchase of the aircraft; and

3 (C) the purchaser provides the Department with a
4 signed and dated certification, on a form prescribed by
5 the Department, certifying that the requirements of
6 this item (1) are met. The certificate must also
7 include the name and address of the purchaser, the
8 address of the location where the aircraft is to be
9 titled or registered, the address of the primary
10 physical location of the aircraft, and other
11 information that the Department may reasonably
12 require.

13 (2) Beginning on July 1, 2007, no tax is imposed under
14 this Act on the use of an aircraft, as defined in Section 3
15 of the Illinois Aeronautics Act, that is temporarily
16 located in this State for the purpose of a prepurchase
17 evaluation if all of the following conditions are met:

18 (A) the aircraft is not based or registered in this
19 State after the prepurchase evaluation; and

20 (B) the purchaser provides the Department with a
21 signed and dated certification, on a form prescribed by
22 the Department, certifying that the requirements of
23 this item (2) are met. The certificate must also
24 include the name and address of the purchaser, the
25 address of the location where the aircraft is to be
26 titled or registered, the address of the primary

1 physical location of the aircraft, and other
2 information that the Department may reasonably
3 require.

4 (3) Beginning on July 1, 2007, no tax is imposed under
5 this Act on the use of an aircraft, as defined in Section 3
6 of the Illinois Aeronautics Act, that is temporarily
7 located in this State for the purpose of a post-sale
8 customization if all of the following conditions are met:

9 (A) the aircraft leaves this State within 15 days
10 after the authorized approval for return to service,
11 completion of the maintenance record entry, and
12 completion of the test flight and ground test for
13 inspection, as required by 14 C.F.R. 91.407;

14 (B) the aircraft is not based or registered in this
15 State either before or after the post-sale
16 customization; and

17 (C) the purchaser provides the Department with a
18 signed and dated certification, on a form prescribed by
19 the Department, certifying that the requirements of
20 this item (3) are met. The certificate must also
21 include the name and address of the purchaser, the
22 address of the location where the aircraft is to be
23 titled or registered, the address of the primary
24 physical location of the aircraft, and other
25 information that the Department may reasonably
26 require.

1 If tax becomes due under this subsection (h-2) because of
2 the purchaser's use of the aircraft in this State, the
3 purchaser shall file a return with the Department and pay the
4 tax on the fair market value of the aircraft. This return and
5 payment of the tax must be made no later than 30 days after the
6 aircraft is used in a taxable manner in this State. The tax is
7 based on the fair market value of the aircraft on the date that
8 it is first used in a taxable manner in this State.

9 For purposes of this subsection (h-2):

10 "Based in this State" means hangared, stored, or otherwise
11 used, excluding post-sale customizations as defined in this
12 Section, for 10 or more days in each 12-month period
13 immediately following the date of the sale of the aircraft.

14 "Post-sale customization" means any improvement,
15 maintenance, or repair that is performed on an aircraft
16 following a transfer of ownership of the aircraft.

17 "Prepurchase evaluation" means an examination of an
18 aircraft to provide a potential purchaser with information
19 relevant to the potential purchase.

20 "Registered in this State" means an aircraft registered
21 with the Department of Transportation, Aeronautics Division,
22 or titled or registered with the Federal Aviation
23 Administration to an address located in this State.

24 This subsection (h-2) is exempt from the provisions of
25 Section 3-90.

26 (i) Beginning July 1, 1999, the use, in this State, of fuel

1 acquired outside this State and brought into this State in the
2 fuel supply tanks of locomotives engaged in freight hauling and
3 passenger service for interstate commerce. This subsection is
4 exempt from the provisions of Section 3-90.

5 (j) Beginning on January 1, 2002 and through June 30, 2016,
6 the use of tangible personal property purchased from an
7 Illinois retailer by a taxpayer engaged in centralized
8 purchasing activities in Illinois who will, upon receipt of the
9 property in Illinois, temporarily store the property in
10 Illinois (i) for the purpose of subsequently transporting it
11 outside this State for use or consumption thereafter solely
12 outside this State or (ii) for the purpose of being processed,
13 fabricated, or manufactured into, attached to, or incorporated
14 into other tangible personal property to be transported outside
15 this State and thereafter used or consumed solely outside this
16 State. The Director of Revenue shall, pursuant to rules adopted
17 in accordance with the Illinois Administrative Procedure Act,
18 issue a permit to any taxpayer in good standing with the
19 Department who is eligible for the exemption under this
20 subsection (j). The permit issued under this subsection (j)
21 shall authorize the holder, to the extent and in the manner
22 specified in the rules adopted under this Act, to purchase
23 tangible personal property from a retailer exempt from the
24 taxes imposed by this Act. Taxpayers shall maintain all
25 necessary books and records to substantiate the use and
26 consumption of all such tangible personal property outside of

1 the State of Illinois.

2 (Source: P.A. 97-73, eff. 6-30-11.)

3 (35 ILCS 105/3-65) (from Ch. 120, par. 439.3-65)

4 Sec. 3-65. R.O.T. nontaxability. If the seller of tangible
5 personal property or taxable service for use would not be
6 taxable under the Retailers' Occupation Tax Act despite all
7 elements of the sale occurring in Illinois, then the tax
8 imposed by this Act does not apply to the use of the tangible
9 personal property or taxable service in this State.

10 (Source: P.A. 91-51, eff. 6-30-99.)

11 (35 ILCS 105/3-75) (from Ch. 120, par. 439.3-75)

12 Sec. 3-75. Serviceman transfer. Tangible personal property
13 purchased by a serviceman, as defined in Section 2 of the
14 Service Occupation Tax Act, is subject to the tax imposed by
15 this Act when purchased for transfer by the serviceman
16 incidental to completion of a maintenance agreement. Effective
17 January 1, 2018, purchases of tangible personal property
18 purchased for transfer incidental to performance of a taxable
19 service is not subject to the tax imposed by this Act.

20 (Source: P.A. 91-51, eff. 6-30-99.)

21 (35 ILCS 105/3a) (from Ch. 120, par. 439.3a)

22 Sec. 3a. The tax imposed by the Act shall when collected be
23 stated as a distinct item separate and apart from the selling

1 price of the tangible personal property or taxable service.
2 However, where it is not possible to state the sales tax
3 separately in situations such as sales from vending machines or
4 sales of liquor by the drink the Department may by rule exempt
5 such sales from this requirement so long as purchasers are
6 notified by a sign that the tax is included in the selling
7 price.

8 (Source: P.A. 84-229.)

9 (35 ILCS 105/4) (from Ch. 120, par. 439.4)

10 Sec. 4. Evidence that tangible personal property or taxable
11 service was sold by any person for delivery to a person
12 residing or engaged in business in this State shall be prima
13 facie evidence that such tangible personal property or taxable
14 service was sold for use in this State.

15 (Source: Laws 1955, p. 2027.)

16 (35 ILCS 105/5) (from Ch. 120, par. 439.5)

17 Sec. 5. Except as to motor vehicles and other items of
18 tangible personal property that must be titled or registered
19 under an Illinois law, but that cannot be so titled or
20 registered without a use tax receipt or exemption determination
21 from the Department, every retailer maintaining a place of
22 business in this State and making sales of tangible personal
23 property or taxable service for use in this State (whether
24 those sales are made within or without this State) shall, when

1 collecting the tax as provided in Section 3-45 of this Act from
2 the purchaser, give to the purchaser (if demanded by the
3 purchaser) a receipt for the tax in the manner and form
4 prescribed by the Department. The receipt shall be sufficient
5 to relieve the purchaser from further liability for the tax to
6 which the receipt may refer. Each retailer shall list with the
7 Department the names and addresses of all of his or her agents
8 operating in this State and the location of any and all of his
9 or her distribution or sales houses, offices, or other places
10 of business in this State.

11 (Source: P.A. 86-1475.)

12 (35 ILCS 105/7) (from Ch. 120, par. 439.7)

13 Sec. 7.

14 It is unlawful for any retailer to advertise or hold out or
15 state to the public or to any purchaser, consumer or user,
16 directly or indirectly, that the tax or any part thereof
17 imposed by Section 3 hereof will be assumed or absorbed by the
18 retailer or that it will not be added to the selling price of
19 the property or taxable service sold, or if added that it or
20 any part thereof will be refunded other than when the retailer
21 refunds the selling price and tax because of the merchandise's
22 being returned to the retailer (or the taxable service
23 transaction's being partially or wholly cancelled) or other
24 than when the retailer credits or refunds the tax to the
25 purchaser to support a claim filed with the Department under

1 the Retailers' Occupation Tax Act or under this Act. Any person
2 violating any of the provisions of this Section within this
3 State shall be guilty of a Class A misdemeanor.

4 (Source: P.A. 77-2830.)

5 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

6 Sec. 9. Except as to motor vehicles, watercraft, aircraft,
7 and trailers that are required to be registered with an agency
8 of this State, each retailer required or authorized to collect
9 the tax imposed by this Act shall pay to the Department the
10 amount of such tax (except as otherwise provided) at the time
11 when he is required to file his return for the period during
12 which such tax was collected, less a discount of 2.1% prior to
13 January 1, 1990, and 1.75% on and after January 1, 1990, or \$5
14 per calendar year, whichever is greater, which is allowed to
15 reimburse the retailer for expenses incurred in collecting the
16 tax, keeping records, preparing and filing returns, remitting
17 the tax and supplying data to the Department on request.
18 However, on and after July 1, 2017, in no event shall a vendor
19 discount under this Act exceed \$1,000 for any retailer in any
20 calendar month. In the case of retailers who report and pay the
21 tax on a transaction by transaction basis, as provided in this
22 Section, such discount shall be taken with each such tax
23 remittance instead of when such retailer files his periodic
24 return. The Department may disallow the discount for retailers
25 whose certificate of registration is revoked at the time the

1 return is filed, but only if the Department's decision to
2 revoke the certificate of registration has become final. A
3 retailer need not remit that part of any tax collected by him
4 to the extent that he is required to remit and does remit the
5 tax imposed by the Retailers' Occupation Tax Act, with respect
6 to the sale of the same property.

7 Where such tangible personal property or taxable service is
8 sold under a conditional sales contract, or under any other
9 form of sale wherein the payment of the principal sum, or a
10 part thereof, is extended beyond the close of the period for
11 which the return is filed, the retailer, in collecting the tax
12 (except as to motor vehicles, watercraft, aircraft, and
13 trailers that are required to be registered with an agency of
14 this State), may collect for each tax return period, only the
15 tax applicable to that part of the selling price actually
16 received during such tax return period.

17 Except as provided in this Section, on or before the
18 twentieth day of each calendar month, such retailer shall file
19 a return for the preceding calendar month. Such return shall be
20 filed on forms prescribed by the Department and shall furnish
21 such information as the Department may reasonably require.

22 The Department may require returns to be filed on a
23 quarterly basis. If so required, a return for each calendar
24 quarter shall be filed on or before the twentieth day of the
25 calendar month following the end of such calendar quarter. The
26 taxpayer shall also file a return with the Department for each

1 of the first two months of each calendar quarter, on or before
2 the twentieth day of the following calendar month, stating:

3 1. The name of the seller;

4 2. The address of the principal place of business from
5 which he engages in the business of selling tangible
6 personal property at retail in this State;

7 3. The total amount of taxable receipts received by him
8 during the preceding calendar month from sales of tangible
9 personal property by him during such preceding calendar
10 month, including receipts from charge and time sales, but
11 less all deductions allowed by law;

12 4. The amount of credit provided in Section 2d of this
13 Act;

14 5. The amount of tax due;

15 5-5. The signature of the taxpayer; and

16 6. Such other reasonable information as the Department
17 may require.

18 If a taxpayer fails to sign a return within 30 days after
19 the proper notice and demand for signature by the Department,
20 the return shall be considered valid and any amount shown to be
21 due on the return shall be deemed assessed.

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" means the sum of the
13 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 Before October 1, 2000, if the taxpayer's average monthly
11 tax liability to the Department under this Act, the Retailers'
12 Occupation Tax Act, the Service Occupation Tax Act, the Service
13 Use Tax Act was \$10,000 or more during the preceding 4 complete
14 calendar quarters, he shall file a return with the Department
15 each month by the 20th day of the month next following the
16 month during which such tax liability is incurred and shall
17 make payments to the Department on or before the 7th, 15th,
18 22nd and last day of the month during which such liability is
19 incurred. On and after October 1, 2000, if the taxpayer's
20 average monthly tax liability to the Department under this Act,
21 the Retailers' Occupation Tax Act, the Service Occupation Tax
22 Act, and the Service Use Tax Act was \$20,000 or more during the
23 preceding 4 complete calendar quarters, he shall file a return
24 with the Department each month by the 20th day of the month
25 next following the month during which such tax liability is
26 incurred and shall make payment to the Department on or before

1 the 7th, 15th, 22nd and last day of the month during which such
2 liability is incurred. If the month during which such tax
3 liability is incurred began prior to January 1, 1985, each
4 payment shall be in an amount equal to 1/4 of the taxpayer's
5 actual liability for the month or an amount set by the
6 Department not to exceed 1/4 of the average monthly liability
7 of the taxpayer to the Department for the preceding 4 complete
8 calendar quarters (excluding the month of highest liability and
9 the month of lowest liability in such 4 quarter period). If the
10 month during which such tax liability is incurred begins on or
11 after January 1, 1985, and prior to January 1, 1987, each
12 payment shall be in an amount equal to 22.5% of the taxpayer's
13 actual liability for the month or 27.5% of the taxpayer's
14 liability for the same calendar month of the preceding year. If
15 the month during which such tax liability is incurred begins on
16 or after January 1, 1987, and prior to January 1, 1988, each
17 payment shall be in an amount equal to 22.5% of the taxpayer's
18 actual liability for the month or 26.25% of the taxpayer's
19 liability for the same calendar month of the preceding year. If
20 the month during which such tax liability is incurred begins on
21 or after January 1, 1988, and prior to January 1, 1989, or
22 begins on or after January 1, 1996, each payment shall be in an
23 amount equal to 22.5% of the taxpayer's actual liability for
24 the month or 25% of the taxpayer's liability for the same
25 calendar month of the preceding year. If the month during which
26 such tax liability is incurred begins on or after January 1,

1 1989, and prior to January 1, 1996, each payment shall be in an
2 amount equal to 22.5% of the taxpayer's actual liability for
3 the month or 25% of the taxpayer's liability for the same
4 calendar month of the preceding year or 100% of the taxpayer's
5 actual liability for the quarter monthly reporting period. The
6 amount of such quarter monthly payments shall be credited
7 against the final tax liability of the taxpayer's return for
8 that month. Before October 1, 2000, once applicable, the
9 requirement of the making of quarter monthly payments to the
10 Department shall continue until such taxpayer's average
11 monthly liability to the Department during the preceding 4
12 complete calendar quarters (excluding the month of highest
13 liability and the month of lowest liability) is less than
14 \$9,000, or until such taxpayer's average monthly liability to
15 the Department as computed for each calendar quarter of the 4
16 preceding complete calendar quarter period is less than
17 \$10,000. However, if a taxpayer can show the Department that a
18 substantial change in the taxpayer's business has occurred
19 which causes the taxpayer to anticipate that his average
20 monthly tax liability for the reasonably foreseeable future
21 will fall below the \$10,000 threshold stated above, then such
22 taxpayer may petition the Department for change in such
23 taxpayer's reporting status. On and after October 1, 2000, once
24 applicable, the requirement of the making of quarter monthly
25 payments to the Department shall continue until such taxpayer's
26 average monthly liability to the Department during the

1 preceding 4 complete calendar quarters (excluding the month of
2 highest liability and the month of lowest liability) is less
3 than \$19,000 or until such taxpayer's average monthly liability
4 to the Department as computed for each calendar quarter of the
5 4 preceding complete calendar quarter period is less than
6 \$20,000. However, if a taxpayer can show the Department that a
7 substantial change in the taxpayer's business has occurred
8 which causes the taxpayer to anticipate that his average
9 monthly tax liability for the reasonably foreseeable future
10 will fall below the \$20,000 threshold stated above, then such
11 taxpayer may petition the Department for a change in such
12 taxpayer's reporting status. The Department shall change such
13 taxpayer's reporting status unless it finds that such change is
14 seasonal in nature and not likely to be long term. If any such
15 quarter monthly payment is not paid at the time or in the
16 amount required by this Section, then the taxpayer shall be
17 liable for penalties and interest on the difference between the
18 minimum amount due and the amount of such quarter monthly
19 payment actually and timely paid, except insofar as the
20 taxpayer has previously made payments for that month to the
21 Department in excess of the minimum payments previously due as
22 provided in this Section. The Department shall make reasonable
23 rules and regulations to govern the quarter monthly payment
24 amount and quarter monthly payment dates for taxpayers who file
25 on other than a calendar monthly basis.

26 If any such payment provided for in this Section exceeds

1 the taxpayer's liabilities under this Act, the Retailers'
2 Occupation Tax Act, the Service Occupation Tax Act and the
3 Service Use Tax Act, as shown by an original monthly return,
4 the Department shall issue to the taxpayer a credit memorandum
5 no later than 30 days after the date of payment, which
6 memorandum may be submitted by the taxpayer to the Department
7 in payment of tax liability subsequently to be remitted by the
8 taxpayer to the Department or be assigned by the taxpayer to a
9 similar taxpayer under this Act, the Retailers' Occupation Tax
10 Act, the Service Occupation Tax Act or the Service Use Tax Act,
11 in accordance with reasonable rules and regulations to be
12 prescribed by the Department, except that if such excess
13 payment is shown on an original monthly return and is made
14 after December 31, 1986, no credit memorandum shall be issued,
15 unless requested by the taxpayer. If no such request is made,
16 the taxpayer may credit such excess payment against tax
17 liability subsequently to be remitted by the taxpayer to the
18 Department under this Act, the Retailers' Occupation Tax Act,
19 the Service Occupation Tax Act or the Service Use Tax Act, in
20 accordance with reasonable rules and regulations prescribed by
21 the Department. If the Department subsequently determines that
22 all or any part of the credit taken was not actually due to the
23 taxpayer, the taxpayer's 2.1% or 1.75% vendor's discount shall
24 be reduced by 2.1% or 1.75% of the difference between the
25 credit taken and that actually due, and the taxpayer shall be
26 liable for penalties and interest on such difference.

1 If the retailer is otherwise required to file a monthly
2 return and if the retailer's average monthly tax liability to
3 the Department does not exceed \$200, the Department may
4 authorize his returns to be filed on a quarter annual basis,
5 with the return for January, February, and March of a given
6 year being due by April 20 of such year; with the return for
7 April, May and June of a given year being due by July 20 of such
8 year; with the return for July, August and September of a given
9 year being due by October 20 of such year, and with the return
10 for October, November and December of a given year being due by
11 January 20 of the following year.

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

18 Such quarter annual and annual returns, as to form and
19 substance, shall be subject to the same requirements as monthly
20 returns.

21 Notwithstanding any other provision in this Act concerning
22 the time within which a retailer may file his return, in the
23 case of any retailer who ceases to engage in a kind of business
24 which makes him responsible for filing returns under this Act,
25 such retailer shall file a final return under this Act with the
26 Department not more than one month after discontinuing such

1 business.

2 In addition, with respect to motor vehicles, watercraft,
3 aircraft, and trailers that are required to be registered with
4 an agency of this State, every retailer selling this kind of
5 tangible personal property shall file, with the Department,
6 upon a form to be prescribed and supplied by the Department, a
7 separate return for each such item of tangible personal
8 property which the retailer sells, except that if, in the same
9 transaction, (i) a retailer of aircraft, watercraft, motor
10 vehicles or trailers transfers more than one aircraft,
11 watercraft, motor vehicle or trailer to another aircraft,
12 watercraft, motor vehicle or trailer retailer for the purpose
13 of resale or (ii) a retailer of aircraft, watercraft, motor
14 vehicles, or trailers transfers more than one aircraft,
15 watercraft, motor vehicle, or trailer to a purchaser for use as
16 a qualifying rolling stock as provided in Section 3-55 of this
17 Act, then that seller may report the transfer of all the
18 aircraft, watercraft, motor vehicles or trailers involved in
19 that transaction to the Department on the same uniform
20 invoice-transaction reporting return form. For purposes of
21 this Section, "watercraft" means a Class 2, Class 3, or Class 4
22 watercraft as defined in Section 3-2 of the Boat Registration
23 and Safety Act, a personal watercraft, or any boat equipped
24 with an inboard motor.

25 The transaction reporting return in the case of motor
26 vehicles or trailers that are required to be registered with an

1 agency of this State, shall be the same document as the Uniform
2 Invoice referred to in Section 5-402 of the Illinois Vehicle
3 Code and must show the name and address of the seller; the name
4 and address of the purchaser; the amount of the selling price
5 including the amount allowed by the retailer for traded-in
6 property, if any; the amount allowed by the retailer for the
7 traded-in tangible personal property, if any, to the extent to
8 which Section 2 of this Act allows an exemption for the value
9 of traded-in property; the balance payable after deducting such
10 trade-in allowance from the total selling price; the amount of
11 tax due from the retailer with respect to such transaction; the
12 amount of tax collected from the purchaser by the retailer on
13 such transaction (or satisfactory evidence that such tax is not
14 due in that particular instance, if that is claimed to be the
15 fact); the place and date of the sale; a sufficient
16 identification of the property sold; such other information as
17 is required in Section 5-402 of the Illinois Vehicle Code, and
18 such other information as the Department may reasonably
19 require.

20 The transaction reporting return in the case of watercraft
21 and aircraft must show the name and address of the seller; the
22 name and address of the purchaser; the amount of the selling
23 price including the amount allowed by the retailer for
24 traded-in property, if any; the amount allowed by the retailer
25 for the traded-in tangible personal property, if any, to the
26 extent to which Section 2 of this Act allows an exemption for

1 the value of traded-in property; the balance payable after
2 deducting such trade-in allowance from the total selling price;
3 the amount of tax due from the retailer with respect to such
4 transaction; the amount of tax collected from the purchaser by
5 the retailer on such transaction (or satisfactory evidence that
6 such tax is not due in that particular instance, if that is
7 claimed to be the fact); the place and date of the sale, a
8 sufficient identification of the property sold, and such other
9 information as the Department may reasonably require.

10 Such transaction reporting return shall be filed not later
11 than 20 days after the date of delivery of the item that is
12 being sold, but may be filed by the retailer at any time sooner
13 than that if he chooses to do so. The transaction reporting
14 return and tax remittance or proof of exemption from the tax
15 that is imposed by this Act may be transmitted to the
16 Department by way of the State agency with which, or State
17 officer with whom, the tangible personal property must be
18 titled or registered (if titling or registration is required)
19 if the Department and such agency or State officer determine
20 that this procedure will expedite the processing of
21 applications for title or registration.

22 With each such transaction reporting return, the retailer
23 shall remit the proper amount of tax due (or shall submit
24 satisfactory evidence that the sale is not taxable if that is
25 the case), to the Department or its agents, whereupon the
26 Department shall issue, in the purchaser's name, a tax receipt

1 (or a certificate of exemption if the Department is satisfied
2 that the particular sale is tax exempt) which such purchaser
3 may submit to the agency with which, or State officer with
4 whom, he must title or register the tangible personal property
5 that is involved (if titling or registration is required) in
6 support of such purchaser's application for an Illinois
7 certificate or other evidence of title or registration to such
8 tangible personal property.

9 No retailer's failure or refusal to remit tax under this
10 Act precludes a user, who has paid the proper tax to the
11 retailer, from obtaining his certificate of title or other
12 evidence of title or registration (if titling or registration
13 is required) upon satisfying the Department that such user has
14 paid the proper tax (if tax is due) to the retailer. The
15 Department shall adopt appropriate rules to carry out the
16 mandate of this paragraph.

17 If the user who would otherwise pay tax to the retailer
18 wants the transaction reporting return filed and the payment of
19 tax or proof of exemption made to the Department before the
20 retailer is willing to take these actions and such user has not
21 paid the tax to the retailer, such user may certify to the fact
22 of such delay by the retailer, and may (upon the Department
23 being satisfied of the truth of such certification) transmit
24 the information required by the transaction reporting return
25 and the remittance for tax or proof of exemption directly to
26 the Department and obtain his tax receipt or exemption

1 determination, in which event the transaction reporting return
2 and tax remittance (if a tax payment was required) shall be
3 credited by the Department to the proper retailer's account
4 with the Department, but without the 2.1% or 1.75% discount
5 provided for in this Section being allowed. When the user pays
6 the tax directly to the Department, he shall pay the tax in the
7 same amount and in the same form in which it would be remitted
8 if the tax had been remitted to the Department by the retailer.

9 Where a retailer collects the tax with respect to the
10 selling price of tangible personal property or taxable service
11 which he sells and the purchaser thereafter returns such
12 tangible personal property or cancels the providing of taxable
13 service and the retailer refunds the selling price thereof to
14 the purchaser, such retailer shall also refund, to the
15 purchaser, the tax so collected from the purchaser. When filing
16 his return for the period in which he refunds such tax to the
17 purchaser, the retailer may deduct the amount of the tax so
18 refunded by him to the purchaser from any other use tax which
19 such retailer may be required to pay or remit to the
20 Department, as shown by such return, if the amount of the tax
21 to be deducted was previously remitted to the Department by
22 such retailer. If the retailer has not previously remitted the
23 amount of such tax to the Department, he is entitled to no
24 deduction under this Act upon refunding such tax to the
25 purchaser.

26 Any retailer filing a return under this Section shall also

1 include (for the purpose of paying tax thereon) the total tax
2 covered by such return upon the selling price of tangible
3 personal property or taxable service purchased by him at retail
4 from a retailer, but as to which the tax imposed by this Act
5 was not collected from the retailer filing such return, and
6 such retailer shall remit the amount of such tax to the
7 Department when filing such return.

8 If experience indicates such action to be practicable, the
9 Department may prescribe and furnish a combination or joint
10 return which will enable retailers, who are required to file
11 returns hereunder and also under the Retailers' Occupation Tax
12 Act, to furnish all the return information required by both
13 Acts on the one form.

14 Where the retailer has more than one business registered
15 with the Department under separate registration under this Act,
16 such retailer may not file each return that is due as a single
17 return covering all such registered businesses, but shall file
18 separate returns for each such registered business.

19 Beginning January 1, 1990, each month the Department shall
20 pay into the State and Local Sales Tax Reform Fund, a special
21 fund in the State Treasury which is hereby created, the net
22 revenue realized for the preceding month from the 1% tax on
23 sales of food for human consumption which is to be consumed off
24 the premises where it is sold (other than alcoholic beverages,
25 soft drinks and food which has been prepared for immediate
26 consumption) and prescription and nonprescription medicines,

1 drugs, medical appliances, products classified as Class III
2 medical devices by the United States Food and Drug
3 Administration that are used for cancer treatment pursuant to a
4 prescription, as well as any accessories and components related
5 to those devices, and insulin, urine testing materials,
6 syringes and needles used by diabetics.

7 Beginning January 1, 1990, each month the Department shall
8 pay into the County and Mass Transit District Fund 4% of the
9 net revenue realized for the preceding month from the 6.25%
10 general rate on the selling price of tangible personal property
11 which is purchased outside Illinois at retail from a retailer
12 and which is titled or registered by an agency of this State's
13 government.

14 Beginning January 1, 1990, each month the Department shall
15 pay into the State and Local Sales Tax Reform Fund, a special
16 fund in the State Treasury, 20% of the net revenue realized for
17 the preceding month from the 6.25% general rate on the selling
18 price of tangible personal property, other than tangible
19 personal property which is purchased outside Illinois at retail
20 from a retailer and which is titled or registered by an agency
21 of this State's government.

22 From July 1, 2017 through June 30, 2018, no deposits shall
23 be made into the State and Local Sales Tax Reform Fund from the
24 net revenue realized from the 6.25% general rate on taxable
25 services. Beginning July 1, 2018 and through June 30, 2019,
26 each month the Department shall pay into the State and Local

1 Sales Tax Reform Fund 7% of the net revenue realized for the
2 preceding month from the 6.25% general rate on the selling
3 price of taxable services. Beginning July 1, 2019 and through
4 June 30, 2020, each month the Department shall pay into the
5 State and Local Sales Tax Reform Fund 13% of the net revenue
6 realized for the preceding month from the 6.25% general rate on
7 the selling price of taxable services. Beginning July 1, 2020,
8 each month the Department shall pay into the State and Local
9 Sales Tax Reform Fund 20% 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 State and Local Sales Tax Reform Fund 100% of the
14 net revenue realized for the preceding month from the 1.25%
15 rate on the selling price of motor fuel and gasohol. Beginning
16 September 1, 2010, each month the Department shall pay into the
17 State and Local Sales Tax Reform Fund 100% of the net revenue
18 realized for the preceding month from the 1.25% rate on the
19 selling price of sales tax holiday items.

20 Beginning January 1, 1990, each month the Department shall
21 pay into the Local Government Tax Fund 16% of the net revenue
22 realized for the preceding month from the 6.25% general rate on
23 the selling price of tangible personal property which is
24 purchased outside Illinois at retail from a retailer and which
25 is titled or registered by an agency of this State's
26 government.

1 Beginning October 1, 2009, each month the Department shall
2 pay into the Capital Projects Fund an amount that is equal to
3 an amount estimated by the Department to represent 80% of the
4 net revenue realized for the preceding month from the sale of
5 candy, grooming and hygiene products, and soft drinks that had
6 been taxed at a rate of 1% prior to September 1, 2009 but that
7 are now taxed at 6.25%.

8 Beginning July 1, 2011, each month the Department shall pay
9 into the Clean Air Act Permit Fund 80% of the net revenue
10 realized for the preceding month from the 6.25% general rate on
11 the selling price of sorbents used in Illinois in the process
12 of sorbent injection as used to comply with the Environmental
13 Protection Act or the federal Clean Air Act, but the total
14 payment into the Clean Air Act Permit Fund under this Act and
15 the Retailers' Occupation Tax Act shall not exceed \$2,000,000
16 in any fiscal year.

17 Beginning July 1, 2013, each month the Department shall pay
18 into the Underground Storage Tank Fund from the proceeds
19 collected under this Act, the Service Use Tax Act, the Service
20 Occupation Tax Act, and the Retailers' Occupation Tax Act an
21 amount equal to the average monthly deficit in the Underground
22 Storage Tank Fund during the prior year, as certified annually
23 by the Illinois Environmental Protection Agency, but the total
24 payment into the Underground Storage Tank Fund under this Act,
25 the Service Use Tax Act, the Service Occupation Tax Act, and
26 the Retailers' Occupation Tax Act shall not exceed \$18,000,000

1 in any State fiscal year. As used in this paragraph, the
2 "average monthly deficit" shall be equal to the difference
3 between the average monthly claims for payment by the fund and
4 the average monthly revenues deposited into the fund, excluding
5 payments made pursuant to this paragraph.

6 Beginning July 1, 2015, of the remainder of the moneys
7 received by the Department under this Act, the Service Use Tax
8 Act, the Service Occupation Tax Act, and the Retailers'
9 Occupation Tax Act, each month the Department shall deposit
10 \$500,000 into the State Crime Laboratory Fund.

11 Of the remainder of the moneys received by the Department
12 pursuant to this Act, (a) 1.75% thereof shall be paid into the
13 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
14 and after July 1, 1989, 3.8% thereof shall be paid into the
15 Build Illinois Fund; provided, however, that if in any fiscal
16 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
17 may be, of the moneys received by the Department and required
18 to be paid into the Build Illinois Fund pursuant to Section 3
19 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
20 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
21 Service Occupation Tax Act, such Acts being hereinafter called
22 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
23 may be, of moneys being hereinafter called the "Tax Act
24 Amount", and (2) the amount transferred to the Build Illinois
25 Fund from the State and Local Sales Tax Reform Fund shall be
26 less than the Annual Specified Amount (as defined in Section 3

1 of the Retailers' Occupation Tax Act), an amount equal to the
2 difference shall be immediately paid into the Build Illinois
3 Fund from other moneys received by the Department pursuant to
4 the Tax Acts; and further provided, that if on the last
5 business day of any month the sum of (1) the Tax Act Amount
6 required to be deposited into the Build Illinois Bond Account
7 in the Build Illinois Fund during such month and (2) the amount
8 transferred during such month to the Build Illinois Fund from
9 the State and Local Sales Tax Reform Fund shall have been less
10 than 1/12 of the Annual Specified Amount, an amount equal to
11 the difference shall be immediately paid into the Build
12 Illinois Fund from other moneys received by the Department
13 pursuant to the Tax Acts; and, further provided, that in no
14 event shall the payments required under the preceding proviso
15 result in aggregate payments into the Build Illinois Fund
16 pursuant to this clause (b) for any fiscal year in excess of
17 the greater of (i) the Tax Act Amount or (ii) the Annual
18 Specified Amount for such fiscal year; and, further provided,
19 that the amounts payable into the Build Illinois Fund under
20 this clause (b) shall be payable only until such time as the
21 aggregate amount on deposit under each trust indenture securing
22 Bonds issued and outstanding pursuant to the Build Illinois
23 Bond Act is sufficient, taking into account any future
24 investment income, to fully provide, in accordance with such
25 indenture, for the defeasance of or the payment of the
26 principal of, premium, if any, and interest on the Bonds

1 secured by such indenture and on any Bonds expected to be
2 issued thereafter and all fees and costs payable with respect
3 thereto, all as certified by the Director of the Bureau of the
4 Budget (now Governor's Office of Management and Budget). If on
5 the last business day of any month in which Bonds are
6 outstanding pursuant to the Build Illinois Bond Act, the
7 aggregate of the moneys deposited in the Build Illinois Bond
8 Account in the Build Illinois Fund in such month shall be less
9 than the amount required to be transferred in such month from
10 the Build Illinois Bond Account to the Build Illinois Bond
11 Retirement and Interest Fund pursuant to Section 13 of the
12 Build Illinois Bond Act, an amount equal to such deficiency
13 shall be immediately paid from other moneys received by the
14 Department pursuant to the Tax Acts to the Build Illinois Fund;
15 provided, however, that any amounts paid to the Build Illinois
16 Fund in any fiscal year pursuant to this sentence shall be
17 deemed to constitute payments pursuant to clause (b) of the
18 preceding sentence and shall reduce the amount otherwise
19 payable for such fiscal year pursuant to clause (b) of the
20 preceding sentence. The moneys received by the Department
21 pursuant to this Act and required to be deposited into the
22 Build Illinois Fund are subject to the pledge, claim and charge
23 set forth in Section 12 of the Build Illinois Bond Act.

24 Subject to payment of amounts into the Build Illinois Fund
25 as provided in the preceding paragraph or in any amendment
26 thereto hereafter enacted, the following specified monthly

1 installment of the amount requested in the certificate of the
2 Chairman of the Metropolitan Pier and Exposition Authority
3 provided under Section 8.25f of the State Finance Act, but not
4 in excess of the sums designated as "Total Deposit", shall be
5 deposited in the aggregate from collections under Section 9 of
6 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
7 9 of the Service Occupation Tax Act, and Section 3 of the
8 Retailers' Occupation Tax Act into the McCormick Place
9 Expansion Project Fund in the specified fiscal years.

10	Fiscal Year	Total Deposit
11	1993	\$0
12	1994	53,000,000
13	1995	58,000,000
14	1996	61,000,000
15	1997	64,000,000
16	1998	68,000,000
17	1999	71,000,000
18	2000	75,000,000
19	2001	80,000,000
20	2002	93,000,000
21	2003	99,000,000
22	2004	103,000,000
23	2005	108,000,000
24	2006	113,000,000
25	2007	119,000,000
26	2008	126,000,000

1	2009	132,000,000
2	2010	139,000,000
3	2011	146,000,000
4	2012	153,000,000
5	2013	161,000,000
6	2014	170,000,000
7	2015	179,000,000
8	2016	189,000,000
9	2017	199,000,000
10	2018	210,000,000
11	2019	221,000,000
12	2020	233,000,000
13	2021	246,000,000
14	2022	260,000,000
15	2023	275,000,000
16	2024	275,000,000
17	2025	275,000,000
18	2026	279,000,000
19	2027	292,000,000
20	2028	307,000,000
21	2029	322,000,000
22	2030	338,000,000
23	2031	350,000,000
24	2032	350,000,000
25	and	
26	each fiscal year	

1 thereafter that bonds
2 are outstanding under
3 Section 13.2 of the
4 Metropolitan Pier and
5 Exposition Authority Act,
6 but not after fiscal year 2060.

7 Beginning July 20, 1993 and in each month of each fiscal
8 year thereafter, one-eighth of the amount requested in the
9 certificate of the Chairman of the Metropolitan Pier and
10 Exposition Authority for that fiscal year, less the amount
11 deposited into the McCormick Place Expansion Project Fund by
12 the State Treasurer in the respective month under subsection
13 (g) of Section 13 of the Metropolitan Pier and Exposition
14 Authority Act, plus cumulative deficiencies in the deposits
15 required under this Section for previous months and years,
16 shall be deposited into the McCormick Place Expansion Project
17 Fund, until the full amount requested for the fiscal year, but
18 not in excess of the amount specified above as "Total Deposit",
19 has been deposited.

20 Subject to payment of amounts into the Build Illinois Fund
21 and the McCormick Place Expansion Project Fund pursuant to the
22 preceding paragraphs or in any amendments thereto hereafter
23 enacted, beginning July 1, 1993 and ending on September 30,
24 2013, the Department shall each month pay into the Illinois Tax
25 Increment Fund 0.27% of 80% of the net revenue realized for the
26 preceding month from the 6.25% general rate on the selling

1 price of tangible personal property.

2 Subject to payment of amounts into the Build Illinois Fund
3 and the McCormick Place Expansion Project Fund pursuant to the
4 preceding paragraphs or in any amendments thereto hereafter
5 enacted, beginning with the receipt of the first report of
6 taxes paid by an eligible business and continuing for a 25-year
7 period, the Department shall each month pay into the Energy
8 Infrastructure Fund 80% of the net revenue realized from the
9 6.25% general rate on the selling price of Illinois-mined coal
10 that was sold to an eligible business. For purposes of this
11 paragraph, the term "eligible business" means a new electric
12 generating facility certified pursuant to Section 605-332 of
13 the Department of Commerce and Economic Opportunity Law of the
14 Civil Administrative Code of Illinois.

15 Subject to payment of amounts into the Build Illinois Fund,
16 the McCormick Place Expansion Project Fund, the Illinois Tax
17 Increment Fund, and the Energy Infrastructure Fund pursuant to
18 the preceding paragraphs or in any amendments to this Section
19 hereafter enacted, beginning on the first day of the first
20 calendar month to occur on or after August 26, 2014 (the
21 effective date of Public Act 98-1098) ~~this amendatory Act of~~
22 ~~the 98th General Assembly~~, each month, from the collections
23 made under Section 9 of the Use Tax Act, Section 9 of the
24 Service Use Tax Act, Section 9 of the Service Occupation Tax
25 Act, and Section 3 of the Retailers' Occupation Tax Act, the
26 Department shall pay into the Tax Compliance and Administration

1 Fund, to be used, subject to appropriation, to fund additional
2 auditors and compliance personnel at the Department of Revenue,
3 an amount equal to 1/12 of 5% of 80% of the cash receipts
4 collected during the preceding fiscal year by the Audit Bureau
5 of the Department under the Use Tax Act, the Service Use Tax
6 Act, the Service Occupation Tax Act, the Retailers' Occupation
7 Tax Act, and associated local occupation and use taxes
8 administered by the Department.

9 Of the remainder of the moneys received by the Department
10 pursuant to this Act, 75% thereof shall be paid into the State
11 Treasury and 25% shall be reserved in a special account and
12 used only for the transfer to the Common School Fund as part of
13 the monthly transfer from the General Revenue Fund in
14 accordance with Section 8a of the State Finance Act.

15 As soon as possible after the first day of each month, upon
16 certification of the Department of Revenue, the Comptroller
17 shall order transferred and the Treasurer shall transfer from
18 the General Revenue Fund to the Motor Fuel Tax Fund an amount
19 equal to 1.7% of 80% of the net revenue realized under this Act
20 for the second preceding month. Beginning April 1, 2000, this
21 transfer is no longer required and shall not be made.

22 Net revenue realized for a month shall be the revenue
23 collected by the State pursuant to this Act, less the amount
24 paid out during that month as refunds to taxpayers for
25 overpayment of liability.

26 For greater simplicity of administration, manufacturers,

1 importers and wholesalers whose products are sold at retail in
2 Illinois by numerous retailers, and who wish to do so, may
3 assume the responsibility for accounting and paying to the
4 Department all tax accruing under this Act with respect to such
5 sales, if the retailers who are affected do not make written
6 objection to the Department to this arrangement.

7 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
8 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
9 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
10 eff. 1-27-17; revised 2-3-17.)

11 (35 ILCS 105/10) (from Ch. 120, par. 439.10)

12 Sec. 10. Except as to motor vehicles, aircraft, watercraft,
13 and trailers, and except as to cigarettes as defined in the
14 Cigarette Use Tax Act, when tangible personal property or
15 (beginning January 1, 2018 a taxable service) is purchased from
16 a retailer for use in this State by a purchaser who did not pay
17 the tax imposed by this Act to the retailer, and who does not
18 file returns with the Department as a retailer under Section 9
19 of this Act, such purchaser (by the last day of the month
20 following the calendar month in which such purchaser makes any
21 payment upon the selling price of such property) shall, except
22 as otherwise provided in this Section, file a return with the
23 Department and pay the tax upon that portion of the selling
24 price so paid by the purchaser during the preceding calendar
25 month. When tangible personal property, including but not

1 limited to motor vehicles and aircraft, is purchased by a
2 lessor, under a lease for one year or longer, executed or in
3 effect at the time of purchase to an interstate carrier for
4 hire, who did not pay the tax imposed by this Act to the
5 retailer, such lessor (by the last day of the month following
6 the calendar month in which such property reverts to the use of
7 such lessor) shall file a return with the Department and pay
8 the tax upon the fair market value of such property on the date
9 of such reversion. However, in determining the fair market
10 value at the time of reversion, the fair market value of such
11 property shall not exceed the original purchase price of the
12 property that was paid by the lessor at the time of purchase.
13 Such return shall be filed on a form prescribed by the
14 Department and shall contain such information as the Department
15 may reasonably require. Such return and payment from the
16 purchaser shall be submitted to the Department sooner than the
17 last day of the month after the month in which the purchase is
18 made to the extent that that may be necessary in order to
19 secure the title to a motor vehicle or the certificate of
20 registration for an aircraft. However, except as to motor
21 vehicles and aircraft, and except as to cigarettes as defined
22 in the Cigarette Use Tax Act, if the purchaser's annual use tax
23 liability does not exceed \$600, the purchaser may file the
24 return on an annual basis on or before April 15th of the year
25 following the year use tax liability was incurred. Individual
26 purchasers with an annual use tax liability that does not

1 exceed \$600 may, in lieu of the filing and payment requirements
2 in this Section, file and pay in compliance with Section 502.1
3 of the Illinois Income Tax Act.

4 If cigarettes, as defined in the Cigarette Use Tax Act, are
5 purchased from a retailer for use in this State by a purchaser
6 who did not pay the tax imposed by this Act to the retailer,
7 and who does not file returns with the Department as a retailer
8 under Section 9 of this Act, such purchaser must, within 30
9 days after acquiring the cigarettes, file a return with the
10 Department and pay the tax upon that portion of the selling
11 price so paid by the purchaser for the cigarettes.

12 In addition with respect to motor vehicles, aircraft,
13 watercraft, and trailers, a purchaser of such tangible personal
14 property for use in this State, who purchases such tangible
15 personal property from an out-of-state retailer, shall file
16 with the Department, upon a form to be prescribed and supplied
17 by the Department, a return for each such item of tangible
18 personal property purchased, except that if, in the same
19 transaction, (i) a purchaser of motor vehicles, aircraft,
20 watercraft, or trailers who is a retailer of motor vehicles,
21 aircraft, watercraft, or trailers purchases more than one motor
22 vehicle, aircraft, watercraft, or trailer for the purpose of
23 resale or (ii) a purchaser of motor vehicles, aircraft,
24 watercraft, or trailers purchases more than one motor vehicle,
25 aircraft, watercraft, or trailer for use as qualifying rolling
26 stock as provided in Section 3-55 of this Act, then the

1 purchaser may report the purchase of all motor vehicles,
2 aircraft, watercraft, or trailers involved in that transaction
3 to the Department on a single return prescribed by the
4 Department. Such return in the case of motor vehicles and
5 aircraft must show the name and address of the seller, the
6 name, address of purchaser, the amount of the selling price
7 including the amount allowed by the retailer for traded in
8 property, if any; the amount allowed by the retailer for the
9 traded-in tangible personal property, if any, to the extent to
10 which Section 2 of this Act allows an exemption for the value
11 of traded-in property; the balance payable after deducting such
12 trade-in allowance from the total selling price; the amount of
13 tax due from the purchaser with respect to such transaction;
14 the amount of tax collected from the purchaser by the retailer
15 on such transaction (or satisfactory evidence that such tax is
16 not due in that particular instance if that is claimed to be
17 the fact); the place and date of the sale, a sufficient
18 identification of the property sold, and such other information
19 as the Department may reasonably require.

20 Such return shall be filed not later than 30 days after
21 such motor vehicle or aircraft is brought into this State for
22 use.

23 For purposes of this Section, "watercraft" means a Class 2,
24 Class 3, or Class 4 watercraft as defined in Section 3-2 of the
25 Boat Registration and Safety Act, a personal watercraft, or any
26 boat equipped with an inboard motor.

1 The return and tax remittance or proof of exemption from
2 the tax that is imposed by this Act may be transmitted to the
3 Department by way of the State agency with which, or State
4 officer with whom, the tangible personal property must be
5 titled or registered (if titling or registration is required)
6 if the Department and such agency or State officer determine
7 that this procedure will expedite the processing of
8 applications for title or registration.

9 With each such return, the purchaser shall remit the proper
10 amount of tax due (or shall submit satisfactory evidence that
11 the sale is not taxable if that is the case), to the Department
12 or its agents, whereupon the Department shall issue, in the
13 purchaser's name, a tax receipt (or a certificate of exemption
14 if the Department is satisfied that the particular sale is tax
15 exempt) which such purchaser may submit to the agency with
16 which, or State officer with whom, he must title or register
17 the tangible personal property that is involved (if titling or
18 registration is required) in support of such purchaser's
19 application for an Illinois certificate or other evidence of
20 title or registration to such tangible personal property.

21 When a purchaser pays a tax imposed by this Act directly to
22 the Department, the Department (upon request therefor from such
23 purchaser) shall issue an appropriate receipt to such purchaser
24 showing that he has paid such tax to the Department. Such
25 receipt shall be sufficient to relieve the purchaser from
26 further liability for the tax to which such receipt may refer.

1 A user who is liable to pay use tax directly to the
2 Department only occasionally and not on a frequently recurring
3 basis, and who is not required to file returns with the
4 Department as a retailer under Section 9 of this Act, or under
5 the "Retailers' Occupation Tax Act", or as a registrant with
6 the Department under the "Service Occupation Tax Act" or the
7 "Service Use Tax Act", need not register with the Department.
8 However, if such a user has a frequently recurring direct use
9 tax liability to pay to the Department, such user shall be
10 required to register with the Department on forms prescribed by
11 the Department and to obtain and display a certificate of
12 registration from the Department. In that event, all of the
13 provisions of Section 9 of this Act concerning the filing of
14 regular monthly, quarterly or annual tax returns and all of the
15 provisions of Section 2a of the "Retailers' Occupation Tax Act"
16 concerning the requirements for registrants to post bond or
17 other security with the Department, as the provisions of such
18 sections now exist or may hereafter be amended, shall apply to
19 such users to the same extent as if such provisions were
20 included herein.

21 (Source: P.A. 96-520, eff. 8-14-09; 96-1000, eff. 7-2-10;
22 96-1388, eff. 7-29-10.)

23 (35 ILCS 105/11) (from Ch. 120, par. 439.11)

24 Sec. 11. Every retailer required or authorized to collect
25 taxes hereunder and every person using in this State tangible

1 personal property or taxable service purchased at retail from a
2 retailer on or after the effective date hereof shall keep such
3 records, receipts, invoices and other pertinent books,
4 documents, memoranda and papers as the Department shall
5 require, in such form as the Department shall require. The
6 Department may adopt rules that establish requirements,
7 including record forms and formats, for records required to be
8 kept and maintained by taxpayers. For purposes of this Section,
9 "records" means all data maintained by the taxpayer, including
10 data on paper, microfilm, microfiche or any type of
11 machine-sensible data compilation. For the purpose of
12 administering and enforcing the provisions hereof, the
13 Department, or any officer or employee of the Department
14 designated, in writing, by the Director thereof, may hold
15 investigations and hearings concerning any matters covered
16 herein and may examine any books, papers, records, documents or
17 memoranda of any retailer or purchaser bearing upon the sales
18 or purchases of tangible personal property, the privilege of
19 using which is taxed hereunder, and may require the attendance
20 of such person or any officer or employee of such person, or of
21 any person having knowledge of the facts, and may take
22 testimony and require proof for its information.

23 (Source: P.A. 88-480.)

24 Section 30-25. The Service Use Tax Act is amended by
25 changing Sections 2, 3-5, and 9 as follows:

1 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

2 Sec. 2. Definitions.

3 "Use" means the exercise by any person of any right or
4 power over tangible personal property incident to the ownership
5 of that property, but does not include the sale or use for
6 demonstration by him of that property in any form as tangible
7 personal property in the regular course of business. "Use" does
8 not mean the interim use of tangible personal property nor the
9 physical incorporation of tangible personal property, as an
10 ingredient or constituent, into other tangible personal
11 property, (a) which is sold in the regular course of business
12 or (b) which the person incorporating such ingredient or
13 constituent therein has undertaken at the time of such purchase
14 to cause to be transported in interstate commerce to
15 destinations outside the State of Illinois.

16 "Purchased from a serviceman" means the acquisition of the
17 ownership of, or title to, tangible personal property through a
18 sale of service.

19 "Purchaser" means any person who, through a sale of
20 service, acquires the ownership of, or title to, any tangible
21 personal property.

22 "Cost price" means the consideration paid by the serviceman
23 for a purchase valued in money, whether paid in money or
24 otherwise, including cash, credits and services, and shall be
25 determined without any deduction on account of the supplier's

1 cost of the property sold or on account of any other expense
2 incurred by the supplier. When a serviceman contracts out part
3 or all of the services required in his sale of service, it
4 shall be presumed that the cost price to the serviceman of the
5 property transferred to him or her by his or her subcontractor
6 is equal to 50% of the subcontractor's charges to the
7 serviceman in the absence of proof of the consideration paid by
8 the subcontractor for the purchase of such property.

9 "Selling price" means the consideration for a sale valued
10 in money whether received in money or otherwise, including
11 cash, credits and service, and shall be determined without any
12 deduction on account of the serviceman's 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 interest or
15 finance charges which appear as separate items on the bill of
16 sale or sales contract nor charges that are added to prices by
17 sellers on account of the seller's duty to collect, from the
18 purchaser, the tax that is imposed by this Act.

19 "Department" means the Department of Revenue.

20 "Person" means any natural individual, firm, partnership,
21 association, joint stock company, joint venture, public or
22 private corporation, limited liability company, and any
23 receiver, executor, trustee, guardian or other representative
24 appointed by order of any court.

25 "Sale of service" means any transaction except:

26 (1) a retail sale of tangible personal property taxable

1 under the Retailers' Occupation Tax Act or under the Use
2 Tax Act.

3 (2) a sale of tangible personal property for the
4 purpose of resale made in compliance with Section 2c of the
5 Retailers' Occupation Tax Act.

6 (3) except as hereinafter provided, a sale or transfer
7 of tangible personal property as an incident to the
8 rendering of service for or by any governmental body, or
9 for or by any corporation, society, association,
10 foundation or institution organized and operated
11 exclusively for charitable, religious or educational
12 purposes or any not-for-profit corporation, society,
13 association, foundation, institution or organization which
14 has no compensated officers or employees and which is
15 organized and operated primarily for the recreation of
16 persons 55 years of age or older. A limited liability
17 company may qualify for the exemption under this paragraph
18 only if the limited liability company is organized and
19 operated exclusively for educational purposes.

20 (4) a sale or transfer of tangible personal property as
21 an incident to the rendering of service for interstate
22 carriers for hire for use as rolling stock moving in
23 interstate commerce or by lessors under a lease of one year
24 or longer, executed or in effect at the time of purchase of
25 personal property, to interstate carriers for hire for use
26 as rolling stock moving in interstate commerce so long as

1 so used by such interstate carriers for hire, and equipment
2 operated by a telecommunications provider, licensed as a
3 common carrier by the Federal Communications Commission,
4 which is permanently installed in or affixed to aircraft
5 moving in interstate commerce.

6 (4a) a sale or transfer of tangible personal property
7 as an incident to the rendering of service for owners,
8 lessors, or shippers of tangible personal property which is
9 utilized by interstate carriers for hire for use as rolling
10 stock moving in interstate commerce so long as so used by
11 interstate carriers for hire, and equipment operated by a
12 telecommunications provider, licensed as a common carrier
13 by the Federal Communications Commission, which is
14 permanently installed in or affixed to aircraft moving in
15 interstate commerce.

16 (4a-5) on and after July 1, 2003 and through June 30,
17 2004, a sale or transfer of a motor vehicle of the second
18 division with a gross vehicle weight in excess of 8,000
19 pounds as an incident to the rendering of service if that
20 motor vehicle is subject to the commercial distribution fee
21 imposed under Section 3-815.1 of the Illinois Vehicle Code.
22 Beginning on July 1, 2004 and through June 30, 2005, the
23 use in this State of motor vehicles of the second division:
24 (i) with a gross vehicle weight rating in excess of 8,000
25 pounds; (ii) that are subject to the commercial
26 distribution fee imposed under Section 3-815.1 of the

1 Illinois Vehicle Code; and (iii) that are primarily used
2 for commercial purposes. Through June 30, 2005, this
3 exemption applies to repair and replacement parts added
4 after the initial purchase of such a motor vehicle if that
5 motor vehicle is used in a manner that would qualify for
6 the rolling stock exemption otherwise provided for in this
7 Act. For purposes of this paragraph, "used for commercial
8 purposes" means the transportation of persons or property
9 in furtherance of any commercial or industrial enterprise
10 whether for-hire or not.

11 (5) a sale or transfer of machinery and equipment used
12 primarily in the process of the manufacturing or
13 assembling, either in an existing, an expanded or a new
14 manufacturing facility, of tangible personal property for
15 wholesale or retail sale or lease, whether such sale or
16 lease is made directly by the manufacturer or by some other
17 person, whether the materials used in the process are owned
18 by the manufacturer or some other person, or whether such
19 sale or lease is made apart from or as an incident to the
20 seller's engaging in a service occupation and the
21 applicable tax is a Service Use Tax or Service Occupation
22 Tax, rather than Use Tax or Retailers' Occupation Tax. The
23 exemption provided by this paragraph (5) does not include
24 machinery and equipment used in (i) the generation of
25 electricity for wholesale or retail sale; (ii) the
26 generation or treatment of natural or artificial gas for

1 wholesale or retail sale that is delivered to customers
2 through pipes, pipelines, or mains; or (iii) the treatment
3 of water for wholesale or retail sale that is delivered to
4 customers through pipes, pipelines, or mains. The
5 provisions of this amendatory Act of the 98th General
6 Assembly are declaratory of existing law as to the meaning
7 and scope of this exemption. The exemption under this
8 paragraph (5) is exempt from the provisions of Section
9 3-75.

10 (5a) the repairing, reconditioning or remodeling, for
11 a common carrier by rail, of tangible personal property
12 which belongs to such carrier for hire, and as to which
13 such carrier receives the physical possession of the
14 repaired, reconditioned or remodeled item of tangible
15 personal property in Illinois, and which such carrier
16 transports, or shares with another common carrier in the
17 transportation of such property, out of Illinois on a
18 standard uniform bill of lading showing the person who
19 repaired, reconditioned or remodeled the property to a
20 destination outside Illinois, for use outside Illinois.

21 (5b) a sale or transfer of tangible personal property
22 which is produced by the seller thereof on special order in
23 such a way as to have made the applicable tax the Service
24 Occupation Tax or the Service Use Tax, rather than the
25 Retailers' Occupation Tax or the Use Tax, for an interstate
26 carrier by rail which receives the physical possession of

1 such property in Illinois, and which transports such
2 property, or shares with another common carrier in the
3 transportation of such property, out of Illinois on a
4 standard uniform bill of lading showing the seller of the
5 property as the shipper or consignor of such property to a
6 destination outside Illinois, for use outside Illinois.

7 (6) until July 1, 2003, a sale or transfer of
8 distillation machinery and equipment, sold as a unit or kit
9 and assembled or installed by the retailer, which machinery
10 and equipment is certified by the user to be used only for
11 the production of ethyl alcohol that will be used for
12 consumption as motor fuel or as a component of motor fuel
13 for the personal use of such user and not subject to sale
14 or resale.

15 (7) at the election of any serviceman not required to
16 be otherwise registered as a retailer under Section 2a of
17 the Retailers' Occupation Tax Act, made for each fiscal
18 year sales of service in which the aggregate annual cost
19 price of tangible personal property transferred as an
20 incident to the sales of service is less than 35%, or 75%
21 in the case of servicemen transferring prescription drugs
22 or servicemen engaged in graphic arts production, of the
23 aggregate annual total gross receipts from all sales of
24 service. The purchase of such tangible personal property by
25 the serviceman shall be subject to tax under the Retailers'
26 Occupation Tax Act and the Use Tax Act. However, if a

1 primary serviceman who has made the election described in
2 this paragraph subcontracts service work to a secondary
3 serviceman who has also made the election described in this
4 paragraph, the primary serviceman does not incur a Use Tax
5 liability if the secondary serviceman (i) has paid or will
6 pay Use Tax on his or her cost price of any tangible
7 personal property transferred to the primary serviceman
8 and (ii) certifies that fact in writing to the primary
9 serviceman.

10 Tangible personal property transferred incident to the
11 completion of a maintenance agreement is exempt from the tax
12 imposed pursuant to this Act.

13 Exemption (5) also includes machinery and equipment used in
14 the general maintenance or repair of such exempt machinery and
15 equipment or for in-house manufacture of exempt machinery and
16 equipment. On and after July 1, 2017, exemption (5) also
17 includes production related tangible personal property, as
18 defined in Section 3-50 of the Use Tax Act. On and after July
19 1, 2017, exemption (5) also includes graphic arts machinery and
20 equipment, as defined in paragraph (5) of Section 3-5. The
21 machinery and equipment exemption does not include machinery
22 and equipment used in (i) the generation of electricity for
23 wholesale or retail sale; (ii) the generation or treatment of
24 natural or artificial gas for wholesale or retail sale that is
25 delivered to customers through pipes, pipelines, or mains; or
26 (iii) the treatment of water for wholesale or retail sale that

1 is delivered to customers through pipes, pipelines, or mains.
2 The provisions of this amendatory Act of the 98th General
3 Assembly are declaratory of existing law as to the meaning and
4 scope of this exemption. For the purposes of exemption (5),
5 each of these terms shall have the following meanings: (1)
6 "manufacturing process" shall mean the production of any
7 article of tangible personal property, whether such article is
8 a finished product or an article for use in the process of
9 manufacturing or assembling a different article of tangible
10 personal property, by procedures commonly regarded as
11 manufacturing, processing, fabricating, or refining which
12 changes some existing material or materials into a material
13 with a different form, use or name. In relation to a recognized
14 integrated business composed of a series of operations which
15 collectively constitute manufacturing, or individually
16 constitute manufacturing operations, the manufacturing process
17 shall be deemed to commence with the first operation or stage
18 of production in the series, and shall not be deemed to end
19 until the completion of the final product in the last operation
20 or stage of production in the series; and further, for purposes
21 of exemption (5), photoprocessing is deemed to be a
22 manufacturing process of tangible personal property for
23 wholesale or retail sale; (2) "assembling process" shall mean
24 the production of any article of tangible personal property,
25 whether such article is a finished product or an article for
26 use in the process of manufacturing or assembling a different

1 article of tangible personal property, by the combination of
2 existing materials in a manner commonly regarded as assembling
3 which results in a material of a different form, use or name;
4 (3) "machinery" shall mean major mechanical machines or major
5 components of such machines contributing to a manufacturing or
6 assembling process; and (4) "equipment" shall include any
7 independent device or tool separate from any machinery but
8 essential to an integrated manufacturing or assembly process;
9 including computers used primarily in a manufacturer's
10 computer assisted design, computer assisted manufacturing
11 (CAD/CAM) system; or any subunit or assembly comprising a
12 component of any machinery or auxiliary, adjunct or attachment
13 parts of machinery, such as tools, dies, jigs, fixtures,
14 patterns and molds; or any parts which require periodic
15 replacement in the course of normal operation; but shall not
16 include hand tools. Equipment includes chemicals or chemicals
17 acting as catalysts but only if the chemicals or chemicals
18 acting as catalysts effect a direct and immediate change upon a
19 product being manufactured or assembled for wholesale or retail
20 sale or lease. The purchaser of such machinery and equipment
21 who has an active resale registration number shall furnish such
22 number to the seller at the time of purchase. The user of such
23 machinery and equipment and tools without an active resale
24 registration number shall prepare a certificate of exemption
25 for each transaction stating facts establishing the exemption
26 for that transaction, which certificate shall be available to

1 the Department for inspection or audit. The Department shall
2 prescribe the form of the certificate.

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 (5) 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 (3) of this Section shall make tax free
18 purchases unless it has an active exemption identification
19 number issued by the Department.

20 The purchase, employment and transfer of such tangible
21 personal property as newsprint and ink for the primary purpose
22 of conveying news (with or without other information) is not a
23 purchase, use or sale of service or of tangible personal
24 property within the meaning of this Act.

25 "Serviceman" means any person who is engaged in the
26 occupation of making sales of service.

1 "Sale at retail" means "sale at retail" as defined in the
2 Retailers' Occupation Tax Act.

3 "Supplier" means any person who makes sales of tangible
4 personal property to servicemen for the purpose of resale as an
5 incident to a sale of service.

6 "Serviceman maintaining a place of business in this State",
7 or any like term, means and includes any serviceman:

8 1. having or maintaining within this State, directly or
9 by a subsidiary, an office, distribution house, sales
10 house, warehouse or other place of business, or any agent
11 or other representative operating within this State under
12 the authority of the serviceman or its subsidiary,
13 irrespective of whether such place of business or agent or
14 other representative is located here permanently or
15 temporarily, or whether such serviceman or subsidiary is
16 licensed to do business in this State;

17 1.1. having a contract with a person located in this
18 State under which the person, for a commission or other
19 consideration based on the sale of service by the
20 serviceman, directly or indirectly refers potential
21 customers to the serviceman by providing to the potential
22 customers a promotional code or other mechanism that allows
23 the serviceman to track purchases referred by such persons.
24 Examples of mechanisms that allow the serviceman to track
25 purchases referred by such persons include but are not
26 limited to the use of a link on the person's Internet

1 website, promotional codes distributed through the
2 person's hand-delivered or mailed material, and
3 promotional codes distributed by the person through radio
4 or other broadcast media. The provisions of this paragraph
5 1.1 shall apply only if the cumulative gross receipts from
6 sales of service by the serviceman to customers who are
7 referred to the serviceman by all persons in this State
8 under such contracts exceed \$10,000 during the preceding 4
9 quarterly periods ending on the last day of March, June,
10 September, and December; a serviceman meeting the
11 requirements of this paragraph 1.1 shall be presumed to be
12 maintaining a place of business in this State but may rebut
13 this presumption by submitting proof that the referrals or
14 other activities pursued within this State by such persons
15 were not sufficient to meet the nexus standards of the
16 United States Constitution during the preceding 4
17 quarterly periods;

18 1.2. beginning July 1, 2011, having a contract with a
19 person located in this State under which:

20 A. the serviceman sells the same or substantially
21 similar line of services as the person located in this
22 State and does so using an identical or substantially
23 similar name, trade name, or trademark as the person
24 located in this State; and

25 B. the serviceman provides a commission or other
26 consideration to the person located in this State based

1 upon the sale of services by the serviceman.

2 The provisions of this paragraph 1.2 shall apply only if
3 the cumulative gross receipts from sales of service by the
4 serviceman to customers in this State under all such
5 contracts exceed \$10,000 during the preceding 4 quarterly
6 periods ending on the last day of March, June, September,
7 and December;

8 2. soliciting orders for tangible personal property by
9 means of a telecommunication or television shopping system
10 (which utilizes toll free numbers) which is intended by the
11 retailer to be broadcast by cable television or other means
12 of broadcasting, to consumers located in this State;

13 3. pursuant to a contract with a broadcaster or
14 publisher located in this State, soliciting orders for
15 tangible personal property by means of advertising which is
16 disseminated primarily to consumers located in this State
17 and only secondarily to bordering jurisdictions;

18 4. soliciting orders for tangible personal property by
19 mail if the solicitations are substantial and recurring and
20 if the retailer benefits from any banking, financing, debt
21 collection, telecommunication, or marketing activities
22 occurring in this State or benefits from the location in
23 this State of authorized installation, servicing, or
24 repair facilities;

25 5. being owned or controlled by the same interests
26 which own or control any retailer engaging in business in

1 the same or similar line of business in this State;

2 6. having a franchisee or licensee operating under its
3 trade name if the franchisee or licensee is required to
4 collect the tax under this Section;

5 7. pursuant to a contract with a cable television
6 operator located in this State, soliciting orders for
7 tangible personal property by means of advertising which is
8 transmitted or distributed over a cable television system
9 in this State; or

10 8. engaging in activities in Illinois, which
11 activities in the state in which the supply business
12 engaging in such activities is located would constitute
13 maintaining a place of business in that state.

14 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

15 (35 ILCS 110/3-5)

16 Sec. 3-5. Exemptions. Use of the following tangible
17 personal property is exempt from the tax imposed by this Act:

18 (1) Personal property purchased from a corporation,
19 society, association, foundation, institution, or
20 organization, other than a limited liability company, that is
21 organized and operated as a not-for-profit service enterprise
22 for the benefit of persons 65 years of age or older if the
23 personal property was not purchased by the enterprise for the
24 purpose of resale by the enterprise.

25 (2) Personal property purchased by a non-profit Illinois

1 county fair association for use in conducting, operating, or
2 promoting the county fair.

3 (3) Personal property purchased by a not-for-profit arts or
4 cultural organization that establishes, by proof required by
5 the Department by rule, that it has received an exemption under
6 Section 501(c)(3) of the Internal Revenue Code and that is
7 organized and operated primarily for the presentation or
8 support of arts or cultural programming, activities, or
9 services. These organizations include, but are not limited to,
10 music and dramatic arts organizations such as symphony
11 orchestras and theatrical groups, arts and cultural service
12 organizations, local arts councils, visual arts organizations,
13 and media arts organizations. On and after the effective date
14 of this amendatory Act of the 92nd General Assembly, however,
15 an entity otherwise eligible for this exemption shall not make
16 tax-free purchases unless it has an active identification
17 number issued by the Department.

18 (4) Legal tender, currency, medallions, or gold or silver
19 coinage issued by the State of Illinois, the government of the
20 United States of America, or the government of any foreign
21 country, and bullion.

22 (5) Until July 1, 2003 and beginning again on September 1,
23 2004 through August 30, 2014, graphic arts machinery and
24 equipment, including repair and replacement parts, both new and
25 used, and including that manufactured on special order or
26 purchased for lease, certified by the purchaser to be used

1 primarily for graphic arts production. Equipment includes
2 chemicals or chemicals acting as catalysts but only if the
3 chemicals or chemicals acting as catalysts effect a direct and
4 immediate change upon a graphic arts product. Beginning on July
5 1, 2017, graphic arts machinery and equipment is included in
6 the manufacturing and assembling machinery and equipment
7 exemption under Section 2 of this Act.

8 (6) Personal property purchased from a teacher-sponsored
9 student organization affiliated with an elementary or
10 secondary school located in Illinois.

11 (7) Farm machinery and equipment, both new and used,
12 including that manufactured on special order, certified by the
13 purchaser to be used primarily for production agriculture or
14 State or federal agricultural programs, including individual
15 replacement parts for the machinery and equipment, including
16 machinery and equipment purchased for lease, and including
17 implements of husbandry defined in Section 1-130 of the
18 Illinois Vehicle Code, farm machinery and agricultural
19 chemical and fertilizer spreaders, and nurse wagons required to
20 be registered under Section 3-809 of the Illinois Vehicle Code,
21 but excluding other motor vehicles required to be registered
22 under the Illinois Vehicle Code. Horticultural polyhouses or
23 hoop houses used for propagating, growing, or overwintering
24 plants shall be considered farm machinery and equipment under
25 this item (7). Agricultural chemical tender tanks and dry boxes
26 shall include units sold separately from a motor vehicle

1 required to be licensed and units sold mounted on a motor
2 vehicle required to be licensed if the selling price of the
3 tender is separately stated.

4 Farm machinery and equipment shall include precision
5 farming equipment that is installed or purchased to be
6 installed on farm machinery and equipment including, but not
7 limited to, tractors, harvesters, sprayers, planters, seeders,
8 or spreaders. Precision farming equipment includes, but is not
9 limited to, soil testing sensors, computers, monitors,
10 software, global positioning and mapping systems, and other
11 such equipment.

12 Farm machinery and equipment also includes computers,
13 sensors, software, and related equipment used primarily in the
14 computer-assisted operation of production agriculture
15 facilities, equipment, and activities such as, but not limited
16 to, the collection, monitoring, and correlation of animal and
17 crop data for the purpose of formulating animal diets and
18 agricultural chemicals. This item (7) is exempt from the
19 provisions of Section 3-75.

20 (8) Until June 30, 2013, fuel and petroleum products sold
21 to or used by an air common carrier, certified by the carrier
22 to be used for consumption, shipment, or storage in the conduct
23 of its business as an air common carrier, for a flight destined
24 for or returning from a location or locations outside the
25 United States without regard to previous or subsequent domestic
26 stopovers.

1 Beginning July 1, 2013, fuel and petroleum products sold to
2 or used by an air carrier, certified by the carrier to be used
3 for consumption, shipment, or storage in the conduct of its
4 business as an air common carrier, for a flight that (i) is
5 engaged in foreign trade or is engaged in trade between the
6 United States and any of its possessions and (ii) transports at
7 least one individual or package for hire from the city of
8 origination to the city of final destination on the same
9 aircraft, without regard to a change in the flight number of
10 that aircraft.

11 (9) Proceeds of mandatory service charges separately
12 stated on customers' bills for the purchase and consumption of
13 food and beverages acquired as an incident to the purchase of a
14 service from a serviceman, to the extent that the proceeds of
15 the service charge are in fact turned over as tips or as a
16 substitute for tips to the employees who participate directly
17 in preparing, serving, hosting or cleaning up the food or
18 beverage function with respect to which the service charge is
19 imposed.

20 (10) Until July 1, 2003, oil field exploration, drilling,
21 and production equipment, including (i) rigs and parts of rigs,
22 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
23 tubular goods, including casing and drill strings, (iii) pumps
24 and pump-jack units, (iv) storage tanks and flow lines, (v) any
25 individual replacement part for oil field exploration,
26 drilling, and production equipment, and (vi) machinery and

1 equipment purchased for lease; but excluding motor vehicles
2 required to be registered under the Illinois Vehicle Code.

3 (11) Proceeds from the sale of photoprocessing machinery
4 and equipment, including repair and replacement parts, both new
5 and used, including that manufactured on special order,
6 certified by the purchaser to be used primarily for
7 photoprocessing, and including photoprocessing machinery and
8 equipment purchased for lease.

9 (12) Coal and aggregate exploration, mining, off-highway
10 hauling, processing, maintenance, and reclamation equipment,
11 including replacement parts and equipment, and including
12 equipment purchased for lease, but excluding motor vehicles
13 required to be registered under the Illinois Vehicle Code. The
14 changes made to this Section by Public Act 97-767 apply on and
15 after July 1, 2003, but no claim for credit or refund is
16 allowed on or after August 16, 2013 (the effective date of
17 Public Act 98-456) for such taxes paid during the period
18 beginning July 1, 2003 and ending on August 16, 2013 (the
19 effective date of Public Act 98-456).

20 (13) Semen used for artificial insemination of livestock
21 for direct agricultural production.

22 (14) Horses, or interests in horses, registered with and
23 meeting the requirements of any of the Arabian Horse Club
24 Registry of America, Appaloosa Horse Club, American Quarter
25 Horse Association, United States Trotting Association, or
26 Jockey Club, as appropriate, used for purposes of breeding or

1 racing for prizes. This item (14) is exempt from the provisions
2 of Section 3-75, and the exemption provided for under this item
3 (14) applies for all periods beginning May 30, 1995, but no
4 claim for credit or refund is allowed on or after the effective
5 date of this amendatory Act of the 95th General Assembly for
6 such taxes paid during the period beginning May 30, 2000 and
7 ending on the effective date of this amendatory Act of the 95th
8 General Assembly.

9 (15) Computers and communications equipment utilized for
10 any hospital purpose and equipment used in the diagnosis,
11 analysis, or treatment of hospital patients purchased by a
12 lessor who leases the equipment, under a lease of one year or
13 longer executed or in effect at the time the lessor would
14 otherwise be subject to the tax imposed by this Act, to a
15 hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of the
17 Retailers' Occupation Tax Act. If the equipment is leased in a
18 manner that does not qualify for this exemption or is used in
19 any other non-exempt manner, the lessor shall be liable for the
20 tax imposed under this Act or the Use Tax Act, as the case may
21 be, based on the fair market value of the property at the time
22 the non-qualifying use occurs. No lessor shall collect or
23 attempt to collect an amount (however designated) that purports
24 to reimburse that lessor for the tax imposed by this Act or the
25 Use Tax Act, as the case may be, if the tax has not been paid by
26 the lessor. If a lessor improperly collects any such amount

1 from the lessee, the lessee shall have a legal right to claim a
2 refund of that amount from the lessor. If, however, that amount
3 is not refunded to the lessee for any reason, the lessor is
4 liable to pay that amount to the Department.

5 (16) Personal property purchased by a lessor who leases the
6 property, under a lease of one year or longer executed or in
7 effect at the time the lessor would otherwise be subject to the
8 tax imposed by this Act, to a governmental body that has been
9 issued an active tax exemption identification number by the
10 Department under Section 1g of the Retailers' Occupation Tax
11 Act. If the property is leased in a manner that does not
12 qualify for this exemption or is used in any other non-exempt
13 manner, the lessor shall be liable for the tax imposed under
14 this Act or the Use Tax Act, as the case may be, based on the
15 fair market value of the property at the time the
16 non-qualifying use occurs. No lessor shall collect or attempt
17 to collect an amount (however designated) that purports to
18 reimburse that lessor for the tax imposed by this Act or the
19 Use Tax Act, as the case may be, if the tax has not been paid by
20 the lessor. If a lessor improperly collects any such amount
21 from the lessee, the lessee shall have a legal right to claim a
22 refund of that amount from the lessor. If, however, that amount
23 is not refunded to the lessee for any reason, the lessor is
24 liable to pay that amount to the Department.

25 (17) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or

1 before December 31, 2004, personal property that is donated for
2 disaster relief to be used in a State or federally declared
3 disaster area in Illinois or bordering Illinois by a
4 manufacturer or retailer that is registered in this State to a
5 corporation, society, association, foundation, or institution
6 that has been issued a sales tax exemption identification
7 number by the Department that assists victims of the disaster
8 who reside within the declared disaster area.

9 (18) Beginning with taxable years ending on or after
10 December 31, 1995 and ending with taxable years ending on or
11 before December 31, 2004, personal property that is used in the
12 performance of infrastructure repairs in this State, including
13 but not limited to municipal roads and streets, access roads,
14 bridges, sidewalks, waste disposal systems, water and sewer
15 line extensions, water distribution and purification
16 facilities, storm water drainage and retention facilities, and
17 sewage treatment facilities, resulting from a State or
18 federally declared disaster in Illinois or bordering Illinois
19 when such repairs are initiated on facilities located in the
20 declared disaster area within 6 months after the disaster.

21 (19) Beginning July 1, 1999, game or game birds purchased
22 at a "game breeding and hunting preserve area" as that term is
23 used in the Wildlife Code. This paragraph is exempt from the
24 provisions of Section 3-75.

25 (20) A motor vehicle, as that term is defined in Section
26 1-146 of the Illinois Vehicle Code, that is donated to a

1 corporation, limited liability company, society, association,
2 foundation, or institution that is determined by the Department
3 to be organized and operated exclusively for educational
4 purposes. For purposes of this exemption, "a corporation,
5 limited liability company, society, association, foundation,
6 or institution organized and operated exclusively for
7 educational purposes" means all tax-supported public schools,
8 private schools that offer systematic instruction in useful
9 branches of learning by methods common to public schools and
10 that compare favorably in their scope and intensity with the
11 course of study presented in tax-supported schools, and
12 vocational or technical schools or institutes organized and
13 operated exclusively to provide a course of study of not less
14 than 6 weeks duration and designed to prepare individuals to
15 follow a trade or to pursue a manual, technical, mechanical,
16 industrial, business, or commercial occupation.

17 (21) Beginning January 1, 2000, personal property,
18 including food, purchased through fundraising events for the
19 benefit of a public or private elementary or secondary school,
20 a group of those schools, or one or more school districts if
21 the events are sponsored by an entity recognized by the school
22 district that consists primarily of volunteers and includes
23 parents and teachers of the school children. This paragraph
24 does not apply to fundraising events (i) for the benefit of
25 private home instruction or (ii) for which the fundraising
26 entity purchases the personal property sold at the events from

1 another individual or entity that sold the property for the
2 purpose of resale by the fundraising entity and that profits
3 from the sale to the fundraising entity. This paragraph is
4 exempt from the provisions of Section 3-75.

5 (22) Beginning January 1, 2000 and through December 31,
6 2001, new or used automatic vending machines that prepare and
7 serve hot food and beverages, including coffee, soup, and other
8 items, and replacement parts for these machines. Beginning
9 January 1, 2002 and through June 30, 2003, machines and parts
10 for machines used in commercial, coin-operated amusement and
11 vending business if a use or occupation tax is paid on the
12 gross receipts derived from the use of the commercial,
13 coin-operated amusement and vending machines. This paragraph
14 is exempt from the provisions of Section 3-75.

15 (23) Beginning August 23, 2001 and through June 30, 2016,
16 food for human consumption that is to be consumed off the
17 premises where it is sold (other than alcoholic beverages, soft
18 drinks, and food that has been prepared for immediate
19 consumption) and prescription and nonprescription medicines,
20 drugs, medical appliances, and insulin, urine testing
21 materials, syringes, and needles used by diabetics, for human
22 use, when purchased for use by a person receiving medical
23 assistance under Article V of the Illinois Public Aid Code who
24 resides in a licensed long-term care facility, as defined in
25 the Nursing Home Care Act, or in a licensed facility as defined
26 in the ID/DD Community Care Act, the MC/DD Act, or the

1 Specialized Mental Health Rehabilitation Act of 2013.

2 (24) Beginning on the effective date of this amendatory Act
3 of the 92nd General Assembly, computers and communications
4 equipment utilized for any hospital purpose and equipment used
5 in the diagnosis, analysis, or treatment of hospital patients
6 purchased by a lessor who leases the equipment, under a lease
7 of one year or longer executed or in effect at the time the
8 lessor would otherwise be subject to the tax imposed by this
9 Act, to a hospital that has been issued an active tax exemption
10 identification number by the Department under Section 1g of the
11 Retailers' Occupation Tax Act. If the equipment is leased in a
12 manner that does not qualify for this exemption or is used in
13 any other nonexempt manner, the lessor shall be liable for the
14 tax imposed under this Act or the Use Tax Act, as the case may
15 be, based on the fair market value of the property at the time
16 the nonqualifying use occurs. No lessor shall collect or
17 attempt to collect an amount (however designated) that purports
18 to reimburse that lessor for the tax imposed by this Act or the
19 Use Tax Act, as the case may be, if the tax has not been paid by
20 the lessor. If a lessor improperly collects any such amount
21 from the lessee, the lessee shall have a legal right to claim a
22 refund of that amount from the lessor. If, however, that amount
23 is not refunded to the lessee for any reason, the lessor is
24 liable to pay that amount to the Department. This paragraph is
25 exempt from the provisions of Section 3-75.

26 (25) Beginning on the effective date of this amendatory Act

1 of the 92nd General Assembly, personal property purchased by a
2 lessor who leases the property, under a lease of one year or
3 longer executed or in effect at the time the lessor would
4 otherwise be subject to the tax imposed by this Act, to a
5 governmental body that has been issued an active tax exemption
6 identification number by the Department under Section 1g of the
7 Retailers' Occupation Tax Act. If the property is leased in a
8 manner that does not qualify for this exemption or is used in
9 any other nonexempt manner, the lessor shall be liable for the
10 tax imposed under this Act or the Use Tax Act, as the case may
11 be, based on the fair market value of the property at the time
12 the nonqualifying use occurs. No lessor shall collect or
13 attempt to collect an amount (however designated) that purports
14 to reimburse that lessor for the tax imposed by this Act or the
15 Use Tax Act, as the case may be, if the tax has not been paid by
16 the lessor. If a lessor improperly collects any such amount
17 from the lessee, the lessee shall have a legal right to claim a
18 refund of that amount from the lessor. If, however, that amount
19 is not refunded to the lessee for any reason, the lessor is
20 liable to pay that amount to the Department. This paragraph is
21 exempt from the provisions of Section 3-75.

22 (26) Beginning January 1, 2008, tangible personal property
23 used in the construction or maintenance of a community water
24 supply, as defined under Section 3.145 of the Environmental
25 Protection Act, that is operated by a not-for-profit
26 corporation that holds a valid water supply permit issued under

1 Title IV of the Environmental Protection Act. This paragraph is
2 exempt from the provisions of Section 3-75.

3 (27) Beginning January 1, 2010, materials, parts,
4 equipment, components, and furnishings incorporated into or
5 upon an aircraft as part of the modification, refurbishment,
6 completion, replacement, repair, or maintenance of the
7 aircraft. This exemption includes consumable supplies used in
8 the modification, refurbishment, completion, replacement,
9 repair, and maintenance of aircraft, but excludes any
10 materials, parts, equipment, components, and consumable
11 supplies used in the modification, replacement, repair, and
12 maintenance of aircraft engines or power plants, whether such
13 engines or power plants are installed or uninstalled upon any
14 such aircraft. "Consumable supplies" include, but are not
15 limited to, adhesive, tape, sandpaper, general purpose
16 lubricants, cleaning solution, latex gloves, and protective
17 films. This exemption applies only to the use of qualifying
18 tangible personal property transferred incident to the
19 modification, refurbishment, completion, replacement, repair,
20 or maintenance of aircraft by persons who (i) hold an Air
21 Agency Certificate and are empowered to operate an approved
22 repair station by the Federal Aviation Administration, (ii)
23 have a Class IV Rating, and (iii) conduct operations in
24 accordance with Part 145 of the Federal Aviation Regulations.
25 The exemption does not include aircraft operated by a
26 commercial air carrier providing scheduled passenger air

1 service pursuant to authority issued under Part 121 or Part 129
2 of the Federal Aviation Regulations. The changes made to this
3 paragraph (27) by Public Act 98-534 are declarative of existing
4 law.

5 (28) Tangible personal property purchased by a
6 public-facilities corporation, as described in Section
7 11-65-10 of the Illinois Municipal Code, for purposes of
8 constructing or furnishing a municipal convention hall, but
9 only if the legal title to the municipal convention hall is
10 transferred to the municipality without any further
11 consideration by or on behalf of the municipality at the time
12 of the completion of the municipal convention hall or upon the
13 retirement or redemption of any bonds or other debt instruments
14 issued by the public-facilities corporation in connection with
15 the development of the municipal convention hall. This
16 exemption includes existing public-facilities corporations as
17 provided in Section 11-65-25 of the Illinois Municipal Code.
18 This paragraph is exempt from the provisions of Section 3-75.

19 (29) Beginning January 1, 2017, menstrual pads, tampons,
20 and menstrual cups.

21 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
22 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
23 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

24 (35 ILCS 110/9) (from Ch. 120, par. 439.39)

25 Sec. 9. Each serviceman required or authorized to collect

1 the tax herein imposed shall pay to the Department the amount
2 of such tax (except as otherwise provided) at the time when he
3 is required to file his return for the period during which such
4 tax was collected, less a discount of 2.1% prior to January 1,
5 1990 and 1.75% on and after January 1, 1990, or \$5 per calendar
6 year, whichever is greater, which is allowed to reimburse the
7 serviceman for expenses incurred in collecting the tax, keeping
8 records, preparing and filing returns, remitting the tax and
9 supplying data to the Department on request. However, on and
10 after July 1, 2017, in no event shall a vendor discount under
11 this Act exceed \$1,000 for any serviceman in any calendar
12 month. The Department may disallow the discount for servicemen
13 whose certificate of registration is revoked at the time the
14 return is filed, but only if the Department's decision to
15 revoke the certificate of registration has become final. A
16 serviceman need not remit that part of any tax collected by him
17 to the extent that he is required to pay and does pay the tax
18 imposed by the Service Occupation Tax Act with respect to his
19 sale of service involving the incidental transfer by him of the
20 same property.

21 Except as provided hereinafter in this Section, on or
22 before the twentieth day of each calendar month, such
23 serviceman shall file a return for the preceding calendar month
24 in accordance with reasonable Rules and Regulations to be
25 promulgated by the Department. Such return shall be filed on a
26 form prescribed by the Department and shall contain such

1 information as the Department may reasonably require.

2 The Department may require returns to be filed on a
3 quarterly basis. If so required, a return for each calendar
4 quarter shall be filed on or before the twentieth day of the
5 calendar month following the end of such calendar quarter. The
6 taxpayer shall also file a return with the Department for each
7 of the first two months of each calendar quarter, on or before
8 the twentieth day of the following calendar month, stating:

9 1. The name of the seller;

10 2. The address of the principal place of business from
11 which he engages in business as a serviceman in this State;

12 3. The total amount of taxable receipts received by him
13 during the preceding calendar month, including receipts
14 from charge and time sales, but less all deductions allowed
15 by law;

16 4. The amount of credit provided in Section 2d of this
17 Act;

18 5. The amount of tax due;

19 5-5. The signature of the taxpayer; and

20 6. Such other reasonable information as the Department
21 may require.

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

26 Beginning October 1, 1993, a taxpayer who has an average

1 monthly tax liability of \$150,000 or more shall make all
2 payments required by rules of the Department by electronic
3 funds transfer. Beginning October 1, 1994, a taxpayer who has
4 an average monthly tax liability of \$100,000 or more shall make
5 all payments required by rules of the Department by electronic
6 funds transfer. Beginning October 1, 1995, a taxpayer who has
7 an average monthly tax liability of \$50,000 or more shall make
8 all payments required by rules of the Department by electronic
9 funds transfer. Beginning October 1, 2000, a taxpayer who has
10 an annual tax liability of \$200,000 or more shall make all
11 payments required by rules of the Department by electronic
12 funds transfer. The term "annual tax liability" shall be the
13 sum of the taxpayer's liabilities under this Act, and under all
14 other State and local occupation and use tax laws administered
15 by the Department, for the immediately preceding calendar year.
16 The term "average monthly tax liability" means the sum of the
17 taxpayer's liabilities under this Act, and under all other
18 State and local occupation and use tax laws administered by the
19 Department, for the immediately preceding calendar year
20 divided by 12. Beginning on October 1, 2002, a taxpayer who has
21 a tax liability in the amount set forth in subsection (b) of
22 Section 2505-210 of the Department of Revenue Law shall make
23 all payments required by rules of the Department by electronic
24 funds transfer.

25 Before August 1 of each year beginning in 1993, the
26 Department shall notify all taxpayers required to make payments

1 by electronic funds transfer. All taxpayers required to make
2 payments by electronic funds transfer shall make those payments
3 for a minimum of one year beginning on October 1.

4 Any taxpayer not required to make payments by electronic
5 funds transfer may make payments by electronic funds transfer
6 with the permission of the Department.

7 All taxpayers required to make payment by electronic funds
8 transfer and any taxpayers authorized to voluntarily make
9 payments by electronic funds transfer shall make those payments
10 in the manner authorized by the Department.

11 The Department shall adopt such rules as are necessary to
12 effectuate a program of electronic funds transfer and the
13 requirements of this Section.

14 If the serviceman is otherwise required to file a monthly
15 return and if the serviceman's average monthly tax liability to
16 the Department does not exceed \$200, the Department may
17 authorize his returns to be filed on a quarter annual basis,
18 with the return for January, February and March of a given year
19 being due by April 20 of such year; with the return for April,
20 May and June of a given year being due by July 20 of such year;
21 with the return for July, August and September of a given year
22 being due by October 20 of such year, and with the return for
23 October, November and December of a given year being due by
24 January 20 of the following year.

25 If the serviceman is otherwise required to file a monthly
26 or quarterly return and if the serviceman's average monthly tax

1 liability to the Department does not exceed \$50, the Department
2 may authorize his returns to be filed on an annual basis, with
3 the return for a given year being due by January 20 of the
4 following year.

5 Such quarter annual and annual returns, as to form and
6 substance, shall be subject to the same requirements as monthly
7 returns.

8 Notwithstanding any other provision in this Act concerning
9 the time within which a serviceman may file his return, in the
10 case of any serviceman who ceases to engage in a kind of
11 business which makes him responsible for filing returns under
12 this Act, such serviceman shall file a final return under this
13 Act with the Department not more than 1 month after
14 discontinuing such business.

15 Where a serviceman collects the tax with respect to the
16 selling price of property which he sells and the purchaser
17 thereafter returns such property and the serviceman refunds the
18 selling price thereof to the purchaser, such serviceman shall
19 also refund, to the purchaser, the tax so collected from the
20 purchaser. When filing his return for the period in which he
21 refunds such tax to the purchaser, the serviceman may deduct
22 the amount of the tax so refunded by him to the purchaser from
23 any other Service Use Tax, Service Occupation Tax, retailers'
24 occupation tax or use tax which such serviceman may be required
25 to pay or remit to the Department, as shown by such return,
26 provided that the amount of the tax to be deducted shall

1 previously have been remitted to the Department by such
2 serviceman. If the serviceman shall not previously have
3 remitted the amount of such tax to the Department, he shall be
4 entitled to no deduction hereunder upon refunding such tax to
5 the purchaser.

6 Any serviceman filing a return hereunder shall also include
7 the total tax upon the selling price of tangible personal
8 property purchased for use by him as an incident to a sale of
9 service, and such serviceman shall remit the amount of such tax
10 to the Department when filing such return.

11 If experience indicates such action to be practicable, the
12 Department may prescribe and furnish a combination or joint
13 return which will enable servicemen, who are required to file
14 returns hereunder and also under the Service Occupation Tax
15 Act, to furnish all the return information required by both
16 Acts on the one form.

17 Where the serviceman has more than one business registered
18 with the Department under separate registration hereunder,
19 such serviceman shall not file each return that is due as a
20 single return covering all such registered businesses, but
21 shall file separate returns for each such registered business.

22 Beginning January 1, 1990, each month the Department shall
23 pay into the State and Local Tax Reform Fund, a special fund in
24 the State Treasury, the net revenue realized for the preceding
25 month from the 1% tax on sales of food for human consumption
26 which is to be consumed off the premises where it is sold

1 (other than alcoholic beverages, soft drinks and food which has
2 been prepared for immediate consumption) and prescription and
3 nonprescription medicines, drugs, medical appliances, products
4 classified as Class III medical devices, by the United States
5 Food and Drug Administration that are used for cancer treatment
6 pursuant to a prescription, as well as any accessories and
7 components related to those devices, and insulin, urine testing
8 materials, syringes and needles used by diabetics.

9 Beginning January 1, 1990, each month the Department shall
10 pay into the State and Local Sales Tax Reform Fund 20% of the
11 net revenue realized for the preceding month from the 6.25%
12 general rate on transfers of tangible personal property, other
13 than tangible personal property which is purchased outside
14 Illinois at retail from a retailer and which is titled or
15 registered by an agency of this State's government.

16 Beginning August 1, 2000, each month the Department shall
17 pay into the State and Local Sales Tax Reform Fund 100% of the
18 net revenue realized for the preceding month from the 1.25%
19 rate on the selling price of motor fuel and gasohol.

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, 2013, each month the Department shall pay
2 into the Underground Storage Tank Fund from the proceeds
3 collected under this Act, the Use Tax Act, the Service
4 Occupation Tax Act, and the Retailers' Occupation Tax Act an
5 amount equal to the average monthly deficit in the Underground
6 Storage Tank Fund during the prior year, as certified annually
7 by the Illinois Environmental Protection Agency, but the total
8 payment into the Underground Storage Tank Fund under this Act,
9 the Use Tax Act, the Service Occupation Tax Act, and the
10 Retailers' Occupation Tax Act shall not exceed \$18,000,000 in
11 any State fiscal year. As used in this paragraph, the "average
12 monthly deficit" shall be equal to the difference between the
13 average monthly claims for payment by the fund and the average
14 monthly revenues deposited into the fund, excluding payments
15 made pursuant to this paragraph.

16 Beginning July 1, 2015, of the remainder of the moneys
17 received by the Department under the Use Tax Act, this Act, the
18 Service Occupation Tax Act, and the Retailers' Occupation Tax
19 Act, each month the Department shall deposit \$500,000 into the
20 State Crime Laboratory Fund.

21 Of the remainder of the moneys received by the Department
22 pursuant to this Act, (a) 1.75% thereof shall be paid into the
23 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
24 and after July 1, 1989, 3.8% thereof shall be paid into the
25 Build Illinois Fund; provided, however, that if in any fiscal
26 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case

1 may be, of the moneys received by the Department and required
2 to be paid into the Build Illinois Fund pursuant to Section 3
3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
4 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
5 Service Occupation Tax Act, such Acts being hereinafter called
6 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
7 may be, of moneys being hereinafter called the "Tax Act
8 Amount", and (2) the amount transferred to the Build Illinois
9 Fund from the State and Local Sales Tax Reform Fund shall be
10 less than the Annual Specified Amount (as defined in Section 3
11 of the Retailers' Occupation Tax Act), an amount equal to the
12 difference shall be immediately paid into the Build Illinois
13 Fund from other moneys received by the Department pursuant to
14 the Tax Acts; and further provided, that if on the last
15 business day of any month the sum of (1) the Tax Act Amount
16 required to be deposited into the Build Illinois Bond Account
17 in the Build Illinois Fund during such month and (2) the amount
18 transferred during such month to the Build Illinois Fund from
19 the State and Local Sales Tax Reform Fund shall have been less
20 than 1/12 of the Annual Specified Amount, an amount equal to
21 the difference shall be immediately paid into the Build
22 Illinois Fund from other moneys received by the Department
23 pursuant to the Tax Acts; and, further provided, that in no
24 event shall the payments required under the preceding proviso
25 result in aggregate payments into the Build Illinois Fund
26 pursuant to this clause (b) for any fiscal year in excess of

1 the greater of (i) the Tax Act Amount or (ii) the Annual
2 Specified Amount for such fiscal year; and, further provided,
3 that the amounts payable into the Build Illinois Fund under
4 this clause (b) shall be payable only until such time as the
5 aggregate amount on deposit under each trust indenture securing
6 Bonds issued and outstanding pursuant to the Build Illinois
7 Bond Act is sufficient, taking into account any future
8 investment income, to fully provide, in accordance with such
9 indenture, for the defeasance of or the payment of the
10 principal of, premium, if any, and interest on the Bonds
11 secured by such indenture and on any Bonds expected to be
12 issued thereafter and all fees and costs payable with respect
13 thereto, all as certified by the Director of the Bureau of the
14 Budget (now Governor's Office of Management and Budget). If on
15 the last business day of any month in which Bonds are
16 outstanding pursuant to the Build Illinois Bond Act, the
17 aggregate of the moneys deposited in the Build Illinois Bond
18 Account in the Build Illinois Fund in such month shall be less
19 than the amount required to be transferred in such month from
20 the Build Illinois Bond Account to the Build Illinois Bond
21 Retirement and Interest Fund pursuant to Section 13 of the
22 Build Illinois Bond Act, an amount equal to such deficiency
23 shall be immediately paid from other moneys received by the
24 Department pursuant to the Tax Acts to the Build Illinois Fund;
25 provided, however, that any amounts paid to the Build Illinois
26 Fund in any fiscal year pursuant to this sentence shall be

1 deemed to constitute payments pursuant to clause (b) of the
 2 preceding sentence and shall reduce the amount otherwise
 3 payable for such fiscal year pursuant to clause (b) of the
 4 preceding sentence. The moneys received by the Department
 5 pursuant to this Act and required to be deposited into the
 6 Build Illinois Fund are subject to the pledge, claim and charge
 7 set forth in Section 12 of the Build Illinois Bond Act.

8 Subject to payment of amounts into the Build Illinois Fund
 9 as provided in the preceding paragraph or in any amendment
 10 thereto hereafter enacted, the following specified monthly
 11 installment of the amount requested in the certificate of the
 12 Chairman of the Metropolitan Pier and Exposition Authority
 13 provided under Section 8.25f of the State Finance Act, but not
 14 in excess of the sums designated as "Total Deposit", shall be
 15 deposited in the aggregate from collections under Section 9 of
 16 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 17 9 of the Service Occupation Tax Act, and Section 3 of the
 18 Retailers' Occupation Tax Act into the McCormick Place
 19 Expansion Project Fund in the specified fiscal years.

		Total
	Fiscal Year	Deposit
21	1993	\$0
22	1994	53,000,000
23	1995	58,000,000
24	1996	61,000,000
25	1997	64,000,000

1	1998	68,000,000
2	1999	71,000,000
3	2000	75,000,000
4	2001	80,000,000
5	2002	93,000,000
6	2003	99,000,000
7	2004	103,000,000
8	2005	108,000,000
9	2006	113,000,000
10	2007	119,000,000
11	2008	126,000,000
12	2009	132,000,000
13	2010	139,000,000
14	2011	146,000,000
15	2012	153,000,000
16	2013	161,000,000
17	2014	170,000,000
18	2015	179,000,000
19	2016	189,000,000
20	2017	199,000,000
21	2018	210,000,000
22	2019	221,000,000
23	2020	233,000,000
24	2021	246,000,000
25	2022	260,000,000
26	2023	275,000,000

1	2024	275,000,000
2	2025	275,000,000
3	2026	279,000,000
4	2027	292,000,000
5	2028	307,000,000
6	2029	322,000,000
7	2030	338,000,000
8	2031	350,000,000
9	2032	350,000,000

10 and

11 each fiscal year

12 thereafter that bonds

13 are outstanding under

14 Section 13.2 of the

15 Metropolitan Pier and

16 Exposition Authority Act,

17 but not after fiscal year 2060.

18 Beginning July 20, 1993 and in each month of each fiscal
19 year thereafter, one-eighth of the amount requested in the
20 certificate of the Chairman of the Metropolitan Pier and
21 Exposition Authority for that fiscal year, less the amount
22 deposited into the McCormick Place Expansion Project Fund by
23 the State Treasurer in the respective month under subsection
24 (g) of Section 13 of the Metropolitan Pier and Exposition
25 Authority Act, plus cumulative deficiencies in the deposits
26 required under this Section for previous months and years,

1 shall be deposited into the McCormick Place Expansion Project
2 Fund, until the full amount requested for the fiscal year, but
3 not in excess of the amount specified above as "Total Deposit",
4 has been deposited.

5 Subject to payment of amounts into the Build Illinois Fund
6 and the McCormick Place Expansion Project Fund pursuant to the
7 preceding paragraphs or in any amendments thereto hereafter
8 enacted, beginning July 1, 1993 and ending on September 30,
9 2013, the Department shall each month pay into the Illinois Tax
10 Increment Fund 0.27% of 80% of the net revenue realized for the
11 preceding month from the 6.25% general rate on the selling
12 price of tangible personal property.

13 Subject to payment of amounts into the Build Illinois Fund
14 and the McCormick Place Expansion Project Fund pursuant to the
15 preceding paragraphs or in any amendments thereto hereafter
16 enacted, beginning with the receipt of the first report of
17 taxes paid by an eligible business and continuing for a 25-year
18 period, the Department shall each month pay into the Energy
19 Infrastructure Fund 80% of the net revenue realized from the
20 6.25% general rate on the selling price of Illinois-mined coal
21 that was sold to an eligible business. For purposes of this
22 paragraph, the term "eligible business" means a new electric
23 generating facility certified pursuant to Section 605-332 of
24 the Department of Commerce and Economic Opportunity Law of the
25 Civil Administrative Code of Illinois.

26 Subject to payment of amounts into the Build Illinois Fund,

1 the McCormick Place Expansion Project Fund, the Illinois Tax
2 Increment Fund, and the Energy Infrastructure Fund pursuant to
3 the preceding paragraphs or in any amendments to this Section
4 hereafter enacted, beginning on the first day of the first
5 calendar month to occur on or after the effective date of this
6 amendatory Act of the 98th General Assembly, each month, from
7 the collections made under Section 9 of the Use Tax Act,
8 Section 9 of the Service Use Tax Act, Section 9 of the Service
9 Occupation Tax Act, and Section 3 of the Retailers' Occupation
10 Tax Act, the Department shall pay into the Tax Compliance and
11 Administration Fund, to be used, subject to appropriation, to
12 fund additional auditors and compliance personnel at the
13 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
14 the cash receipts collected during the preceding fiscal year by
15 the Audit Bureau of the Department under the Use Tax Act, the
16 Service Use Tax Act, the Service Occupation Tax Act, the
17 Retailers' Occupation Tax Act, and associated local occupation
18 and use taxes administered by the Department.

19 Of the remainder of the moneys received by the Department
20 pursuant to this Act, 75% thereof shall be paid into the
21 General Revenue Fund of the State Treasury and 25% shall be
22 reserved in a special account and used only for the transfer to
23 the Common School Fund as part of the monthly transfer from the
24 General Revenue Fund in accordance with Section 8a of the State
25 Finance Act.

26 As soon as possible after the first day of each month, upon

1 certification of the Department of Revenue, the Comptroller
2 shall order transferred and the Treasurer shall transfer from
3 the General Revenue Fund to the Motor Fuel Tax Fund an amount
4 equal to 1.7% of 80% of the net revenue realized under this Act
5 for the second preceding month. Beginning April 1, 2000, this
6 transfer is no longer required and shall not be made.

7 Net revenue realized for a month shall be the revenue
8 collected by the State pursuant to this Act, less the amount
9 paid out during that month as refunds to taxpayers for
10 overpayment of liability.

11 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
12 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
13 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff.
14 8-19-16.)

15 Section 30-30. The Service Occupation Tax Act is amended by
16 changing Sections 2, 3-5, and 9 as follows:

17 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

18 Sec. 2. "Transfer" means any transfer of the title to
19 property or of the ownership of property whether or not the
20 transferor retains title as security for the payment of amounts
21 due him from the transferee.

22 "Cost Price" means the consideration paid by the serviceman
23 for a purchase valued in money, whether paid in money or
24 otherwise, including cash, credits and services, and shall be

1 determined without any deduction on account of the supplier's
2 cost of the property sold or on account of any other expense
3 incurred by the supplier. When a serviceman contracts out part
4 or all of the services required in his sale of service, it
5 shall be presumed that the cost price to the serviceman of the
6 property transferred to him by his or her subcontractor is
7 equal to 50% of the subcontractor's charges to the serviceman
8 in the absence of proof of the consideration paid by the
9 subcontractor for the purchase of such property.

10 "Department" means the Department of Revenue.

11 "Person" means any natural individual, firm, partnership,
12 association, joint stock company, joint venture, public or
13 private corporation, limited liability company, and any
14 receiver, executor, trustee, guardian or other representative
15 appointed by order of any court.

16 "Sale of Service" means any transaction except:

17 (a) A retail sale of tangible personal property taxable
18 under the Retailers' Occupation Tax Act or under the Use Tax
19 Act.

20 (b) A sale of tangible personal property for the purpose of
21 resale made in compliance with Section 2c of the Retailers'
22 Occupation Tax Act.

23 (c) Except as hereinafter provided, a sale or transfer of
24 tangible personal property as an incident to the rendering of
25 service for or by any governmental body or for or by any
26 corporation, society, association, foundation or institution

1 organized and operated exclusively for charitable, religious
2 or educational purposes or any not-for-profit corporation,
3 society, association, foundation, institution or organization
4 which has no compensated officers or employees and which is
5 organized and operated primarily for the recreation of persons
6 55 years of age or older. A limited liability company may
7 qualify for the exemption under this paragraph only if the
8 limited liability company is organized and operated
9 exclusively for educational purposes.

10 (d) A sale or transfer of tangible personal property as an
11 incident to the rendering of service for interstate carriers
12 for hire for use as rolling stock moving in interstate commerce
13 or lessors under leases of one year or longer, executed or in
14 effect at the time of purchase, to interstate carriers for hire
15 for use as rolling stock moving in interstate commerce, and
16 equipment operated by a telecommunications provider, licensed
17 as a common carrier by the Federal Communications Commission,
18 which is permanently installed in or affixed to aircraft moving
19 in interstate commerce.

20 (d-1) A sale or transfer of tangible personal property as
21 an incident to the rendering of service for owners, lessors or
22 shippers of tangible personal property which is utilized by
23 interstate carriers for hire for use as rolling stock moving in
24 interstate commerce, and equipment operated by a
25 telecommunications provider, licensed as a common carrier by
26 the Federal Communications Commission, which is permanently

1 installed in or affixed to aircraft moving in interstate
2 commerce.

3 (d-1.1) On and after July 1, 2003 and through June 30,
4 2004, a sale or transfer of a motor vehicle of the second
5 division with a gross vehicle weight in excess of 8,000 pounds
6 as an incident to the rendering of service if that motor
7 vehicle is subject to the commercial distribution fee imposed
8 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
9 on July 1, 2004 and through June 30, 2005, the use in this
10 State of motor vehicles of the second division: (i) with a
11 gross vehicle weight rating in excess of 8,000 pounds; (ii)
12 that are subject to the commercial distribution fee imposed
13 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
14 that are primarily used for commercial purposes. Through June
15 30, 2005, this exemption applies to repair and replacement
16 parts added after the initial purchase of such a motor vehicle
17 if that motor vehicle is used in a manner that would qualify
18 for the rolling stock exemption otherwise provided for in this
19 Act. For purposes of this paragraph, "used for commercial
20 purposes" means the transportation of persons or property in
21 furtherance of any commercial or industrial enterprise whether
22 for-hire or not.

23 (d-2) The repairing, reconditioning or remodeling, for a
24 common carrier by rail, of tangible personal property which
25 belongs to such carrier for hire, and as to which such carrier
26 receives the physical possession of the repaired,

1 reconditioned or remodeled item of tangible personal property
2 in Illinois, and which such carrier transports, or shares with
3 another common carrier in the transportation of such property,
4 out of Illinois on a standard uniform bill of lading showing
5 the person who repaired, reconditioned or remodeled the
6 property as the shipper or consignor of such property to a
7 destination outside Illinois, for use outside Illinois.

8 (d-3) A sale or transfer of tangible personal property
9 which is produced by the seller thereof on special order in
10 such a way as to have made the applicable tax the Service
11 Occupation Tax or the Service Use Tax, rather than the
12 Retailers' Occupation Tax or the Use Tax, for an interstate
13 carrier by rail which receives the physical possession of such
14 property in Illinois, and which transports such property, or
15 shares with another common carrier in the transportation of
16 such property, out of Illinois on a standard uniform bill of
17 lading showing the seller of the property as the shipper or
18 consignor of such property to a destination outside Illinois,
19 for use outside Illinois.

20 (d-4) Until January 1, 1997, a sale, by a registered
21 serviceman paying tax under this Act to the Department, of
22 special order printed materials delivered outside Illinois and
23 which are not returned to this State, if delivery is made by
24 the seller or agent of the seller, including an agent who
25 causes the product to be delivered outside Illinois by a common
26 carrier or the U.S. postal service.

1 (e) A sale or transfer of machinery and equipment used
2 primarily in the process of the manufacturing or assembling,
3 either in an existing, an expanded or a new manufacturing
4 facility, of tangible personal property for wholesale or retail
5 sale or lease, whether such sale or lease is made directly by
6 the manufacturer or by some other person, whether the materials
7 used in the process are owned by the manufacturer or some other
8 person, or whether such sale or lease is made apart from or as
9 an incident to the seller's engaging in a service occupation
10 and the applicable tax is a Service Occupation Tax or Service
11 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
12 exemption provided by this paragraph (e) does not include
13 machinery and equipment used in (i) the generation of
14 electricity for wholesale or retail sale; (ii) the generation
15 or treatment of natural or artificial gas for wholesale or
16 retail sale that is delivered to customers through pipes,
17 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 this amendatory
20 Act of the 98th General Assembly are declaratory of existing
21 law as to the meaning and scope of this exemption. The
22 exemption under this subsection (e) is exempt from the
23 provisions of Section 3-75.

24 (f) Until July 1, 2003, the sale or transfer of
25 distillation machinery and equipment, sold as a unit or kit and
26 assembled or installed by the retailer, which machinery and

1 equipment is certified by the user to be used only for the
2 production of ethyl alcohol that will be used for consumption
3 as motor fuel or as a component of motor fuel for the personal
4 use of such user and not subject to sale or resale.

5 (g) At the election of any serviceman not required to be
6 otherwise registered as a retailer under Section 2a of the
7 Retailers' Occupation Tax Act, made for each fiscal year sales
8 of service in which the aggregate annual cost price of tangible
9 personal property transferred as an incident to the sales of
10 service is less than 35% (75% in the case of servicemen
11 transferring prescription drugs or servicemen engaged in
12 graphic arts production) of the aggregate annual total gross
13 receipts from all sales of service. The purchase of such
14 tangible personal property by the serviceman shall be subject
15 to tax under the Retailers' Occupation Tax Act and the Use Tax
16 Act. However, if a primary serviceman who has made the election
17 described in this paragraph subcontracts service work to a
18 secondary serviceman who has also made the election described
19 in this paragraph, the primary serviceman does not incur a Use
20 Tax liability if the secondary serviceman (i) has paid or will
21 pay Use Tax on his or her cost price of any tangible personal
22 property transferred to the primary serviceman and (ii)
23 certifies that fact in writing to the primary serviceman.

24 Tangible personal property transferred incident to the
25 completion of a maintenance agreement is exempt from the tax
26 imposed pursuant to this Act.

1 Exemption (e) also includes machinery and equipment used in
2 the general maintenance or repair of such exempt machinery and
3 equipment or for in-house manufacture of exempt machinery and
4 equipment. On and after July 1, 2017, exemption (e) also
5 includes production related tangible personal property, as
6 defined in Section 2-45 of the Retailers' Occupation Tax Act.
7 On and after July 1, 2017, exemption (e) also includes graphic
8 arts machinery and equipment, as defined in paragraph (5) of
9 Section 3-5. The machinery and equipment exemption does not
10 include machinery and equipment used in (i) the generation of
11 electricity for wholesale or retail sale; (ii) the generation
12 or treatment of natural or artificial gas for wholesale or
13 retail sale that is delivered to customers through pipes,
14 pipelines, or mains; or (iii) the treatment of water for
15 wholesale or retail sale that is delivered to customers through
16 pipes, pipelines, or mains. The provisions of this amendatory
17 Act of the 98th General Assembly are declaratory of existing
18 law as to the meaning and scope of this exemption. For the
19 purposes of exemption (e), each of these terms shall have the
20 following meanings: (1) "manufacturing process" shall mean the
21 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 procedures commonly
25 regarded as manufacturing, processing, fabricating, or
26 refining which changes some existing material or materials into

1 a material with a different form, use or name. In relation to a
2 recognized integrated business composed of a series of
3 operations which collectively constitute manufacturing, or
4 individually constitute manufacturing operations, the
5 manufacturing process shall be deemed to commence with the
6 first operation or stage of production in the series, and shall
7 not be deemed to end until the completion of the final product
8 in the last operation or stage of production in the series; and
9 further for purposes of exemption (e), photoprocessing is
10 deemed to be a manufacturing process of tangible personal
11 property for wholesale or retail sale; (2) "assembling process"
12 shall mean the production of any article of tangible personal
13 property, whether such article is a finished product or an
14 article for use in the process of manufacturing or assembling a
15 different article of tangible personal property, by the
16 combination of existing materials in a manner commonly regarded
17 as assembling which results in a material of a different form,
18 use or name; (3) "machinery" shall mean major mechanical
19 machines or major components of such machines contributing to a
20 manufacturing or assembling process; and (4) "equipment" shall
21 include any independent device or tool separate from any
22 machinery but essential to an integrated manufacturing or
23 assembly process; including computers used primarily in a
24 manufacturer's computer assisted design, computer assisted
25 manufacturing (CAD/CAM) system; or any subunit or assembly
26 comprising a component of any machinery or auxiliary, adjunct

1 or attachment parts of machinery, such as tools, dies, jigs,
2 fixtures, patterns and molds; or any parts which require
3 periodic replacement in the course of normal operation; but
4 shall not include hand tools. Equipment includes chemicals or
5 chemicals acting as catalysts but only if the chemicals or
6 chemicals acting as catalysts effect a direct and immediate
7 change upon a product being manufactured or assembled for
8 wholesale or retail sale or lease. The purchaser of such
9 machinery and equipment who has an active resale registration
10 number shall furnish such number to the seller at the time of
11 purchase. The purchaser of such machinery and equipment and
12 tools without an active resale registration number shall
13 furnish to the seller a certificate of exemption for each
14 transaction stating facts establishing the exemption for that
15 transaction, which certificate shall be available to the
16 Department for inspection or audit.

17 Except as provided in Section 2d of this Act, the rolling
18 stock exemption applies to rolling stock used by an interstate
19 carrier for hire, even just between points in Illinois, if such
20 rolling stock transports, for hire, persons whose journeys or
21 property whose shipments originate or terminate outside
22 Illinois.

23 Any informal rulings, opinions or letters issued by the
24 Department in response to an inquiry or request for any opinion
25 from any person regarding the coverage and applicability of
26 exemption (e) to specific devices shall be published,

1 maintained as a public record, and made available for public
2 inspection and copying. If the informal ruling, opinion or
3 letter contains trade secrets or other confidential
4 information, where possible the Department shall delete such
5 information prior to publication. Whenever such informal
6 rulings, opinions, or letters contain any policy of general
7 applicability, the Department shall formulate and adopt such
8 policy as a rule in accordance with the provisions of the
9 Illinois Administrative Procedure Act.

10 On and after July 1, 1987, no entity otherwise eligible
11 under exemption (c) of this Section shall make tax free
12 purchases unless it has an active exemption identification
13 number issued by the Department.

14 "Serviceman" means any person who is engaged in the
15 occupation of making sales of service.

16 "Sale at Retail" means "sale at retail" as defined in the
17 Retailers' Occupation Tax Act.

18 "Supplier" means any person who makes sales of tangible
19 personal property to servicemen for the purpose of resale as an
20 incident to a sale of service.

21 (Source: P.A. 98-583, eff. 1-1-14.)

22 (35 ILCS 115/3-5)

23 Sec. 3-5. Exemptions. The following tangible personal
24 property is exempt from the tax imposed by this Act:

25 (1) Personal property sold by a corporation, society,

1 association, foundation, institution, or organization, other
2 than a limited liability company, that is organized and
3 operated as a not-for-profit service enterprise for the benefit
4 of persons 65 years of age or older if the personal property
5 was not purchased by the enterprise for the purpose of resale
6 by the enterprise.

7 (2) Personal property purchased by a not-for-profit
8 Illinois county fair association for use in conducting,
9 operating, or promoting the county fair.

10 (3) Personal property purchased by any not-for-profit arts
11 or cultural organization that establishes, by proof required by
12 the Department by rule, that it has received an exemption under
13 Section 501(c)(3) of the Internal Revenue Code and that is
14 organized and operated primarily for the presentation or
15 support of arts or cultural programming, activities, or
16 services. These organizations include, but are not limited to,
17 music and dramatic arts organizations such as symphony
18 orchestras and theatrical groups, arts and cultural service
19 organizations, local arts councils, visual arts organizations,
20 and media arts organizations. On and after the effective date
21 of this amendatory Act of the 92nd General Assembly, however,
22 an entity otherwise eligible for this exemption shall not make
23 tax-free purchases unless it has an active identification
24 number issued by the Department.

25 (4) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

3 (5) Until July 1, 2003 and beginning again on September 1,
4 2004 through August 30, 2014, graphic arts machinery and
5 equipment, including repair and replacement parts, both new and
6 used, and including that manufactured on special order or
7 purchased for lease, certified by the purchaser to be used
8 primarily for graphic arts production. Equipment includes
9 chemicals or chemicals acting as catalysts but only if the
10 chemicals or chemicals acting as catalysts effect a direct and
11 immediate change upon a graphic arts product. Beginning on July
12 1, 2017, graphic arts machinery and equipment is included in
13 the manufacturing and assembling machinery and equipment
14 exemption under Section 2 of this Act.

15 (6) Personal property sold by a teacher-sponsored student
16 organization affiliated with an elementary or secondary school
17 located in Illinois.

18 (7) Farm machinery and equipment, both new and used,
19 including that manufactured on special order, certified by the
20 purchaser to be used primarily for production agriculture or
21 State or federal agricultural programs, including individual
22 replacement parts for the machinery and equipment, including
23 machinery and equipment purchased for lease, and including
24 implements of husbandry defined in Section 1-130 of the
25 Illinois Vehicle Code, farm machinery and agricultural
26 chemical and fertilizer spreaders, and nurse wagons required to

1 be registered under Section 3-809 of the Illinois Vehicle Code,
2 but excluding other motor vehicles required to be registered
3 under the Illinois Vehicle Code. Horticultural polyhouses or
4 hoop houses used for propagating, growing, or overwintering
5 plants shall be considered farm machinery and equipment under
6 this item (7). Agricultural chemical tender tanks and dry boxes
7 shall include units sold separately from a motor vehicle
8 required to be licensed and units sold mounted on a motor
9 vehicle required to be licensed if the selling price of the
10 tender is separately stated.

11 Farm machinery and equipment shall include precision
12 farming equipment that is installed or purchased to be
13 installed on farm machinery and equipment including, but not
14 limited to, tractors, harvesters, sprayers, planters, seeders,
15 or spreaders. Precision farming equipment includes, but is not
16 limited to, soil testing sensors, computers, monitors,
17 software, global positioning and mapping systems, and other
18 such equipment.

19 Farm machinery and equipment also includes computers,
20 sensors, software, and related equipment used primarily in the
21 computer-assisted operation of production agriculture
22 facilities, equipment, and activities such as, but not limited
23 to, the collection, monitoring, and correlation of animal and
24 crop data for the purpose of formulating animal diets and
25 agricultural chemicals. This item (7) is exempt from the
26 provisions of Section 3-55.

1 (8) Until June 30, 2013, fuel and petroleum products sold
2 to or used by an air common carrier, certified by the carrier
3 to be used for consumption, shipment, or storage in the conduct
4 of its business as an air common carrier, for a flight destined
5 for or returning from a location or locations outside the
6 United States without regard to previous or subsequent domestic
7 stopovers.

8 Beginning July 1, 2013, fuel and petroleum products sold to
9 or used by an air carrier, certified by the carrier to be used
10 for consumption, shipment, or storage in the conduct of its
11 business as an air common carrier, for a flight that (i) is
12 engaged in foreign trade or is engaged in trade between the
13 United States and any of its possessions and (ii) transports at
14 least one individual or package for hire from the city of
15 origination to the city of final destination on the same
16 aircraft, without regard to a change in the flight number of
17 that aircraft.

18 (9) Proceeds of mandatory service charges separately
19 stated on customers' bills for the purchase and consumption of
20 food and beverages, to the extent that the proceeds of the
21 service charge are in fact turned over as tips or as a
22 substitute for tips to the employees who participate directly
23 in preparing, serving, hosting or cleaning up the food or
24 beverage function with respect to which the service charge is
25 imposed.

26 (10) Until July 1, 2003, oil field exploration, drilling,

1 and production equipment, including (i) rigs and parts of rigs,
2 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
3 tubular goods, including casing and drill strings, (iii) pumps
4 and pump-jack units, (iv) storage tanks and flow lines, (v) any
5 individual replacement part for oil field exploration,
6 drilling, and production equipment, and (vi) machinery and
7 equipment purchased for lease; but excluding motor vehicles
8 required to be registered under the Illinois Vehicle Code.

9 (11) Photoprocessing machinery and equipment, including
10 repair and replacement parts, both new and used, including that
11 manufactured on special order, certified by the purchaser to be
12 used primarily for photoprocessing, and including
13 photoprocessing machinery and equipment purchased for lease.

14 (12) Coal and aggregate exploration, mining, off-highway
15 hauling, processing, maintenance, and reclamation equipment,
16 including replacement parts and equipment, and including
17 equipment purchased for lease, but excluding motor vehicles
18 required to be registered under the Illinois Vehicle Code. The
19 changes made to this Section by Public Act 97-767 apply on and
20 after July 1, 2003, but no claim for credit or refund is
21 allowed on or after August 16, 2013 (the effective date of
22 Public Act 98-456) for such taxes paid during the period
23 beginning July 1, 2003 and ending on August 16, 2013 (the
24 effective date of Public Act 98-456).

25 (13) Beginning January 1, 1992 and through June 30, 2016,
26 food for human consumption that is to be consumed off the

1 premises where it is sold (other than alcoholic beverages, soft
2 drinks and food that has been prepared for immediate
3 consumption) and prescription and non-prescription medicines,
4 drugs, medical appliances, and insulin, urine testing
5 materials, syringes, and needles used by diabetics, for human
6 use, when purchased for use by a person receiving medical
7 assistance under Article V of the Illinois Public Aid Code who
8 resides in a licensed long-term care facility, as defined in
9 the Nursing Home Care Act, or in a licensed facility as defined
10 in the ID/DD Community Care Act, the MC/DD Act, or the
11 Specialized Mental Health Rehabilitation Act of 2013.

12 (14) Semen used for artificial insemination of livestock
13 for direct agricultural production.

14 (15) Horses, or interests in horses, registered with and
15 meeting the requirements of any of the Arabian Horse Club
16 Registry of America, Appaloosa Horse Club, American Quarter
17 Horse Association, United States Trotting Association, or
18 Jockey Club, as appropriate, used for purposes of breeding or
19 racing for prizes. This item (15) is exempt from the provisions
20 of Section 3-55, and the exemption provided for under this item
21 (15) applies for all periods beginning May 30, 1995, but no
22 claim for credit or refund is allowed on or after January 1,
23 2008 (the effective date of Public Act 95-88) for such taxes
24 paid during the period beginning May 30, 2000 and ending on
25 January 1, 2008 (the effective date of Public Act 95-88).

26 (16) Computers and communications equipment utilized for

1 any hospital purpose and equipment used in the diagnosis,
2 analysis, or treatment of hospital patients sold to a lessor
3 who leases the equipment, under a lease of one year or longer
4 executed or in effect at the time of the purchase, to a
5 hospital that has been issued an active tax exemption
6 identification number by the Department under Section 1g of the
7 Retailers' Occupation Tax Act.

8 (17) Personal property sold to a lessor who leases the
9 property, under a lease of one year or longer executed or in
10 effect at the time of the purchase, to a governmental body that
11 has been issued an active tax exemption identification number
12 by the Department under Section 1g of the Retailers' Occupation
13 Tax Act.

14 (18) Beginning with taxable years ending on or after
15 December 31, 1995 and ending with taxable years ending on or
16 before December 31, 2004, personal property that is donated for
17 disaster relief to be used in a State or federally declared
18 disaster area in Illinois or bordering Illinois by a
19 manufacturer or retailer that is registered in this State to a
20 corporation, society, association, foundation, or institution
21 that has been issued a sales tax exemption identification
22 number by the Department that assists victims of the disaster
23 who reside within the declared disaster area.

24 (19) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is used in the

1 performance of infrastructure repairs in this State, including
2 but not limited to municipal roads and streets, access roads,
3 bridges, sidewalks, waste disposal systems, water and sewer
4 line extensions, water distribution and purification
5 facilities, storm water drainage and retention facilities, and
6 sewage treatment facilities, resulting from a State or
7 federally declared disaster in Illinois or bordering Illinois
8 when such repairs are initiated on facilities located in the
9 declared disaster area within 6 months after the disaster.

10 (20) Beginning July 1, 1999, game or game birds sold at a
11 "game breeding and hunting preserve area" as that term is used
12 in the Wildlife Code. This paragraph is exempt from the
13 provisions of Section 3-55.

14 (21) A motor vehicle, as that term is defined in Section
15 1-146 of the Illinois Vehicle Code, that is donated to a
16 corporation, limited liability company, society, association,
17 foundation, or institution that is determined by the Department
18 to be organized and operated exclusively for educational
19 purposes. For purposes of this exemption, "a corporation,
20 limited liability company, society, association, foundation,
21 or institution organized and operated exclusively for
22 educational purposes" means all tax-supported public schools,
23 private schools that offer systematic instruction in useful
24 branches of learning by methods common to public schools and
25 that compare favorably in their scope and intensity with the
26 course of study presented in tax-supported schools, and

1 vocational or technical schools or institutes organized and
2 operated exclusively to provide a course of study of not less
3 than 6 weeks duration and designed to prepare individuals to
4 follow a trade or to pursue a manual, technical, mechanical,
5 industrial, business, or commercial occupation.

6 (22) Beginning January 1, 2000, personal property,
7 including food, purchased through fundraising events for the
8 benefit of a public or private elementary or secondary school,
9 a group of those schools, or one or more school districts if
10 the events are sponsored by an entity recognized by the school
11 district that consists primarily of volunteers and includes
12 parents and teachers of the school children. This paragraph
13 does not apply to fundraising events (i) for the benefit of
14 private home instruction or (ii) for which the fundraising
15 entity purchases the personal property sold at the events from
16 another individual or entity that sold the property for the
17 purpose of resale by the fundraising entity and that profits
18 from the sale to the fundraising entity. This paragraph is
19 exempt from the provisions of Section 3-55.

20 (23) Beginning January 1, 2000 and through December 31,
21 2001, new or used automatic vending machines that prepare and
22 serve hot food and beverages, including coffee, soup, and other
23 items, and replacement parts for these machines. Beginning
24 January 1, 2002 and through June 30, 2003, machines and parts
25 for machines used in commercial, coin-operated amusement and
26 vending business if a use or occupation tax is paid on the

1 gross receipts derived from the use of the commercial,
2 coin-operated amusement and vending machines. This paragraph
3 is exempt from the provisions of Section 3-55.

4 (24) 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 sold to a lessor who leases the equipment, under a lease of one
9 year or longer executed or in effect at the time of the
10 purchase, to a hospital that has been issued an active tax
11 exemption identification number by the Department under
12 Section 1g of the Retailers' Occupation Tax Act. This paragraph
13 is exempt from the provisions of Section 3-55.

14 (25) Beginning on the effective date of this amendatory Act
15 of the 92nd General Assembly, personal property sold to a
16 lessor who leases the property, under a lease of one year or
17 longer executed or in effect at the time of the purchase, to a
18 governmental body that has been issued an active tax exemption
19 identification number by the Department under Section 1g of the
20 Retailers' Occupation Tax Act. This paragraph is exempt from
21 the provisions of Section 3-55.

22 (26) Beginning on January 1, 2002 and through June 30,
23 2016, tangible personal property purchased from an Illinois
24 retailer by a taxpayer engaged in centralized purchasing
25 activities in Illinois who will, upon receipt of the property
26 in Illinois, temporarily store the property in Illinois (i) for

1 the purpose of subsequently transporting it outside this State
2 for use or consumption thereafter solely outside this State or
3 (ii) for the purpose of being processed, fabricated, or
4 manufactured into, attached to, or incorporated into other
5 tangible personal property to be transported outside this State
6 and thereafter used or consumed solely outside this State. The
7 Director of Revenue shall, pursuant to rules adopted in
8 accordance with the Illinois Administrative Procedure Act,
9 issue a permit to any taxpayer in good standing with the
10 Department who is eligible for the exemption under this
11 paragraph (26). The permit issued under this paragraph (26)
12 shall authorize the holder, to the extent and in the manner
13 specified in the rules adopted under this Act, to purchase
14 tangible personal property from a retailer exempt from the
15 taxes imposed by this Act. Taxpayers shall maintain all
16 necessary books and records to substantiate the use and
17 consumption of all such tangible personal property outside of
18 the State of Illinois.

19 (27) 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 3-55.

26 (28) Tangible personal property sold to a

1 public-facilities corporation, as described in Section
2 11-65-10 of the Illinois Municipal Code, for purposes of
3 constructing or furnishing a municipal convention hall, but
4 only if the legal title to the municipal convention hall is
5 transferred to the municipality without any further
6 consideration by or on behalf of the municipality at the time
7 of the completion of the municipal convention hall or upon the
8 retirement or redemption of any bonds or other debt instruments
9 issued by the public-facilities corporation in connection with
10 the development of the municipal convention hall. This
11 exemption includes existing public-facilities corporations as
12 provided in Section 11-65-25 of the Illinois Municipal Code.
13 This paragraph is exempt from the provisions of Section 3-55.

14 (29) Beginning January 1, 2010, materials, parts,
15 equipment, components, and furnishings incorporated into or
16 upon an aircraft as part of the modification, refurbishment,
17 completion, replacement, repair, or maintenance of the
18 aircraft. This exemption includes consumable supplies used in
19 the modification, refurbishment, completion, replacement,
20 repair, and maintenance of aircraft, but excludes any
21 materials, parts, equipment, components, and consumable
22 supplies used in the modification, replacement, repair, and
23 maintenance of aircraft engines or power plants, whether such
24 engines or power plants are installed or uninstalled upon any
25 such aircraft. "Consumable supplies" include, but are not
26 limited to, adhesive, tape, sandpaper, general purpose

1 lubricants, cleaning solution, latex gloves, and protective
2 films. This exemption applies only to the transfer of
3 qualifying tangible personal property incident to the
4 modification, refurbishment, completion, replacement, repair,
5 or maintenance of an aircraft by persons who (i) hold an Air
6 Agency Certificate and are empowered to operate an approved
7 repair station by the Federal Aviation Administration, (ii)
8 have a Class IV Rating, and (iii) conduct operations in
9 accordance with Part 145 of the Federal Aviation Regulations.
10 The exemption does not include aircraft operated by a
11 commercial air carrier providing scheduled passenger air
12 service pursuant to authority issued under Part 121 or Part 129
13 of the Federal Aviation Regulations. The changes made to this
14 paragraph (29) by Public Act 98-534 are declarative of existing
15 law.

16 (30) 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 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

22 Sec. 9. Each serviceman required or authorized to collect
23 the tax herein imposed shall pay to the Department the amount
24 of such tax at the time when he is required to file his return
25 for the period during which such tax was collectible, less a

1 discount of 2.1% prior to January 1, 1990, and 1.75% on and
2 after January 1, 1990, or \$5 per calendar year, whichever is
3 greater, which is allowed to reimburse the serviceman for
4 expenses incurred in collecting the tax, keeping records,
5 preparing and filing returns, remitting the tax and supplying
6 data to the Department on request. However, on and after July
7 1, 2017, in no event shall a vendor discount under this Act
8 exceed \$1,000 for any serviceman in any calendar month. The
9 Department may disallow the discount for servicemen whose
10 certificate of registration is revoked at the time the return
11 is filed, but only if the Department's decision to revoke the
12 certificate of registration has become final.

13 Where such tangible personal property is sold under a
14 conditional sales contract, or under any other form of sale
15 wherein the payment of the principal sum, or a part thereof, is
16 extended beyond the close of the period for which the return is
17 filed, the serviceman, in collecting the tax may collect, for
18 each tax return period, only the tax applicable to the part of
19 the selling price actually received during such tax return
20 period.

21 Except as provided hereinafter in this Section, on or
22 before the twentieth day of each calendar month, such
23 serviceman shall file a return for the preceding calendar month
24 in accordance with reasonable rules and regulations to be
25 promulgated by the Department of Revenue. Such return shall be
26 filed on a form prescribed by the Department and shall contain

1 such information as the Department may reasonably require.

2 The Department may require returns to be filed on a
3 quarterly basis. If so required, a return for each calendar
4 quarter shall be filed on or before the twentieth day of the
5 calendar month following the end of such calendar quarter. The
6 taxpayer shall also file a return with the Department for each
7 of the first two months of each calendar quarter, on or before
8 the twentieth day of the following calendar month, stating:

9 1. The name of the seller;

10 2. The address of the principal place of business from
11 which he engages in business as a serviceman in this State;

12 3. The total amount of taxable receipts received by him
13 during the preceding calendar month, including receipts
14 from charge and time sales, but less all deductions allowed
15 by law;

16 4. The amount of credit provided in Section 2d of this
17 Act;

18 5. The amount of tax due;

19 5-5. The signature of the taxpayer; and

20 6. Such other reasonable information as the Department
21 may require.

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

26 Prior to October 1, 2003, and on and after September 1,

1 2004 a serviceman may accept a Manufacturer's Purchase Credit
2 certification from a purchaser in satisfaction of Service Use
3 Tax as provided in Section 3-70 of the Service Use Tax Act if
4 the purchaser provides the appropriate documentation as
5 required by Section 3-70 of the Service Use Tax Act. A
6 Manufacturer's Purchase Credit certification, accepted prior
7 to October 1, 2003 or on or after September 1, 2004 by a
8 serviceman as provided in Section 3-70 of the Service Use Tax
9 Act, may be used by that serviceman to satisfy Service
10 Occupation Tax liability in the amount claimed in the
11 certification, not to exceed 6.25% of the receipts subject to
12 tax from a qualifying purchase. A Manufacturer's Purchase
13 Credit reported on any original or amended return filed under
14 this Act after October 20, 2003 for reporting periods prior to
15 September 1, 2004 shall be disallowed. Manufacturer's Purchase
16 Credit reported on annual returns due on or after January 1,
17 2005 will be disallowed for periods prior to September 1, 2004.
18 No Manufacturer's Purchase Credit may be used after September
19 30, 2003 through August 31, 2004 to satisfy any tax liability
20 imposed under this Act, including any audit liability.

21 If the serviceman's average monthly tax liability to the
22 Department does not exceed \$200, the Department may authorize
23 his returns to be filed on a quarter annual basis, with the
24 return for January, February and March of a given year being
25 due by April 20 of such year; with the return for April, May
26 and June of a given year being due by July 20 of such year; with

1 the return for July, August and September of a given year being
2 due by October 20 of such year, and with the return for
3 October, November and December of a given year being due by
4 January 20 of the following year.

5 If the serviceman's average monthly tax liability to the
6 Department does not exceed \$50, the Department may authorize
7 his returns to be filed on an annual basis, with the return for
8 a given year being due by January 20 of the following year.

9 Such quarter annual and annual returns, as to form and
10 substance, shall be subject to the same requirements as monthly
11 returns.

12 Notwithstanding any other provision in this Act concerning
13 the time within which a serviceman may file his return, in the
14 case of any serviceman who ceases to engage in a kind of
15 business which makes him responsible for filing returns under
16 this Act, such serviceman shall file a final return under this
17 Act with the Department not more than 1 month after
18 discontinuing such business.

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 Where a serviceman collects the tax with respect to the
8 selling price of tangible personal property which he sells and
9 the purchaser thereafter returns such tangible personal
10 property and the serviceman refunds the selling price thereof
11 to the purchaser, such serviceman 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 serviceman may deduct the amount of the tax so
15 refunded by him to the purchaser from any other Service
16 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
17 Use Tax which such serviceman may be required to pay or remit
18 to the Department, as shown by such return, provided that the
19 amount of the tax to be deducted shall previously have been
20 remitted to the Department by such serviceman. If the
21 serviceman shall not previously have remitted the amount of
22 such tax to the Department, he shall be entitled to no
23 deduction hereunder upon refunding such tax to the purchaser.

24 If experience indicates such action to be practicable, the
25 Department may prescribe and furnish a combination or joint
26 return which will enable servicemen, who are required to file

1 returns hereunder and also under the Retailers' Occupation Tax
2 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
3 the return information required by all said Acts on the one
4 form.

5 Where the serviceman has more than one business registered
6 with the Department under separate registrations hereunder,
7 such serviceman shall file separate returns for each registered
8 business.

9 Beginning January 1, 1990, each month the Department shall
10 pay into the Local Government Tax Fund the revenue realized for
11 the preceding month from the 1% tax on sales of food for human
12 consumption which is to be consumed off the premises where it
13 is sold (other than alcoholic beverages, soft drinks and food
14 which has been prepared for immediate consumption) and
15 prescription and nonprescription medicines, drugs, medical
16 appliances, products classified as Class III medical devices by
17 the United States Food and Drug Administration that are used
18 for cancer treatment pursuant to a prescription, as well as any
19 accessories and components related to those devices, and
20 insulin, urine testing materials, syringes and needles used by
21 diabetics.

22 Beginning January 1, 1990, each month the Department shall
23 pay into the County and Mass Transit District Fund 4% of the
24 revenue realized for the preceding month from the 6.25% general
25 rate.

26 Beginning August 1, 2000, each month the Department shall

1 pay into the County and Mass Transit District Fund 20% of the
2 net revenue realized for the preceding month from the 1.25%
3 rate on the selling price of motor fuel and gasohol.

4 Beginning January 1, 1990, each month the Department shall
5 pay into the Local Government Tax Fund 16% of the revenue
6 realized for the preceding month from the 6.25% general rate on
7 transfers of tangible personal property.

8 Beginning August 1, 2000, each month the Department shall
9 pay into the Local Government Tax Fund 80% of the net revenue
10 realized for the preceding month from the 1.25% rate on the
11 selling price of motor fuel and gasohol.

12 Beginning October 1, 2009, each month the Department shall
13 pay into the Capital Projects Fund an amount that is equal to
14 an amount estimated by the Department to represent 80% of the
15 net revenue realized for the preceding month from the sale of
16 candy, grooming and hygiene products, and soft drinks that had
17 been taxed at a rate of 1% prior to September 1, 2009 but that
18 are now taxed at 6.25%.

19 Beginning July 1, 2013, each month the Department shall pay
20 into the Underground Storage Tank Fund from the proceeds
21 collected under this Act, the Use Tax Act, the Service Use Tax
22 Act, and the Retailers' Occupation Tax Act an amount equal to
23 the average monthly deficit in the Underground Storage Tank
24 Fund during the prior year, as certified annually by the
25 Illinois Environmental Protection Agency, but the total
26 payment into the Underground Storage Tank Fund under this Act,

1 the Use Tax Act, the Service Use Tax Act, and the Retailers'
2 Occupation Tax Act shall not exceed \$18,000,000 in any State
3 fiscal year. As used in this paragraph, the "average monthly
4 deficit" shall be equal to the difference between the average
5 monthly claims for payment by the fund and the average monthly
6 revenues deposited into the fund, excluding payments made
7 pursuant to this paragraph.

8 Beginning July 1, 2015, of the remainder of the moneys
9 received by the Department under the Use Tax Act, the Service
10 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
11 each month the Department shall deposit \$500,000 into the State
12 Crime Laboratory Fund.

13 Of the remainder of the moneys received by the Department
14 pursuant to this Act, (a) 1.75% thereof shall be paid into the
15 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
16 and after July 1, 1989, 3.8% thereof shall be paid into the
17 Build Illinois Fund; provided, however, that if in any fiscal
18 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
19 may be, of the moneys received by the Department and required
20 to be paid into the Build Illinois Fund pursuant to Section 3
21 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
22 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
23 Service Occupation Tax Act, such Acts being hereinafter called
24 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
25 may be, of moneys being hereinafter called the "Tax Act
26 Amount", and (2) the amount transferred to the Build Illinois

1 Fund from the State and Local Sales Tax Reform Fund shall be
2 less than the Annual Specified Amount (as defined in Section 3
3 of the Retailers' Occupation Tax Act), an amount equal to the
4 difference shall be immediately paid into the Build Illinois
5 Fund from other moneys received by the Department pursuant to
6 the Tax Acts; and further provided, that if on the last
7 business day of any month the sum of (1) the Tax Act Amount
8 required to be deposited into the Build Illinois Account in the
9 Build Illinois Fund during such month and (2) the amount
10 transferred during such month to the Build Illinois Fund from
11 the State and Local Sales Tax Reform Fund shall have been less
12 than 1/12 of the Annual Specified Amount, an amount equal to
13 the difference shall be immediately paid into the Build
14 Illinois Fund from other moneys received by the Department
15 pursuant to the Tax Acts; and, further provided, that in no
16 event shall the payments required under the preceding proviso
17 result in aggregate payments into the Build Illinois Fund
18 pursuant to this clause (b) for any fiscal year in excess of
19 the greater of (i) the Tax Act Amount or (ii) the Annual
20 Specified Amount for such fiscal year; and, further provided,
21 that the amounts payable into the Build Illinois Fund under
22 this clause (b) shall be payable only until such time as the
23 aggregate amount on deposit under each trust indenture securing
24 Bonds issued and outstanding pursuant to the Build Illinois
25 Bond Act is sufficient, taking into account any future
26 investment income, to fully provide, in accordance with such

1 indenture, for the defeasance of or the payment of the
2 principal of, premium, if any, and interest on the Bonds
3 secured by such indenture and on any Bonds expected to be
4 issued thereafter and all fees and costs payable with respect
5 thereto, all as certified by the Director of the Bureau of the
6 Budget (now Governor's Office of Management and Budget). If on
7 the last business day of any month in which Bonds are
8 outstanding pursuant to the Build Illinois Bond Act, the
9 aggregate of the moneys deposited in the Build Illinois Bond
10 Account in the Build Illinois Fund in such month shall be less
11 than the amount required to be transferred in such month from
12 the Build Illinois Bond Account to the Build Illinois Bond
13 Retirement and Interest Fund pursuant to Section 13 of the
14 Build Illinois Bond Act, an amount equal to such deficiency
15 shall be immediately paid from other moneys received by the
16 Department pursuant to the Tax Acts to the Build Illinois Fund;
17 provided, however, that any amounts paid to the Build Illinois
18 Fund in any fiscal year pursuant to this sentence shall be
19 deemed to constitute payments pursuant to clause (b) of the
20 preceding sentence and shall reduce the amount otherwise
21 payable for such fiscal year pursuant to clause (b) of the
22 preceding sentence. The moneys received by the Department
23 pursuant to this Act and required to be deposited into the
24 Build Illinois Fund are subject to the pledge, claim and charge
25 set forth in Section 12 of the Build Illinois Bond Act.

26 Subject to payment of amounts into the Build Illinois Fund

1 as provided in the preceding paragraph or in any amendment
2 thereto hereafter enacted, the following specified monthly
3 installment of the amount requested in the certificate of the
4 Chairman of the Metropolitan Pier and Exposition Authority
5 provided under Section 8.25f of the State Finance Act, but not
6 in excess of the sums designated as "Total Deposit", shall be
7 deposited in the aggregate from collections under Section 9 of
8 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
9 9 of the Service Occupation Tax Act, and Section 3 of the
10 Retailers' Occupation Tax Act into the McCormick Place
11 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
12		
13	1993	\$0
14	1994	53,000,000
15	1995	58,000,000
16	1996	61,000,000
17	1997	64,000,000
18	1998	68,000,000
19	1999	71,000,000
20	2000	75,000,000
21	2001	80,000,000
22	2002	93,000,000
23	2003	99,000,000
24	2004	103,000,000
25	2005	108,000,000

1	2006	113,000,000
2	2007	119,000,000
3	2008	126,000,000
4	2009	132,000,000
5	2010	139,000,000
6	2011	146,000,000
7	2012	153,000,000
8	2013	161,000,000
9	2014	170,000,000
10	2015	179,000,000
11	2016	189,000,000
12	2017	199,000,000
13	2018	210,000,000
14	2019	221,000,000
15	2020	233,000,000
16	2021	246,000,000
17	2022	260,000,000
18	2023	275,000,000
19	2024	275,000,000
20	2025	275,000,000
21	2026	279,000,000
22	2027	292,000,000
23	2028	307,000,000
24	2029	322,000,000
25	2030	338,000,000
26	2031	350,000,000

1 2032 350,000,000
2 and
3 each fiscal year
4 thereafter that bonds
5 are outstanding under
6 Section 13.2 of the
7 Metropolitan Pier and
8 Exposition Authority Act,
9 but not after fiscal year 2060.

10 Beginning July 20, 1993 and in each month of each fiscal
11 year thereafter, one-eighth of the amount requested in the
12 certificate of the Chairman of the Metropolitan Pier and
13 Exposition Authority for that fiscal year, less the amount
14 deposited into the McCormick Place Expansion Project Fund by
15 the State Treasurer in the respective month under subsection
16 (g) of Section 13 of the Metropolitan Pier and Exposition
17 Authority Act, plus cumulative deficiencies in the deposits
18 required under this Section for previous months and years,
19 shall be deposited into the McCormick Place Expansion Project
20 Fund, until the full amount requested for the fiscal year, but
21 not in excess of the amount specified above as "Total Deposit",
22 has been deposited.

23 Subject to payment of amounts into the Build Illinois Fund
24 and the McCormick Place Expansion Project Fund pursuant to the
25 preceding paragraphs or in any amendments thereto hereafter
26 enacted, beginning July 1, 1993 and ending on September 30,

1 2013, the Department shall each month pay into the Illinois Tax
2 Increment Fund 0.27% of 80% of the net revenue realized for the
3 preceding month from the 6.25% general rate on the selling
4 price of tangible personal property.

5 Subject to payment of amounts into the Build Illinois Fund
6 and the McCormick Place Expansion Project Fund pursuant to the
7 preceding paragraphs or in any amendments thereto hereafter
8 enacted, beginning with the receipt of the first report of
9 taxes paid by an eligible business and continuing for a 25-year
10 period, the Department shall each month pay into the Energy
11 Infrastructure Fund 80% of the net revenue realized from the
12 6.25% general rate on the selling price of Illinois-mined coal
13 that was sold to an eligible business. For purposes of this
14 paragraph, the term "eligible business" means a new electric
15 generating facility certified pursuant to Section 605-332 of
16 the Department of Commerce and Economic Opportunity Law of the
17 Civil Administrative Code of Illinois.

18 Subject to payment of amounts into the Build Illinois Fund,
19 the McCormick Place Expansion Project Fund, the Illinois Tax
20 Increment Fund, and the Energy Infrastructure Fund pursuant to
21 the preceding paragraphs or in any amendments to this Section
22 hereafter enacted, beginning on the first day of the first
23 calendar month to occur on or after the effective date of this
24 amendatory Act of the 98th General Assembly, each month, from
25 the collections made under Section 9 of the Use Tax Act,
26 Section 9 of the Service Use Tax Act, Section 9 of the Service

1 Occupation Tax Act, and Section 3 of the Retailers' Occupation
2 Tax Act, the Department shall pay into the Tax Compliance and
3 Administration Fund, to be used, subject to appropriation, to
4 fund additional auditors and compliance personnel at the
5 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
6 the cash receipts collected during the preceding fiscal year by
7 the Audit Bureau of the Department under the Use Tax Act, the
8 Service Use Tax Act, the Service Occupation Tax Act, the
9 Retailers' Occupation Tax Act, and associated local occupation
10 and use taxes administered by the Department.

11 Of the remainder of the moneys received by the Department
12 pursuant to this Act, 75% shall be paid into the General
13 Revenue Fund of the State Treasury and 25% shall be reserved in
14 a special account and used only for the transfer to the Common
15 School Fund as part of the monthly transfer from the General
16 Revenue Fund in accordance with Section 8a of the State Finance
17 Act.

18 The Department may, upon separate written notice to a
19 taxpayer, require the taxpayer to prepare and file with the
20 Department on a form prescribed by the Department within not
21 less than 60 days after receipt of the notice an annual
22 information return for the tax year specified in the notice.
23 Such annual return to the Department shall include a statement
24 of gross receipts as shown by the taxpayer's last Federal
25 income tax return. If the total receipts of the business as
26 reported in the Federal income tax return do not agree with the

1 gross receipts reported to the Department of Revenue for the
2 same period, the taxpayer shall attach to his annual return a
3 schedule showing a reconciliation of the 2 amounts and the
4 reasons for the difference. The taxpayer's annual return to the
5 Department shall also disclose the cost of goods sold by the
6 taxpayer during the year covered by such return, opening and
7 closing inventories of such goods for such year, cost of goods
8 used from stock or taken from stock and given away by the
9 taxpayer during such year, pay roll information of the
10 taxpayer's business during such year and any additional
11 reasonable information which the Department deems would be
12 helpful in determining the accuracy of the monthly, quarterly
13 or annual returns filed by such taxpayer as hereinbefore
14 provided for in this Section.

15 If the annual information return required by this Section
16 is not filed when and as required, the taxpayer shall be liable
17 as follows:

18 (i) Until January 1, 1994, the taxpayer shall be liable
19 for a penalty equal to $1/6$ of 1% of the tax due from such
20 taxpayer under this Act during the period to be covered by
21 the annual return for each month or fraction of a month
22 until such return is filed as required, the penalty to be
23 assessed and collected in the same manner as any other
24 penalty provided for in this Act.

25 (ii) On and after January 1, 1994, the taxpayer shall
26 be liable for a penalty as described in Section 3-4 of the

1 Uniform Penalty and Interest Act.

2 The chief executive officer, proprietor, owner or highest
3 ranking manager shall sign the annual return to certify the
4 accuracy of the information contained therein. Any person who
5 willfully signs the annual return containing false or
6 inaccurate information shall be guilty of perjury and punished
7 accordingly. The annual return form prescribed by the
8 Department shall include a warning that the person signing the
9 return may be liable for perjury.

10 The foregoing portion of this Section concerning the filing
11 of an annual information return shall not apply to a serviceman
12 who is not required to file an income tax return with the
13 United States Government.

14 As soon as possible after the first day of each month, upon
15 certification of the Department of Revenue, the Comptroller
16 shall order transferred and the Treasurer shall transfer from
17 the General Revenue Fund to the Motor Fuel Tax Fund an amount
18 equal to 1.7% of 80% of the net revenue realized under this Act
19 for the second preceding month. Beginning April 1, 2000, this
20 transfer is no longer required and shall not be made.

21 Net revenue realized for a month shall be the revenue
22 collected by the State pursuant to this Act, less the amount
23 paid out during that month as refunds to taxpayers for
24 overpayment of liability.

25 For greater simplicity of administration, it shall be
26 permissible for manufacturers, importers and wholesalers whose

1 products are sold by numerous servicemen in Illinois, and who
2 wish to do so, to assume the responsibility for accounting and
3 paying to the Department all tax accruing under this Act with
4 respect to such sales, if the servicemen who are affected do
5 not make written objection to the Department to this
6 arrangement.

7 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
8 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
9 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff.
10 8-19-16.)

11 Section 30-35. The Retailers' Occupation Tax Act is amended
12 by changing Sections 1, 2, 2-5, 2-10, 2-10.5, 2-12, 2-45, 2-55,
13 2a, 2b, 2c, 3, 7, and 13 and by adding Section 1b as follows:

14 (35 ILCS 120/1) (from Ch. 120, par. 440)

15 Sec. 1. Definitions. "Sale at retail" means any transfer of
16 the ownership of or title to tangible personal property to a
17 purchaser or the performance of a taxable service for a
18 purchaser, for the purpose of use or consumption, and not for
19 the purpose of resale in any form as tangible personal property
20 or taxable service to the extent not first subjected to a use
21 for which it was purchased, for a valuable consideration:
22 Provided that the property or service purchased is deemed to be
23 purchased for the purpose of resale, despite first being used,
24 to the extent to which it is resold as an ingredient of an

1 intentionally produced product or byproduct of manufacturing
2 or otherwise transferred to the purchaser of tangible personal
3 property or taxable service. For this purpose, slag produced as
4 an incident to manufacturing pig iron or steel and sold is
5 considered to be an intentionally produced byproduct of
6 manufacturing. Transactions whereby the possession of the
7 property is transferred but the seller retains the title as
8 security for payment of the selling price shall be deemed to be
9 sales.

10 "Sale at retail" shall be construed to include any transfer
11 of the ownership of or title to tangible personal property to a
12 purchaser or the performance of a taxable service for a
13 purchaser, for use or consumption by any other person to whom
14 such purchaser may transfer the tangible personal property or
15 taxable service without a valuable consideration, and to
16 include any transfer, whether made for or without a valuable
17 consideration, for resale in any form as tangible personal
18 property or taxable service unless made in compliance with
19 Section 2c of this Act.

20 Sales of tangible personal property, which property, to the
21 extent not first subjected to a use for which it was purchased,
22 as an ingredient or constituent, goes into and forms a part of
23 tangible personal property subsequently the subject of a "Sale
24 at retail", or transferred to a purchaser of a taxable service
25 that is a "sale at retail" are not sales at retail as defined
26 in this Act: Provided that the property purchased is deemed to

1 be purchased for the purpose of resale, despite first being
2 used, to the extent to which it is resold as an ingredient of
3 an intentionally produced product or byproduct of
4 manufacturing.

5 "Sale at retail" shall be construed to include any Illinois
6 florist's sales transaction in which the purchase order is
7 received in Illinois by a florist and the sale is for use or
8 consumption, but the Illinois florist has a florist in another
9 state deliver the property to the purchaser or the purchaser's
10 donee in such other state.

11 Nonreusable tangible personal property that is used by
12 persons engaged in the business of operating a restaurant,
13 cafeteria, or drive-in is a sale for resale when it is
14 transferred to customers in the ordinary course of business as
15 part of the sale of food or beverages and is used to deliver,
16 package, or consume food or beverages, regardless of where
17 consumption of the food or beverages occurs. Examples of those
18 items include, but are not limited to nonreusable, paper and
19 plastic cups, plates, baskets, boxes, sleeves, buckets or other
20 containers, utensils, straws, placemats, napkins, doggie bags,
21 and wrapping or packaging materials that are transferred to
22 customers as part of the sale of food or beverages in the
23 ordinary course of business.

24 The purchase, employment and transfer of such tangible
25 personal property as newsprint and ink for the primary purpose
26 of conveying news (with or without other information) is not a

1 purchase, use or sale of tangible personal property.

2 A person whose activities are organized and conducted
3 primarily as a not-for-profit service enterprise, and who
4 engages in selling tangible personal property or taxable
5 service at retail (whether to the public or merely to members
6 and their guests) is engaged in the business of selling
7 tangible personal property or taxable service at retail with
8 respect to such transactions, excepting only a person organized
9 and operated exclusively for charitable, religious or
10 educational purposes either (1), to the extent of sales by such
11 person to its members, students, patients or inmates of
12 tangible personal property or taxable service to be used
13 primarily for the purposes of such person, or (2), to the
14 extent of sales by such person of tangible personal property or
15 taxable service which is not sold or offered for sale by
16 persons organized for profit. The selling of school books and
17 school supplies by schools at retail to students is not
18 "primarily for the purposes of" the school which does such
19 selling. The provisions of this paragraph shall not apply to
20 nor subject to taxation occasional dinners, socials or similar
21 activities of a person organized and operated exclusively for
22 charitable, religious or educational purposes, whether or not
23 such activities are open to the public.

24 A person who is the recipient of a grant or contract under
25 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
26 serves meals to participants in the federal Nutrition Program

1 for the Elderly in return for contributions established in
2 amount by the individual participant pursuant to a schedule of
3 suggested fees as provided for in the federal Act is not
4 engaged in the business of selling tangible personal property
5 or taxable service at retail with respect to such transactions.

6 "Purchaser" means anyone who, through a sale at retail,
7 acquires the ownership of or title to tangible personal
8 property or taxable service for a valuable consideration.

9 "Reseller of motor fuel" means any person engaged in the
10 business of selling or delivering or transferring title of
11 motor fuel to another person other than for use or consumption.
12 No person shall act as a reseller of motor fuel within this
13 State without first being registered as a reseller pursuant to
14 Section 2c or a retailer pursuant to Section 2a.

15 "Selling price" or the "amount of sale" means the
16 consideration for a sale valued in money whether received in
17 money or otherwise, including cash, credits, property, other
18 than as hereinafter provided, and services, but not including
19 the value of or credit given for traded-in tangible personal
20 property where the item that is traded-in is of like kind and
21 character as that which is being sold, and shall be determined
22 without any deduction on account of the cost of the property
23 sold, the cost of materials used, labor or service cost or any
24 other expense whatsoever, but does not include charges that are
25 added to prices by sellers on account of the seller's tax
26 liability under this Act, or on account of the seller's duty to

1 collect, from the purchaser, the tax that is imposed by the Use
2 Tax Act, or, except as otherwise provided with respect to any
3 cigarette tax imposed by a home rule unit, on account of the
4 seller's tax liability under any local occupation tax
5 administered by the Department, or, except as otherwise
6 provided with respect to any cigarette tax imposed by a home
7 rule unit on account of the seller's duty to collect, from the
8 purchasers, the tax that is imposed under any local use tax
9 administered by the Department. Effective December 1, 1985,
10 "selling price" shall include charges that are added to prices
11 by sellers on account of the seller's tax liability under the
12 Cigarette Tax Act, on account of the sellers' duty to collect,
13 from the purchaser, the tax imposed under the Cigarette Use Tax
14 Act, and on account of the seller's duty to collect, from the
15 purchaser, any cigarette tax imposed by a home rule unit.

16 Notwithstanding any law to the contrary, for any motor
17 vehicle, as defined in Section 1-146 of the Vehicle Code, that
18 is sold on or after January 1, 2015 for the purpose of leasing
19 the vehicle for a defined period that is longer than one year
20 and (1) is a motor vehicle of the second division that: (A) is
21 a self-contained motor vehicle designed or permanently
22 converted to provide living quarters for recreational,
23 camping, or travel use, with direct walk through access to the
24 living quarters from the driver's seat; (B) is of the van
25 configuration designed for the transportation of not less than
26 7 nor more than 16 passengers; or (C) has a gross vehicle

1 weight rating of 8,000 pounds or less or (2) is a motor vehicle
2 of the first division, "selling price" or "amount of sale"
3 means the consideration received by the lessor pursuant to the
4 lease contract, including amounts due at lease signing and all
5 monthly or other regular payments charged over the term of the
6 lease. Also included in the selling price is any amount
7 received by the lessor from the lessee for the leased vehicle
8 that is not calculated at the time the lease is executed,
9 including, but not limited to, excess mileage charges and
10 charges for excess wear and tear. For sales that occur in
11 Illinois, with respect to any amount received by the lessor
12 from the lessee for the leased vehicle that is not calculated
13 at the time the lease is executed, the lessor who purchased the
14 motor vehicle does not incur the tax imposed by the Use Tax Act
15 on those amounts, and the retailer who makes the retail sale of
16 the motor vehicle to the lessor is not required to collect the
17 tax imposed by the Use Tax Act or to pay the tax imposed by this
18 Act on those amounts. However, the lessor who purchased the
19 motor vehicle assumes the liability for reporting and paying
20 the tax on those amounts directly to the Department in the same
21 form (Illinois Retailers' Occupation Tax, and local retailers'
22 occupation taxes, if applicable) in which the retailer would
23 have reported and paid such tax if the retailer had accounted
24 for the tax to the Department. For amounts received by the
25 lessor from the lessee that are not calculated at the time the
26 lease is executed, the lessor must file the return and pay the

1 tax to the Department by the due date otherwise required by
2 this Act for returns other than transaction returns. If the
3 retailer is entitled under this Act to a discount for
4 collecting and remitting the tax imposed under this Act to the
5 Department with respect to the sale of the motor vehicle to the
6 lessor, then the right to the discount provided in this Act
7 shall be transferred to the lessor with respect to the tax paid
8 by the lessor for any amount received by the lessor from the
9 lessee for the leased vehicle that is not calculated at the
10 time the lease is executed; provided that the discount is only
11 allowed if the return is timely filed and for amounts timely
12 paid. The "selling price" of a motor vehicle that is sold on or
13 after January 1, 2015 for the purpose of leasing for a defined
14 period of longer than one year shall not be reduced by the
15 value of or credit given for traded-in tangible personal
16 property owned by the lessor, nor shall it be reduced by the
17 value of or credit given for traded-in tangible personal
18 property owned by the lessee, regardless of whether the
19 trade-in value thereof is assigned by the lessee to the lessor.
20 In the case of a motor vehicle that is sold for the purpose of
21 leasing for a defined period of longer than one year, the sale
22 occurs at the time of the delivery of the vehicle, regardless
23 of the due date of any lease payments. A lessor who incurs a
24 Retailers' Occupation Tax liability on the sale of a motor
25 vehicle coming off lease may not take a credit against that
26 liability for the Use Tax the lessor paid upon the purchase of

1 the motor vehicle (or for any tax the lessor paid with respect
2 to any amount received by the lessor from the lessee for the
3 leased vehicle that was not calculated at the time the lease
4 was executed) if the selling price of the motor vehicle at the
5 time of purchase was calculated using the definition of
6 "selling price" as defined in this paragraph. Notwithstanding
7 any other provision of this Act to the contrary, lessors shall
8 file all returns and make all payments required under this
9 paragraph to the Department by electronic means in the manner
10 and form as required by the Department. This paragraph does not
11 apply to leases of motor vehicles for which, at the time the
12 lease is entered into, the term of the lease is not a defined
13 period, including leases with a defined initial period with the
14 option to continue the lease on a month-to-month or other basis
15 beyond the initial defined period.

16 The phrase "like kind and character" shall be liberally
17 construed (including but not limited to any form of motor
18 vehicle for any form of motor vehicle, or any kind of farm or
19 agricultural implement for any other kind of farm or
20 agricultural implement), while not including a kind of item
21 which, if sold at retail by that retailer, would be exempt from
22 retailers' occupation tax and use tax as an isolated or
23 occasional sale.

24 "Gross receipts" from the sales of tangible personal
25 property or taxable service at retail means the total selling
26 price or the amount of such sales, as hereinbefore defined. In

1 the case of charge and time sales, the amount thereof shall be
2 included only as and when payments are received by the seller.
3 Receipts or other consideration derived by a seller from the
4 sale, transfer or assignment of accounts receivable to a wholly
5 owned subsidiary will not be deemed payments prior to the time
6 the purchaser makes payment on such accounts.

7 "Department" means the Department of Revenue.

8 "Person" means any natural individual, firm, partnership,
9 association, joint stock company, joint adventure, public or
10 private corporation, limited liability company, or a receiver,
11 executor, trustee, guardian or other representative appointed
12 by order of any court.

13 The isolated or occasional sale of tangible personal
14 property or taxable service at retail by a person who does not
15 hold himself out as being engaged (or who does not habitually
16 engage) in selling such tangible personal property or taxable
17 service at retail, or a sale through a bulk vending machine,
18 does not constitute engaging in a business of selling such
19 tangible personal property or taxable service at retail within
20 the meaning of this Act; provided that any person who is
21 engaged in a business which is not subject to the tax imposed
22 by this Act because of involving the sale of or a contract to
23 sell real estate or a construction contract to improve real
24 estate or a construction contract to engineer, install, and
25 maintain an integrated system of products, but who, in the
26 course of conducting such business, transfers tangible

1 personal property to users or consumers in the finished form in
2 which it was purchased, and which does not become real estate
3 or was not engineered and installed, under any provision of a
4 construction contract or real estate sale or real estate sales
5 agreement entered into with some other person arising out of or
6 because of such nontaxable business, is engaged in the business
7 of selling tangible personal property at retail to the extent
8 of the value of the tangible personal property so transferred.
9 If, in such a transaction, a separate charge is made for the
10 tangible personal property so transferred, the value of such
11 property, for the purpose of this Act, shall be the amount so
12 separately charged, but not less than the cost of such property
13 to the transferor; if no separate charge is made, the value of
14 such property, for the purposes of this Act, is the cost to the
15 transferor of such tangible personal property. Construction
16 contracts for the improvement of real estate consisting of
17 engineering, installation, and maintenance of voice, data,
18 video, security, and all telecommunication systems do not
19 constitute engaging in a business of selling tangible personal
20 property or taxable service at retail within the meaning of
21 this Act if they are sold at one specified contract price.

22 A person who holds himself or herself out as being engaged
23 (or who habitually engages) in selling tangible personal
24 property or taxable service at retail is a person engaged in
25 the business of selling tangible personal property or taxable
26 service at retail hereunder with respect to such sales (and not

1 primarily in a nontaxable service occupation) notwithstanding
2 the fact that such person designs and produces such tangible
3 personal property or taxable service on special order for the
4 purchaser and in such a way as to render the property or
5 service of value only to such purchaser, if such tangible
6 personal property or taxable service so produced on special
7 order serves substantially the same function as stock or
8 standard items of tangible personal property or taxable service
9 that are sold at retail.

10 Persons who engage in the business of transferring tangible
11 personal property or taxable service upon the redemption of
12 trading stamps are engaged in the business of selling such
13 property or service at retail and shall be liable for and shall
14 pay the tax imposed by this Act on the basis of the retail
15 value of the property or service transferred upon redemption of
16 such stamps.

17 "Bulk vending machine" means a vending machine, containing
18 unsorted confections, nuts, toys, or other items designed
19 primarily to be used or played with by children which, when a
20 coin or coins of a denomination not larger than \$0.50 are
21 inserted, are dispensed in equal portions, at random and
22 without selection by the customer.

23 (Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14.)

24 (35 ILCS 120/1b new)

25 Sec. 1b. Taxable service. Beginning January 1, 2018,

1 "taxable service" has the meaning provided in Section 2a-2 of
2 the Use Tax Act.

3 (35 ILCS 120/2) (from Ch. 120, par. 441)

4 Sec. 2. Tax imposed. A tax is imposed upon persons engaged
5 in the business of selling at retail taxable service or
6 tangible personal property, or both, including computer
7 software, and including photographs, negatives, and positives
8 that are the product of photoprocessing, but not including
9 products of photoprocessing produced for use in motion pictures
10 for public commercial exhibition. Beginning January 1, 2001,
11 prepaid telephone calling arrangements shall be considered
12 tangible personal property subject to the tax imposed under
13 this Act regardless of the form in which those arrangements may
14 be embodied, transmitted, or fixed by any method now known or
15 hereafter developed. Sales of (1) electricity delivered to
16 customers by wire; (2) natural or artificial gas that is
17 delivered to customers through pipes, pipelines, or mains; and
18 (3) water that is delivered to customers through pipes,
19 pipelines, or mains are not subject to tax under this Act. The
20 provisions of this amendatory Act of the 98th General Assembly
21 are declaratory of existing law as to the meaning and scope of
22 this Act.

23 (Source: P.A. 98-583, eff. 1-1-14.)

24 (35 ILCS 120/2-5)

1 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
2 sale of the following tangible personal property and taxable
3 services are exempt from the tax imposed by this Act:

4 (1) Farm chemicals.

5 (2) Farm machinery and equipment, both new and used,
6 including that manufactured on special order, certified by the
7 purchaser to be used primarily for production agriculture or
8 State or federal agricultural programs, including individual
9 replacement parts for the machinery and equipment, including
10 machinery and equipment purchased for lease, and including
11 implements of husbandry defined in Section 1-130 of the
12 Illinois Vehicle Code, farm machinery and agricultural
13 chemical and fertilizer spreaders, and nurse wagons required to
14 be registered under Section 3-809 of the Illinois Vehicle Code,
15 but excluding other motor vehicles required to be registered
16 under the Illinois Vehicle Code. Horticultural polyhouses or
17 hoop houses used for propagating, growing, or overwintering
18 plants shall be considered farm machinery and equipment under
19 this item (2). Agricultural chemical tender tanks and dry boxes
20 shall include units sold separately from a motor vehicle
21 required to be licensed and units sold mounted on a motor
22 vehicle required to be licensed, if the selling price of the
23 tender is separately stated.

24 Farm machinery and equipment shall include precision
25 farming equipment that is installed or purchased to be
26 installed on farm machinery and equipment including, but not

1 limited to, tractors, harvesters, sprayers, planters, seeders,
2 or spreaders. Precision farming equipment includes, but is not
3 limited to, soil testing sensors, computers, monitors,
4 software, global positioning and mapping systems, and other
5 such equipment.

6 Farm machinery and equipment also includes computers,
7 sensors, software, and related equipment used primarily in the
8 computer-assisted operation of production agriculture
9 facilities, equipment, and activities such as, but not limited
10 to, the collection, monitoring, and correlation of animal and
11 crop data for the purpose of formulating animal diets and
12 agricultural chemicals. This item (2) is exempt from the
13 provisions of Section 2-70.

14 (3) Until July 1, 2003, distillation machinery and
15 equipment, sold as a unit or kit, assembled or installed by the
16 retailer, certified by the user to be used only for the
17 production of ethyl alcohol that will be used for consumption
18 as motor fuel or as a component of motor fuel for the personal
19 use of the user, and not subject to sale or resale.

20 (4) Until July 1, 2003 and beginning again September 1,
21 2004 through August 30, 2014, graphic arts machinery and
22 equipment, including repair and replacement parts, both new and
23 used, and including that manufactured on special order or
24 purchased for lease, certified by the purchaser to be used
25 primarily for graphic arts production. Equipment includes
26 chemicals or chemicals acting as catalysts but only if the

1 chemicals or chemicals acting as catalysts effect a direct and
2 immediate change upon a graphic arts product. Beginning on July
3 1, 2017, graphic arts machinery and equipment is included in
4 the manufacturing and assembling machinery and equipment
5 exemption under paragraph (14).

6 (5) A motor vehicle that is used for automobile renting, as
7 defined in the Automobile Renting Occupation and Use Tax Act.
8 This paragraph is exempt from the provisions of Section 2-70.

9 (6) Personal property sold by a teacher-sponsored student
10 organization affiliated with an elementary or secondary school
11 located in Illinois.

12 (7) Until July 1, 2003, proceeds of that portion of the
13 selling price of a passenger car the sale of which is subject
14 to the Replacement Vehicle Tax.

15 (8) Personal property sold to an Illinois county fair
16 association for use in conducting, operating, or promoting the
17 county fair.

18 (9) Personal property sold to or taxable service performed
19 for a not-for-profit arts or cultural organization that
20 establishes, by proof required by the Department by rule, that
21 it has received an exemption under Section 501(c)(3) of the
22 Internal Revenue Code and that is organized and operated
23 primarily for the presentation or support of arts or cultural
24 programming, activities, or services. These organizations
25 include, but are not limited to, music and dramatic arts
26 organizations such as symphony orchestras and theatrical

1 groups, arts and cultural service organizations, local arts
2 councils, visual arts organizations, and media arts
3 organizations. On and after the effective date of this
4 amendatory Act of the 92nd General Assembly, however, an entity
5 otherwise eligible for this exemption shall not make tax-free
6 purchases unless it has an active identification number issued
7 by the Department.

8 (10) Personal property sold or taxable service performed by
9 a corporation, society, association, foundation, institution,
10 or organization, other than a limited liability company, that
11 is organized and operated as a not-for-profit service
12 enterprise for the benefit of persons 65 years of age or older
13 if the personal property was not purchased by the enterprise
14 for the purpose of resale by the enterprise.

15 (11) Personal property or taxable service sold to a
16 governmental body, to a corporation, society, association,
17 foundation, or institution organized and operated exclusively
18 for charitable, religious, or educational purposes, or to a
19 not-for-profit corporation, society, association, foundation,
20 institution, or organization that has no compensated officers
21 or employees and that is organized and operated primarily for
22 the recreation of persons 55 years of age or older. A limited
23 liability company may qualify for the exemption under this
24 paragraph only if the limited liability company is organized
25 and operated exclusively for educational purposes. On and after
26 July 1, 1987, however, no entity otherwise eligible for this

1 exemption shall make tax-free purchases unless it has an active
2 identification number issued by the Department.

3 (12) Tangible personal property sold to interstate
4 carriers for hire for use as rolling stock moving in interstate
5 commerce or to lessors under leases of one year or longer
6 executed or in effect at the time of purchase by interstate
7 carriers for hire for use as rolling stock moving in interstate
8 commerce and equipment operated by a telecommunications
9 provider, licensed as a common carrier by the Federal
10 Communications Commission, which is permanently installed in
11 or affixed to aircraft moving in interstate commerce.

12 (12-5) On and after July 1, 2003 and through June 30, 2004,
13 motor vehicles of the second division with a gross vehicle
14 weight in excess of 8,000 pounds that are subject to the
15 commercial distribution fee imposed under Section 3-815.1 of
16 the Illinois Vehicle Code. Beginning on July 1, 2004 and
17 through June 30, 2005, the use in this State of motor vehicles
18 of the second division: (i) with a gross vehicle weight rating
19 in excess of 8,000 pounds; (ii) that are subject to the
20 commercial distribution fee imposed under Section 3-815.1 of
21 the Illinois Vehicle Code; and (iii) that are primarily used
22 for commercial purposes. Through June 30, 2005, this exemption
23 applies to repair and replacement parts added after the initial
24 purchase of such a motor vehicle if that motor vehicle is used
25 in a manner that would qualify for the rolling stock exemption
26 otherwise provided for in this Act. For purposes of this

1 paragraph, "used for commercial purposes" means the
2 transportation of persons or property in furtherance of any
3 commercial or industrial enterprise whether for-hire or not.

4 (13) Proceeds from sales to owners, lessors, or shippers of
5 tangible personal property that is utilized by interstate
6 carriers for hire for use as rolling stock moving in interstate
7 commerce and equipment operated by a telecommunications
8 provider, licensed as a common carrier by the Federal
9 Communications Commission, which is permanently installed in
10 or affixed to aircraft moving in interstate commerce.

11 (14) Machinery and equipment that will be used by the
12 purchaser, or a lessee of the purchaser, primarily in the
13 process of manufacturing or assembling tangible personal
14 property for wholesale or retail sale or lease, whether the
15 sale or lease is made directly by the manufacturer or by some
16 other person, whether the materials used in the process are
17 owned by the manufacturer or some other person, or whether the
18 sale or lease is made apart from or as an incident to the
19 seller's engaging in the service occupation of producing
20 machines, tools, dies, jigs, patterns, gauges, or other similar
21 items of no commercial value on special order for a particular
22 purchaser. The exemption provided by this paragraph (14) does
23 not include machinery and equipment used in (i) the generation
24 of electricity for wholesale or retail sale; (ii) the
25 generation or treatment of natural or artificial gas for
26 wholesale or retail sale that is delivered to customers through

1 pipes, pipelines, or mains; or (iii) the treatment of water for
2 wholesale or retail sale that is delivered to customers through
3 pipes, pipelines, or mains. The provisions of Public Act 98-583
4 are declaratory of existing law as to the meaning and scope of
5 this exemption. Beginning on July 1, 2017, the exemption
6 provided by this paragraph (14) includes, but is not limited
7 to, graphic arts machinery and equipment, as defined in
8 paragraph (4) of this Section. Beginning on July 1, 2017, the
9 exemption provided by this paragraph (14) includes, but is not
10 limited to, production related tangible personal property, as
11 defined in Section 2-45 of this Act. The exemption provided by
12 this paragraph (14) is exempt from the provisions of Section
13 2-70.

14 (15) Proceeds of mandatory service charges separately
15 stated on customers' bills for purchase and consumption of food
16 and beverages or of taxable service, to the extent that the
17 proceeds of the service charge are in fact turned over as tips
18 or as a substitute for tips to the employees who participate
19 directly in preparing, serving, hosting or cleaning up the food
20 or beverage function with respect to which the service charge
21 is imposed.

22 (16) Petroleum products sold to a purchaser if the seller
23 is prohibited by federal law from charging tax to the
24 purchaser.

25 (17) Tangible personal property sold to a common carrier by
26 rail or motor that receives the physical possession of the

1 property in Illinois and that transports the property, or
2 shares with another common carrier in the transportation of the
3 property, out of Illinois on a standard uniform bill of lading
4 showing the seller of the property as the shipper or consignor
5 of the property to a destination outside Illinois, for use
6 outside Illinois.

7 (18) Legal tender, currency, medallions, or gold or silver
8 coinage issued by the State of Illinois, the government of the
9 United States of America, or the government of any foreign
10 country, and bullion.

11 (19) 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 (20) 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 (21) 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 (22) Until June 30, 2013, fuel and petroleum products sold
11 to or used by an air carrier, certified by the carrier to be
12 used for consumption, shipment, or storage in the conduct of
13 its business as an air common carrier, for a flight destined
14 for or returning from a location or locations outside the
15 United States without regard to previous or subsequent domestic
16 stopovers.

17 Beginning July 1, 2013, fuel and petroleum products sold to
18 or used by an air carrier, certified by the carrier to be used
19 for consumption, shipment, or storage in the conduct of its
20 business as an air common carrier, for a flight that (i) is
21 engaged in foreign trade or is engaged in trade between the
22 United States and any of its possessions and (ii) transports at
23 least one individual or package for hire from the city of
24 origination to the city of final destination on the same
25 aircraft, without regard to a change in the flight number of
26 that aircraft.

1 (23) A transaction in which the purchase order is received
2 by a florist who is located outside Illinois, but who has a
3 florist located in Illinois deliver the property to the
4 purchaser or the purchaser's donee in Illinois.

5 (24) Fuel consumed or used in the operation of ships,
6 barges, or vessels that are used primarily in or for the
7 transportation of property or the conveyance of persons for
8 hire on rivers bordering on this State if the fuel is delivered
9 by the seller to the purchaser's barge, ship, or vessel while
10 it is afloat upon that bordering river.

11 (25) Except as provided in item (25-5) of this Section, a
12 motor vehicle sold in this State to a nonresident even though
13 the motor vehicle is delivered to the nonresident in this
14 State, if the motor vehicle is not to be titled in this State,
15 and if a drive-away permit is issued to the motor vehicle as
16 provided in Section 3-603 of the Illinois Vehicle Code or if
17 the nonresident purchaser has vehicle registration plates to
18 transfer to the motor vehicle upon returning to his or her home
19 state. The issuance of the drive-away permit or having the
20 out-of-state registration plates to be transferred is prima
21 facie evidence that the motor vehicle will not be titled in
22 this State.

23 (25-5) The exemption under item (25) does not apply if the
24 state in which the motor vehicle will be titled does not allow
25 a reciprocal exemption for a motor vehicle sold and delivered
26 in that state to an Illinois resident but titled in Illinois.

1 The tax collected under this Act on the sale of a motor vehicle
2 in this State to a resident of another state that does not
3 allow a reciprocal exemption shall be imposed at a rate equal
4 to the state's rate of tax on taxable property in the state in
5 which the purchaser is a resident, except that the tax shall
6 not exceed the tax that would otherwise be imposed under this
7 Act. At the time of the sale, the purchaser shall execute a
8 statement, signed under penalty of perjury, of his or her
9 intent to title the vehicle in the state in which the purchaser
10 is a resident within 30 days after the sale and of the fact of
11 the payment to the State of Illinois of tax in an amount
12 equivalent to the state's rate of tax on taxable property in
13 his or her state of residence and shall submit the statement to
14 the appropriate tax collection agency in his or her state of
15 residence. In addition, the retailer must retain a signed copy
16 of the statement in his or her records. Nothing in this item
17 shall be construed to require the removal of the vehicle from
18 this state following the filing of an intent to title the
19 vehicle in the purchaser's state of residence if the purchaser
20 titles the vehicle in his or her state of residence within 30
21 days after the date of sale. The tax collected under this Act
22 in accordance with this item (25-5) shall be proportionately
23 distributed as if the tax were collected at the 6.25% general
24 rate imposed under this Act.

25 (25-7) Beginning on July 1, 2007, no tax is imposed under
26 this Act on the sale of an aircraft, as defined in Section 3 of

1 the Illinois Aeronautics Act, if all of the following
2 conditions are met:

3 (1) the aircraft leaves this State within 15 days after
4 the later of either the issuance of the final billing for
5 the sale of the aircraft, or the authorized approval for
6 return to service, completion of the maintenance record
7 entry, and completion of the test flight and ground test
8 for inspection, as required by 14 C.F.R. 91.407;

9 (2) the aircraft is not based or registered in this
10 State after the sale of the aircraft; and

11 (3) the seller retains in his or her books and records
12 and provides to the Department a signed and dated
13 certification from the purchaser, on a form prescribed by
14 the Department, certifying that the requirements of this
15 item (25-7) are met. The certificate must also include the
16 name and address of the purchaser, the address of the
17 location where the aircraft is to be titled or registered,
18 the address of the primary physical location of the
19 aircraft, and other information that the Department may
20 reasonably require.

21 For purposes of this item (25-7):

22 "Based in this State" means hangared, stored, or otherwise
23 used, excluding post-sale customizations as defined in this
24 Section, for 10 or more days in each 12-month period
25 immediately following the date of the sale of the aircraft.

26 "Registered in this State" means an aircraft registered

1 with the Department of Transportation, Aeronautics Division,
2 or titled or registered with the Federal Aviation
3 Administration to an address located in this State.

4 This paragraph (25-7) is exempt from the provisions of
5 Section 2-70.

6 (26) Semen used for artificial insemination of livestock
7 for direct agricultural production.

8 (27) Horses, or interests in horses, registered with and
9 meeting the requirements of any of the Arabian Horse Club
10 Registry of America, Appaloosa Horse Club, American Quarter
11 Horse Association, United States Trotting Association, or
12 Jockey Club, as appropriate, used for purposes of breeding or
13 racing for prizes. This item (27) is exempt from the provisions
14 of Section 2-70, and the exemption provided for under this item
15 (27) applies for all periods beginning May 30, 1995, but no
16 claim for credit or refund is allowed on or after January 1,
17 2008 (the effective date of Public Act 95-88) for such taxes
18 paid during the period beginning May 30, 2000 and ending on
19 January 1, 2008 (the effective date of Public Act 95-88).

20 (28) Computers and communications equipment utilized for
21 any hospital purpose and equipment used in the diagnosis,
22 analysis, or treatment of hospital patients sold to a lessor
23 who leases the equipment, under a lease of one year or longer
24 executed or in effect at the time of the purchase, to a
25 hospital that has been issued an active tax exemption
26 identification number by the Department under Section 1g of

1 this Act.

2 (29) Personal property sold to a lessor who leases the
3 property, under a lease of one year or longer executed or in
4 effect at the time of the purchase, to a governmental body that
5 has been issued an active tax exemption identification number
6 by the Department under Section 1g of this Act.

7 (30) 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 donated for
10 disaster relief to be used in a State or federally declared
11 disaster area in Illinois or bordering Illinois by a
12 manufacturer or retailer that is registered in this State to a
13 corporation, society, association, foundation, or institution
14 that has been issued a sales tax exemption identification
15 number by the Department that assists victims of the disaster
16 who reside within the declared disaster area.

17 (31) Beginning with taxable years ending on or after
18 December 31, 1995 and ending with taxable years ending on or
19 before December 31, 2004, personal property that is used in the
20 performance of infrastructure repairs in this State, including
21 but not limited to municipal roads and streets, access roads,
22 bridges, sidewalks, waste disposal systems, water and sewer
23 line extensions, water distribution and purification
24 facilities, storm water drainage and retention facilities, and
25 sewage treatment facilities, resulting from a State or
26 federally declared disaster in Illinois or bordering Illinois

1 when such repairs are initiated on facilities located in the
2 declared disaster area within 6 months after the disaster.

3 (32) Beginning July 1, 1999, game or game birds sold at a
4 "game breeding and hunting preserve area" as that term is used
5 in the Wildlife Code. This paragraph is exempt from the
6 provisions of Section 2-70.

7 (33) A motor vehicle, as that term is defined in Section
8 1-146 of the Illinois Vehicle Code, that is donated to a
9 corporation, limited liability company, society, association,
10 foundation, or institution that is determined by the Department
11 to be organized and operated exclusively for educational
12 purposes. For purposes of this exemption, "a corporation,
13 limited liability company, society, association, foundation,
14 or institution organized and operated exclusively for
15 educational purposes" means all tax-supported public schools,
16 private schools that offer systematic instruction in useful
17 branches of learning by methods common to public schools and
18 that compare favorably in their scope and intensity with the
19 course of study presented in tax-supported schools, and
20 vocational or technical schools or institutes organized and
21 operated exclusively to provide a course of study of not less
22 than 6 weeks duration and designed to prepare individuals to
23 follow a trade or to pursue a manual, technical, mechanical,
24 industrial, business, or commercial occupation.

25 (34) Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for the

1 benefit of a public or private elementary or secondary school,
2 a group of those schools, or one or more school districts if
3 the events are sponsored by an entity recognized by the school
4 district that consists primarily of volunteers and includes
5 parents and teachers of the school children. This paragraph
6 does not apply to fundraising events (i) for the benefit of
7 private home instruction or (ii) for which the fundraising
8 entity purchases the personal property sold at the events from
9 another individual or entity that sold the property for the
10 purpose of resale by the fundraising entity and that profits
11 from the sale to the fundraising entity. This paragraph is
12 exempt from the provisions of Section 2-70.

13 (35) Beginning January 1, 2000 and through December 31,
14 2001, new or used automatic vending machines that prepare and
15 serve hot food and beverages, including coffee, soup, and other
16 items, and replacement parts for these machines. Beginning
17 January 1, 2002 and through June 30, 2003, machines and parts
18 for machines used in commercial, coin-operated amusement and
19 vending business if a use or occupation tax is paid on the
20 gross receipts derived from the use of the commercial,
21 coin-operated amusement and vending machines. This paragraph
22 is exempt from the provisions of Section 2-70.

23 (35-5) Beginning August 23, 2001 and through June 30, 2016,
24 food for human consumption that is to be consumed off the
25 premises where it is sold (other than alcoholic beverages, soft
26 drinks, and food that has been prepared for immediate

1 consumption) and prescription and nonprescription medicines,
2 drugs, medical appliances, and insulin, urine testing
3 materials, syringes, and needles used by diabetics, for human
4 use, when purchased for use by a person receiving medical
5 assistance under Article V of the Illinois Public Aid Code who
6 resides in a licensed long-term care facility, as defined in
7 the Nursing Home Care Act, or a licensed facility as defined in
8 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
9 Mental Health Rehabilitation Act of 2013.

10 (36) Beginning August 2, 2001, computers and
11 communications equipment utilized for any hospital purpose and
12 equipment used in the diagnosis, analysis, or treatment of
13 hospital patients sold to a lessor who leases the equipment,
14 under a lease of one year or longer executed or in effect at
15 the time of the purchase, to a hospital that has been issued an
16 active tax exemption identification number by the Department
17 under Section 1g of this Act. This paragraph is exempt from the
18 provisions of Section 2-70.

19 (37) Beginning August 2, 2001, personal property sold to a
20 lessor who leases the property, under a lease of one year or
21 longer executed or in effect at the time of the purchase, to a
22 governmental body that has been issued an active tax exemption
23 identification number by the Department under Section 1g of
24 this Act. This paragraph is exempt from the provisions of
25 Section 2-70.

26 (38) Beginning on January 1, 2002 and through June 30,

1 2016, tangible personal property purchased from an Illinois
2 retailer by a taxpayer engaged in centralized purchasing
3 activities in Illinois who will, upon receipt of the property
4 in Illinois, temporarily store the property in Illinois (i) for
5 the purpose of subsequently transporting it outside this State
6 for use or consumption thereafter solely outside this State or
7 (ii) for the purpose of being processed, fabricated, or
8 manufactured into, attached to, or incorporated into other
9 tangible personal property to be transported outside this State
10 and thereafter used or consumed solely outside this State. The
11 Director of Revenue shall, pursuant to rules adopted in
12 accordance with the Illinois Administrative Procedure Act,
13 issue a permit to any taxpayer in good standing with the
14 Department who is eligible for the exemption under this
15 paragraph (38). The permit issued under this paragraph (38)
16 shall authorize the holder, to the extent and in the manner
17 specified in the rules adopted under this Act, to purchase
18 tangible personal property from a retailer exempt from the
19 taxes imposed by this Act. Taxpayers shall maintain all
20 necessary books and records to substantiate the use and
21 consumption of all such tangible personal property outside of
22 the State of Illinois.

23 (39) Beginning January 1, 2008, tangible personal property
24 used in the construction or maintenance of a community water
25 supply, as defined under Section 3.145 of the Environmental
26 Protection Act, that is operated by a not-for-profit

1 corporation that holds a valid water supply permit issued under
2 Title IV of the Environmental Protection Act. This paragraph is
3 exempt from the provisions of Section 2-70.

4 (40) Beginning January 1, 2010, materials, parts,
5 equipment, components, and furnishings incorporated into or
6 upon an aircraft as part of the modification, refurbishment,
7 completion, replacement, repair, or maintenance of the
8 aircraft. This exemption includes consumable supplies used in
9 the modification, refurbishment, completion, replacement,
10 repair, and maintenance of aircraft, but excludes any
11 materials, parts, equipment, components, and consumable
12 supplies used in the modification, replacement, repair, and
13 maintenance of aircraft engines or power plants, whether such
14 engines or power plants are installed or uninstalled upon any
15 such aircraft. "Consumable supplies" include, but are not
16 limited to, adhesive, tape, sandpaper, general purpose
17 lubricants, cleaning solution, latex gloves, and protective
18 films. This exemption applies only to the sale of qualifying
19 tangible personal property to persons who modify, refurbish,
20 complete, replace, or maintain an aircraft and who (i) hold an
21 Air Agency Certificate and are empowered to operate an approved
22 repair station by the Federal Aviation Administration, (ii)
23 have a Class IV Rating, and (iii) conduct operations in
24 accordance with Part 145 of the Federal Aviation Regulations.
25 The exemption does not include aircraft operated by a
26 commercial air carrier providing scheduled passenger air

1 service pursuant to authority issued under Part 121 or Part 129
2 of the Federal Aviation Regulations. The changes made to this
3 paragraph (40) by Public Act 98-534 are declarative of existing
4 law.

5 (41) Tangible personal property sold to a
6 public-facilities corporation, as described in Section
7 11-65-10 of the Illinois Municipal Code, for purposes of
8 constructing or furnishing a municipal convention hall, but
9 only if the legal title to the municipal convention hall is
10 transferred to the municipality without any further
11 consideration by or on behalf of the municipality at the time
12 of the completion of the municipal convention hall or upon the
13 retirement or redemption of any bonds or other debt instruments
14 issued by the public-facilities corporation in connection with
15 the development of the municipal convention hall. This
16 exemption includes existing public-facilities corporations as
17 provided in Section 11-65-25 of the Illinois Municipal Code.
18 This paragraph is exempt from the provisions of Section 2-70.

19 (42) Beginning January 1, 2017, menstrual pads, tampons,
20 and menstrual cups.

21 (43) Beginning January 1, 2018, taxable service performed
22 on or to tangible personal property the sale of which is exempt
23 from taxation under this Act. This paragraph is exempt from the
24 provisions of Section 2-70.

25 (44) Beginning January 1, 2018, taxable service performed
26 in a transaction that would be exempt from taxation under this

1 Act if it involved solely the sale of tangible personal
2 property. Such exemption could be due to the nature of the
3 seller or of the service provider, the purchaser or service
4 recipient, or other features of the transaction, including but
5 not limited to the location or sale-for-resale nature of the
6 transaction. Any such exemption applies to transactions
7 involving solely the sale of tangible personal property, solely
8 the performance of taxable service, or some combination
9 thereof. This paragraph is exempt from the provisions of
10 Section 2-70.

11 (45) Beginning January 1, 2018, taxable service performed
12 for or provided to businesses making purchases of services for
13 the benefit of or in furtherance of the business. This
14 paragraph is exempt from the provisions of Section 2-70.

15 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
16 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
17 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
18 7-29-15; 99-855, eff. 8-19-16.)

19 (35 ILCS 120/2-10)

20 Sec. 2-10. Rate of tax. Unless otherwise provided in this
21 Section, the tax imposed by this Act is at the rate of 6.25% of
22 gross receipts from sales of tangible personal property made in
23 the course of business. Beginning July 1, 2017, the tax is also
24 imposed at the rate of 6.25% of the gross receipts from sales
25 of taxable services.

1 Beginning on July 1, 2000 and through December 31, 2000,
2 with respect to motor fuel, as defined in Section 1.1 of the
3 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
4 the Use Tax Act, the tax is imposed at the rate of 1.25%.

5 Beginning on August 6, 2010 through August 15, 2010, with
6 respect to sales tax holiday items as defined in Section 2-8 of
7 this Act, the tax is imposed at the rate of 1.25%.

8 Within 14 days after the effective date of this amendatory
9 Act of the 91st General Assembly, each retailer of motor fuel
10 and gasohol shall cause the following notice to be posted in a
11 prominently visible place on each retail dispensing device that
12 is used to dispense motor fuel or gasohol in the State of
13 Illinois: "As of July 1, 2000, the State of Illinois has
14 eliminated the State's share of sales tax on motor fuel and
15 gasohol through December 31, 2000. The price on this pump
16 should reflect the elimination of the tax." The notice shall be
17 printed in bold print on a sign that is no smaller than 4
18 inches by 8 inches. The sign shall be clearly visible to
19 customers. Any retailer who fails to post or maintain a
20 required sign through December 31, 2000 is guilty of a petty
21 offense for which the fine shall be \$500 per day per each
22 retail premises where a violation occurs.

23 With respect to gasohol, as defined in the Use Tax Act, the
24 tax imposed by this Act applies to (i) 70% of the proceeds of
25 sales made on or after January 1, 1990, and before July 1,
26 2003, (ii) 80% of the proceeds of sales made on or after July

1 1, 2003 and on or before December 31, 2018, and (iii) 100% of
2 the proceeds of sales made thereafter. If, at any time,
3 however, the tax under this Act on sales of gasohol, as defined
4 in the Use Tax Act, is imposed at the rate of 1.25%, then the
5 tax imposed by this Act applies to 100% of the proceeds of
6 sales of gasohol made during that time.

7 With respect to majority blended ethanol fuel, as defined
8 in the Use Tax Act, the tax imposed by this Act does not apply
9 to the proceeds of sales made on or after July 1, 2003 and on or
10 before December 31, 2018 but applies to 100% of the proceeds of
11 sales made thereafter.

12 With respect to biodiesel blends, as defined in the Use Tax
13 Act, with no less than 1% and no more than 10% biodiesel, the
14 tax imposed by this Act applies to (i) 80% of the proceeds of
15 sales made on or after July 1, 2003 and on or before December
16 31, 2018 and (ii) 100% of the proceeds of sales made
17 thereafter. If, at any time, however, the tax under this Act on
18 sales of biodiesel blends, as defined in the Use Tax Act, with
19 no less than 1% and no more than 10% biodiesel is imposed at
20 the rate of 1.25%, then the tax imposed by this Act applies to
21 100% of the proceeds of sales of biodiesel blends with no less
22 than 1% and no more than 10% biodiesel made during that time.

23 With respect to 100% biodiesel, as defined in the Use Tax
24 Act, and biodiesel blends, as defined in the Use Tax Act, with
25 more than 10% but no more than 99% biodiesel, the tax imposed
26 by this Act does not apply to the proceeds of sales made on or

1 after July 1, 2003 and on or before December 31, 2018 but
2 applies to 100% of the proceeds of sales made thereafter.

3 With respect to food for human consumption that is to be
4 consumed off the premises where it is sold (other than
5 alcoholic beverages, soft drinks, and food that has been
6 prepared for immediate consumption) and prescription and
7 nonprescription medicines, drugs, medical appliances, products
8 classified as Class III medical devices by the United States
9 Food and Drug Administration that are used for cancer treatment
10 pursuant to a prescription, as well as any accessories and
11 components related to those devices, modifications to a motor
12 vehicle for the purpose of rendering it usable by a person with
13 a disability, and insulin, urine testing materials, syringes,
14 and needles used by diabetics, for human use, the tax is
15 imposed at the rate of 1%. For the purposes of this Section,
16 until September 1, 2009: the term "soft drinks" means any
17 complete, finished, ready-to-use, non-alcoholic drink, whether
18 carbonated or not, including but not limited to soda water,
19 cola, fruit juice, vegetable juice, carbonated water, and all
20 other preparations commonly known as soft drinks of whatever
21 kind or description that are contained in any closed or sealed
22 bottle, can, carton, or container, regardless of size; but
23 "soft drinks" does not include coffee, tea, non-carbonated
24 water, infant formula, milk or milk products as defined in the
25 Grade A Pasteurized Milk and Milk Products Act, or drinks
26 containing 50% or more natural fruit or vegetable juice.

1 Notwithstanding any other provisions of this Act,
2 beginning September 1, 2009, "soft drinks" means non-alcoholic
3 beverages that contain natural or artificial sweeteners. "Soft
4 drinks" do not include beverages that contain milk or milk
5 products, soy, rice or similar milk substitutes, or greater
6 than 50% of vegetable or fruit juice by volume.

7 Until August 1, 2009, and notwithstanding any other
8 provisions of this Act, "food for human consumption that is to
9 be consumed off the premises where it is sold" includes all
10 food sold through a vending machine, except soft drinks and
11 food products that are dispensed hot from a vending machine,
12 regardless of the location of the vending machine. Beginning
13 August 1, 2009, and notwithstanding any other provisions of
14 this Act, "food for human consumption that is to be consumed
15 off the premises where it is sold" includes all food sold
16 through a vending machine, except soft drinks, candy, and food
17 products that are dispensed hot from a vending machine,
18 regardless of the location of the vending machine.

19 Notwithstanding any other provisions of this Act,
20 beginning September 1, 2009, "food for human consumption that
21 is to be consumed off the premises where it is sold" does not
22 include candy. For purposes of this Section, "candy" means a
23 preparation of sugar, honey, or other natural or artificial
24 sweeteners in combination with chocolate, fruits, nuts or other
25 ingredients or flavorings in the form of bars, drops, or
26 pieces. "Candy" does not include any preparation that contains

1 flour or requires refrigeration.

2 Notwithstanding any other provisions of this Act,
3 beginning September 1, 2009, "nonprescription medicines and
4 drugs" does not include grooming and hygiene products. For
5 purposes of this Section, "grooming and hygiene products"
6 includes, but is not limited to, soaps and cleaning solutions,
7 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
8 lotions and screens, unless those products are available by
9 prescription only, regardless of whether the products meet the
10 definition of "over-the-counter-drugs". For the purposes of
11 this paragraph, "over-the-counter-drug" means a drug for human
12 use that contains a label that identifies the product as a drug
13 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
14 label includes:

15 (A) A "Drug Facts" panel; or

16 (B) A statement of the "active ingredient(s)" with a
17 list of those ingredients contained in the compound,
18 substance or preparation.

19 Beginning on the effective date of this amendatory Act of
20 the 98th General Assembly, "prescription and nonprescription
21 medicines and drugs" includes medical cannabis purchased from a
22 registered dispensing organization under the Compassionate Use
23 of Medical Cannabis Pilot Program Act.

24 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
25 99-858, eff. 8-19-16.)

1 (35 ILCS 120/2-10.5)

2 Sec. 2-10.5. Direct payment program; purchaser's providing
3 of permit to retailer; retailer relieved of collecting use tax
4 and local retailers' occupation tax reimbursements from
5 purchaser; direct payment of retailers' occupation tax and
6 local retailers' occupation tax by purchaser.

7 (a) Beginning on July 1, 2001 there is established in this
8 State a Direct Payment Program to be administered by the
9 Department. The Department shall issue a Direct Pay Permit to
10 applicants who have been approved to participate in the Direct
11 Payment Program. Each person applying to participate in the
12 Direct Payment Program must demonstrate (1) the applicant's
13 ability to comply with the retailers' occupation tax laws and
14 the use tax laws in effect in this State and that the
15 applicant's accounting system will reflect the proper amount of
16 tax due, (2) that the applicant has a valid business purpose
17 for participating in the Direct Payment Program, and (3) how
18 the applicant's participation in the Direct Payment Program
19 will benefit tax compliance. Application shall be made on forms
20 provided by the Department and shall contain information as the
21 Department may reasonably require. The Department shall
22 approve or deny an applicant within 90 days after the
23 Department's receipt of the application, unless the Department
24 makes a written request for additional information from the
25 applicant.

26 (b) A person who has been approved for the Direct Payment

1 Program and who has been issued a Direct Pay Permit by the
2 Department is relieved of paying tax to a retailer when
3 purchasing tangible personal property or taxable service for
4 use or consumption, except as provided in subsection (d), by
5 providing that retailer a copy of that Direct Pay Permit. A
6 retailer who accepts a copy of a customer's Direct Pay Permit
7 is relieved of the obligation to remit the tax imposed by this
8 Act on the transaction. References in this Section to "the tax
9 imposed by this Act" include any local occupation taxes
10 administered by the Department that would be incurred on the
11 retail sale.

12 (c) Once the holder of a Direct Pay Permit uses that Permit
13 to relieve the Permit holder from paying tax to a particular
14 retailer, the holder must use its Permit for all purchases,
15 except as provided in subsection (d), from that retailer for so
16 long as the Permit is valid.

17 (d) Direct Pay Permits are not valid and shall not be used
18 for sales or purchases of:

19 (1) food or beverage;

20 (2) tangible personal property required to be titled or
21 registered with an agency of government; or

22 (3) any transactions subject to the Service Occupation
23 Tax Act or Service Use Tax Act.

24 (e) Direct Pay Permits are not assignable and are not
25 transferable. As an illustration, a construction contractor
26 shall not make purchases using a customer's Direct Pay Permit.

1 (f) A Direct Pay Permit is valid until it is revoked by the
2 Department or until the holder notifies the Department in
3 writing that the holder is withdrawing from the Direct Payment
4 Program. A Direct Pay Permit can be revoked by the Department,
5 after notice and hearing, if the holder violates any provision
6 of this Act, any provision of the Illinois Use Tax Act, or any
7 provision of any Act imposing a local retailers' occupation tax
8 administered by the Department.

9 (g) The holder of a Direct Pay Permit who has been relieved
10 of paying tax to a retailer on a purchase for use or
11 consumption by representing to that retailer that it would pay
12 all applicable taxes directly to the Department shall pay those
13 taxes to the Department not later than the 20th day of the
14 month following the month in which the purchase was made.
15 Permit holders making such purchases are subject to all
16 provisions of this Act, and the tax must be reported and paid
17 as retailers' occupation tax in the same manner that the
18 retailer from whom the purchases were made would have reported
19 and paid it, including any local retailers' occupation taxes
20 applicable to that retail sale. Notwithstanding any other
21 provision of this Act, Permit holders shall make all payments
22 to the Department through the use of electronic funds transfer.
23 (Source: P.A. 92-484, eff. 8-23-01.)

24 (35 ILCS 120/2-12)

25 Sec. 2-12. Location where retailer is deemed to be engaged

1 in the business of selling. The purpose of this Section is to
2 specify where a retailer is deemed to be engaged in the
3 business of selling tangible personal property or taxable
4 service for the purposes of this Act, the Use Tax Act, the
5 Service Use Tax Act, and the Service Occupation Tax Act, and
6 for the purpose of collecting any other local retailers'
7 occupation tax administered by the Department. This Section
8 applies only with respect to the particular selling activities
9 described in the following paragraphs. The provisions of this
10 Section are not intended to, and shall not be interpreted to,
11 affect where a retailer is deemed to be engaged in the business
12 of selling with respect to any activity that is not
13 specifically described in the following paragraphs.

14 (1) If a purchaser who is present at the retailer's
15 place of business, having no prior commitment to the
16 retailer, agrees to purchase and makes payment for tangible
17 personal property at the retailer's place of business, then
18 the transaction shall be deemed an over-the-counter sale
19 occurring at the retailer's same place of business where
20 the purchaser was present and made payment for that
21 tangible personal property if the retailer regularly
22 stocks the purchased tangible personal property or similar
23 tangible personal property in the quantity, or similar
24 quantity, for sale at the retailer's same place of business
25 and then either (i) the purchaser takes possession of the
26 tangible personal property at the same place of business or

1 (ii) the retailer delivers or arranges for the tangible
2 personal property to be delivered to the purchaser.

3 (2) If a purchaser, having no prior commitment to the
4 retailer, agrees to purchase tangible personal property
5 and makes payment over the phone, in writing, or via the
6 Internet and takes possession of the tangible personal
7 property at the retailer's place of business, then the sale
8 shall be deemed to have occurred at the retailer's place of
9 business where the purchaser takes possession of the
10 property if the retailer regularly stocks the item or
11 similar items in the quantity, or similar quantities,
12 purchased by the purchaser.

13 (3) A retailer is deemed to be engaged in the business
14 of selling food, beverages, or other tangible personal
15 property through a vending machine at the location where
16 the vending machine is located at the time the sale is made
17 if (i) the vending machine is a device operated by coin,
18 currency, credit card, token, coupon or similar device; (2)
19 the food, beverage or other tangible personal property is
20 contained within the vending machine and dispensed from the
21 vending machine; and (3) the purchaser takes possession of
22 the purchased food, beverage or other tangible personal
23 property immediately.

24 (4) Minerals. A producer of coal or other mineral mined
25 in Illinois is deemed to be engaged in the business of
26 selling at the place where the coal or other mineral mined

1 in Illinois is extracted from the earth. With respect to
2 minerals (i) the term "extracted from the earth" means the
3 location at which the coal or other mineral is extracted
4 from the mouth of the mine, and (ii) a "mineral" includes
5 not only coal, but also oil, sand, stone taken from a
6 quarry, gravel and any other thing commonly regarded as a
7 mineral and extracted from the earth. This paragraph does
8 not apply to coal or another mineral when it is delivered
9 or shipped by the seller to the purchaser at a point
10 outside Illinois so that the sale is exempt under the
11 United States Constitution as a sale in interstate or
12 foreign commerce.

13 (5) A retailer selling tangible personal property to a
14 nominal lessee or bailee pursuant to a lease with a dollar
15 or other nominal option to purchase is engaged in the
16 business of selling at the location where the property is
17 first delivered to the lessee or bailee for its intended
18 use.

19 (6) Landscaping services shall be sourced to the
20 location of the parcel or tract of land where the benefit
21 of the landscaping services is realized.

22 (Source: P.A. 98-1098, eff. 8-26-14; 99-126, eff. 7-23-15.)

23 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

24 Sec. 2-45. Manufacturing and assembly exemption. The
25 manufacturing and assembly machinery and equipment exemption

1 includes machinery and equipment that replaces machinery and
2 equipment in an existing manufacturing facility as well as
3 machinery and equipment that are for use in an expanded or new
4 manufacturing facility.

5 The machinery and equipment exemption also includes
6 machinery and equipment used in the general maintenance or
7 repair of exempt machinery and equipment or for in-house
8 manufacture of exempt machinery and equipment. Beginning on
9 July 1, 2017, the manufacturing and assembling machinery and
10 equipment exemption also includes graphic arts machinery and
11 equipment, as defined in paragraph (4) of Section 2-5.
12 Beginning on July 1, 2017, the manufacturing and assembling
13 machinery and equipment exemption also includes production
14 related tangible personal property, as defined in this Section.

15 The machinery and equipment exemption does not include
16 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 this exemption, terms have the following meanings:

26 (1) "Manufacturing process" means the production of an

1 article of tangible personal property, whether the article
2 is a finished product or an article for use in the process
3 of manufacturing or assembling a different article of
4 tangible personal property, by a procedure commonly
5 regarded as manufacturing, processing, fabricating, or
6 refining that changes some existing material or materials
7 into a material with a different form, use, or name. In
8 relation to a recognized integrated business composed of a
9 series of operations that collectively constitute
10 manufacturing, or individually constitute manufacturing
11 operations, the manufacturing process commences with the
12 first operation or stage of production in the series and
13 does not end until the completion of the final product in
14 the last operation or stage of production in the series.
15 For purposes of this exemption, photoprocessing is a
16 manufacturing process of tangible personal property for
17 wholesale or retail sale.

18 (2) "Assembling process" means the production of an
19 article of tangible personal property, whether the article
20 is a finished product or an article for use in the process
21 of manufacturing or assembling a different article of
22 tangible personal property, by the combination of existing
23 materials in a manner commonly regarded as assembling that
24 results in a material of a different form, use, or name.

25 (3) "Machinery" means major mechanical machines or
26 major components of those machines contributing to a

1 manufacturing or assembling process.

2 (4) "Equipment" includes an independent device or tool
3 separate from machinery but essential to an integrated
4 manufacturing or assembly process; including computers
5 used primarily in a manufacturer's computer assisted
6 design, computer assisted manufacturing (CAD/CAM) system;
7 any subunit or assembly comprising a component of any
8 machinery or auxiliary, adjunct, or attachment parts of
9 machinery, such as tools, dies, jigs, fixtures, patterns,
10 and molds; and any parts that require periodic replacement
11 in the course of normal operation; but does not include
12 hand tools. Equipment includes chemicals or chemicals
13 acting as catalysts but only if the chemicals or chemicals
14 acting as catalysts effect a direct and immediate change
15 upon a product being manufactured or assembled for
16 wholesale or retail sale or lease.

17 (5) "Production related tangible personal property"
18 means all tangible personal property that is used or
19 consumed by the purchaser in a manufacturing facility in
20 which a manufacturing process takes place and includes,
21 without limitation, tangible personal property that is
22 purchased for incorporation into real estate within a
23 manufacturing facility and tangible personal property that
24 is used or consumed in activities such as research and
25 development, preproduction material handling, receiving,
26 quality control, inventory control, storage, staging, and

1 packaging for shipping and transportation purposes.
2 "Production related tangible personal property" does not
3 include (i) tangible personal property that is used, within
4 or without a manufacturing facility, in sales, purchasing,
5 accounting, fiscal management, marketing, personnel
6 recruitment or selection, or landscaping or (ii) tangible
7 personal property that is required to be titled or
8 registered with a department, agency, or unit of federal,
9 State, or local government.

10 The manufacturing and assembling machinery and equipment
11 exemption includes production related tangible personal
12 property that is purchased (i) on or after July 1, 2007 and on
13 or before June 30, 2008 or (ii) on and after July 1, 2017. The
14 exemption for production related tangible personal property
15 purchased on or after July 1, 2007 and on or before June 30,
16 2008 is subject to both of the following limitations:

17 (1) The maximum amount of the exemption for any one
18 taxpayer may not exceed 5% of the purchase price of
19 production related tangible personal property that is
20 purchased on or after July 1, 2007 and on or before June
21 30, 2008. A credit under Section 3-85 of this Act may not
22 be earned by the purchase of production related tangible
23 personal property for which an exemption is received under
24 this Section.

25 (2) The maximum aggregate amount of the exemptions for
26 production related tangible personal property awarded

1 under this Act and the Use Tax Act to all taxpayers may not
2 exceed \$10,000,000. If the claims for the exemption exceed
3 \$10,000,000, then the Department shall reduce the amount of
4 the exemption to each taxpayer on a pro rata basis.

5 The Department may adopt rules to implement and administer the
6 exemption for production related tangible personal property.

7 The manufacturing and assembling machinery and equipment
8 exemption includes the sale of materials to a purchaser who
9 produces exempted types of machinery, equipment, or tools and
10 who rents or leases that machinery, equipment, or tools to a
11 manufacturer of tangible personal property. This exemption
12 also includes the sale of materials to a purchaser who
13 manufactures those materials into an exempted type of
14 machinery, equipment, or tools that the purchaser uses himself
15 or herself in the manufacturing of tangible personal property.
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 purchaser of the machinery,
19 equipment, and tools without an active resale registration
20 number shall furnish to the seller a certificate of exemption
21 for each transaction stating facts establishing the exemption
22 for that transaction, and that certificate shall be available
23 to the Department for inspection or audit. Informal rulings,
24 opinions, or letters issued by the Department in response to an
25 inquiry or request for an opinion from any person regarding the
26 coverage and applicability of this exemption to specific

1 devices shall be published, maintained as a public record, and
2 made available for public inspection and copying. If the
3 informal ruling, opinion, or letter contains trade secrets or
4 other confidential information, where possible, the Department
5 shall delete that information before publication. Whenever
6 informal rulings, opinions, or letters contain a policy of
7 general applicability, the Department shall formulate and
8 adopt that policy as a rule in accordance with the Illinois
9 Administrative Procedure Act.

10 The manufacturing and assembling machinery and equipment
11 exemption is exempt from the provisions of Section 2-70.

12 (Source: P.A. 98-583, eff. 1-1-14.)

13 (35 ILCS 120/2-55) (from Ch. 120, par. 441-55)

14 Sec. 2-55. Serviceman transfer. Tangible personal property
15 purchased by a serviceman, as defined in Section 2 of the
16 Service Occupation Tax Act, is subject to the tax imposed by
17 this Act when purchased for transfer by the serviceman
18 incidental to completion of a maintenance agreement. Effective
19 January 1, 2018, purchases of tangible personal property
20 purchased for transfer incidental to performance of a taxable
21 service is not subject to the tax imposed by this Act.

22 (Source: P.A. 91-51, eff. 6-30-99.)

23 (35 ILCS 120/2a) (from Ch. 120, par. 441a)

24 Sec. 2a. It is unlawful for any person to engage in the

1 business of selling tangible personal property or taxable
2 service at retail in this State without a certificate of
3 registration from the Department. Application for a
4 certificate of registration shall be made to the Department
5 upon forms furnished by it. Each such application shall be
6 signed and verified and shall state: (1) the name and social
7 security number of the applicant; (2) the address of his
8 principal place of business; (3) the address of the principal
9 place of business from which he engages in the business of
10 selling tangible personal property or taxable service at retail
11 in this State and the addresses of all other places of
12 business, if any (enumerating such addresses, if any, in a
13 separate list attached to and made a part of the application),
14 from which he engages in the business of selling tangible
15 personal property or taxable service at retail in this State;
16 (4) the name and address of the person or persons who will be
17 responsible for filing returns and payment of taxes due under
18 this Act; (5) in the case of a publicly traded corporation, the
19 name and title of the Chief Financial Officer, Chief Operating
20 Officer, and any other officer or employee with responsibility
21 for preparing tax returns under this Act, along with the last 4
22 digits of each of their social security numbers, and, in the
23 case of all other corporations, the name, title, and social
24 security number of each corporate officer; (6) in the case of a
25 limited liability company, the name, social security number,
26 and FEIN number of each manager and member; and (7) such other

1 information as the Department may reasonably require. The
2 application shall contain an acceptance of responsibility
3 signed by the person or persons who will be responsible for
4 filing returns and payment of the taxes due under this Act. If
5 the applicant will sell tangible personal property at retail
6 through vending machines, his application to register shall
7 indicate the number of vending machines to be so operated. If
8 requested by the Department at any time, that person shall
9 verify the total number of vending machines he or she uses in
10 his or her business of selling tangible personal property at
11 retail.

12 The Department may deny a certificate of registration to
13 any applicant if a person who is named as the owner, a partner,
14 a manager or member of a limited liability company, or a
15 corporate officer of the applicant on the application for the
16 certificate of registration is or has been named as the owner,
17 a partner, a manager or member of a limited liability company,
18 or a corporate officer on the application for the certificate
19 of registration of another retailer that is in default for
20 moneys due under this Act or any other tax or fee Act
21 administered by the Department. For purposes of this paragraph
22 only, in determining whether a person is in default for moneys
23 due, the Department shall include only amounts established as a
24 final liability within the 20 years prior to the date of the
25 Department's notice of denial of a certificate of registration.

26 The Department may require an applicant for a certificate

1 of registration hereunder to, at the time of filing such
2 application, furnish a bond from a surety company authorized to
3 do business in the State of Illinois, or an irrevocable bank
4 letter of credit or a bond signed by 2 personal sureties who
5 have filed, with the Department, sworn statements disclosing
6 net assets equal to at least 3 times the amount of the bond to
7 be required of such applicant, or a bond secured by an
8 assignment of a bank account or certificate of deposit, stocks
9 or bonds, conditioned upon the applicant paying to the State of
10 Illinois all moneys becoming due under this Act and under any
11 other State tax law or municipal or county tax ordinance or
12 resolution under which the certificate of registration that is
13 issued to the applicant under this Act will permit the
14 applicant to engage in business without registering separately
15 under such other law, ordinance or resolution. In making a
16 determination as to whether to require a bond or other
17 security, the Department shall take into consideration whether
18 the owner, any partner, any manager or member of a limited
19 liability company, or a corporate officer of the applicant is
20 or has been the owner, a partner, a manager or member of a
21 limited liability company, or a corporate officer of another
22 retailer that is in default for moneys due under this Act or
23 any other tax or fee Act administered by the Department; and
24 whether the owner, any partner, any manager or member of a
25 limited liability company, or a corporate officer of the
26 applicant is or has been the owner, a partner, a manager or

1 member of a limited liability company, or a corporate officer
2 of another retailer whose certificate of registration has been
3 revoked within the previous 5 years under this Act or any other
4 tax or fee Act administered by the Department. If a bond or
5 other security is required, the Department shall fix the amount
6 of the bond or other security, taking into consideration the
7 amount of money expected to become due from the applicant under
8 this Act and under any other State tax law or municipal or
9 county tax ordinance or resolution under which the certificate
10 of registration that is issued to the applicant under this Act
11 will permit the applicant to engage in business without
12 registering separately under such other law, ordinance, or
13 resolution. The amount of security required by the Department
14 shall be such as, in its opinion, will protect the State of
15 Illinois against failure to pay the amount which may become due
16 from the applicant under this Act and under any other State tax
17 law or municipal or county tax ordinance or resolution under
18 which the certificate of registration that is issued to the
19 applicant under this Act will permit the applicant to engage in
20 business without registering separately under such other law,
21 ordinance or resolution, but the amount of the security
22 required by the Department shall not exceed three times the
23 amount of the applicant's average monthly tax liability, or
24 \$50,000.00, whichever amount is lower.

25 No certificate of registration under this Act shall be
26 issued by the Department until the applicant provides the

1 Department with satisfactory security, if required, as herein
2 provided for.

3 Upon receipt of the application for certificate of
4 registration in proper form, and upon approval by the
5 Department of the security furnished by the applicant, if
6 required, the Department shall issue to such applicant a
7 certificate of registration which shall permit the person to
8 whom it is issued to engage in the business of selling tangible
9 personal property at retail in this State. The certificate of
10 registration shall be conspicuously displayed at the place of
11 business which the person so registered states in his
12 application to be the principal place of business from which he
13 engages in the business of selling tangible personal property
14 at retail in this State.

15 No certificate of registration issued to a taxpayer who
16 files returns required by this Act on a monthly basis shall be
17 valid after the expiration of 5 years from the date of its
18 issuance or last renewal. The expiration date of a
19 sub-certificate of registration shall be that of the
20 certificate of registration to which the sub-certificate
21 relates. A certificate of registration shall automatically be
22 renewed, subject to revocation as provided by this Act, for an
23 additional 5 years from the date of its expiration unless
24 otherwise notified by the Department as provided by this
25 paragraph. Where a taxpayer to whom a certificate of
26 registration is issued under this Act is in default to the

1 State of Illinois for delinquent returns or for moneys due
2 under this Act or any other State tax law or municipal or
3 county ordinance administered or enforced by the Department,
4 the Department shall, not less than 60 days before the
5 expiration date of such certificate of registration, give
6 notice to the taxpayer to whom the certificate was issued of
7 the account period of the delinquent returns, the amount of
8 tax, penalty and interest due and owing from the taxpayer, and
9 that the certificate of registration shall not be automatically
10 renewed upon its expiration date unless the taxpayer, on or
11 before the date of expiration, has filed and paid the
12 delinquent returns or paid the defaulted amount in full. A
13 taxpayer to whom such a notice is issued shall be deemed an
14 applicant for renewal. The Department shall promulgate
15 regulations establishing procedures for taxpayers who file
16 returns on a monthly basis but desire and qualify to change to
17 a quarterly or yearly filing basis and will no longer be
18 subject to renewal under this Section, and for taxpayers who
19 file returns on a yearly or quarterly basis but who desire or
20 are required to change to a monthly filing basis and will be
21 subject to renewal under this Section.

22 The Department may in its discretion approve renewal by an
23 applicant who is in default if, at the time of application for
24 renewal, the applicant files all of the delinquent returns or
25 pays to the Department such percentage of the defaulted amount
26 as may be determined by the Department and agrees in writing to

1 waive all limitations upon the Department for collection of the
2 remaining defaulted amount to the Department over a period not
3 to exceed 5 years from the date of renewal of the certificate;
4 however, no renewal application submitted by an applicant who
5 is in default shall be approved if the immediately preceding
6 renewal by the applicant was conditioned upon the installment
7 payment agreement described in this Section. The payment
8 agreement herein provided for shall be in addition to and not
9 in lieu of the security that may be required by this Section of
10 a taxpayer who is no longer considered a prior continuous
11 compliance taxpayer. The execution of the payment agreement as
12 provided in this Act shall not toll the accrual of interest at
13 the statutory rate.

14 The Department may suspend a certificate of registration if
15 the Department finds that the person to whom the certificate of
16 registration has been issued knowingly sold contraband
17 cigarettes.

18 A certificate of registration issued under this Act more
19 than 5 years before the effective date of this amendatory Act
20 of 1989 shall expire and be subject to the renewal provisions
21 of this Section on the next anniversary of the date of issuance
22 of such certificate which occurs more than 6 months after the
23 effective date of this amendatory Act of 1989. A certificate of
24 registration issued less than 5 years before the effective date
25 of this amendatory Act of 1989 shall expire and be subject to
26 the renewal provisions of this Section on the 5th anniversary

1 of the issuance of the certificate.

2 If the person so registered states that he operates other
3 places of business from which he engages in the business of
4 selling tangible personal property or taxable service at retail
5 in this State, the Department shall furnish him with a
6 sub-certificate of registration for each such place of
7 business, and the applicant shall display the appropriate
8 sub-certificate of registration at each such place of business.
9 All sub-certificates of registration shall bear the same
10 registration number as that appearing upon the certificate of
11 registration to which such sub-certificates relate.

12 If the applicant will sell tangible personal property at
13 retail through vending machines, the Department shall furnish
14 him with a sub-certificate of registration for each such
15 vending machine, and the applicant shall display the
16 appropriate sub-certificate of registration on each such
17 vending machine by attaching the sub-certificate of
18 registration to a conspicuous part of such vending machine. If
19 a person who is registered to sell tangible personal property
20 at retail through vending machines adds an additional vending
21 machine or additional vending machines to the number of vending
22 machines he or she uses in his or her business of selling
23 tangible personal property at retail, he or she shall notify
24 the Department, on a form prescribed by the Department, to
25 request an additional sub-certificate or additional
26 sub-certificates of registration, as applicable. With each

1 such request, the applicant shall report the number of
2 sub-certificates of registration he or she is requesting as
3 well as the total number of vending machines from which he or
4 she makes retail sales.

5 Where the same person engages in 2 or more businesses of
6 selling tangible personal property or taxable service at retail
7 in this State, which businesses are substantially different in
8 character or engaged in under different trade names or engaged
9 in under other substantially dissimilar circumstances (so that
10 it is more practicable, from an accounting, auditing or
11 bookkeeping standpoint, for such businesses to be separately
12 registered), the Department may require or permit such person
13 (subject to the same requirements concerning the furnishing of
14 security as those that are provided for hereinbefore in this
15 Section as to each application for a certificate of
16 registration) to apply for and obtain a separate certificate of
17 registration for each such business or for any of such
18 businesses, under a single certificate of registration
19 supplemented by related sub-certificates of registration.

20 Any person who is registered under the "Retailers'
21 Occupation Tax Act" as of March 8, 1963, and who, during the
22 3-year period immediately prior to March 8, 1963, or during a
23 continuous 3-year period part of which passed immediately
24 before and the remainder of which passes immediately after
25 March 8, 1963, has been so registered continuously and who is
26 determined by the Department not to have been either delinquent

1 or deficient in the payment of tax liability during that period
2 under this Act or under any other State tax law or municipal or
3 county tax ordinance or resolution under which the certificate
4 of registration that is issued to the registrant under this Act
5 will permit the registrant to engage in business without
6 registering separately under such other law, ordinance or
7 resolution, shall be considered to be a Prior Continuous
8 Compliance taxpayer. Also any taxpayer who has, as verified by
9 the Department, faithfully and continuously complied with the
10 condition of his bond or other security under the provisions of
11 this Act for a period of 3 consecutive years shall be
12 considered to be a Prior Continuous Compliance taxpayer.

13 Every Prior Continuous Compliance taxpayer shall be exempt
14 from all requirements under this Act concerning the furnishing
15 of a bond or other security as a condition precedent to his
16 being authorized to engage in the business of selling tangible
17 personal property or taxable service at retail in this State.
18 This exemption shall continue for each such taxpayer until such
19 time as he may be determined by the Department to be delinquent
20 in the filing of any returns, or is determined by the
21 Department (either through the Department's issuance of a final
22 assessment which has become final under the Act, or by the
23 taxpayer's filing of a return which admits tax that is not paid
24 to be due) to be delinquent or deficient in the paying of any
25 tax under this Act or under any other State tax law or
26 municipal or county tax ordinance or resolution under which the

1 certificate of registration that is issued to the registrant
2 under this Act will permit the registrant to engage in business
3 without registering separately under such other law, ordinance
4 or resolution, at which time that taxpayer shall become subject
5 to all the financial responsibility requirements of this Act
6 and, as a condition of being allowed to continue to engage in
7 the business of selling tangible personal property or taxable
8 service at retail, may be required to post bond or other
9 acceptable security with the Department covering liability
10 which such taxpayer may thereafter incur. Any taxpayer who
11 fails to pay an admitted or established liability under this
12 Act may also be required to post bond or other acceptable
13 security with this Department guaranteeing the payment of such
14 admitted or established liability.

15 No certificate of registration shall be issued to any
16 person who is in default to the State of Illinois for moneys
17 due under this Act or under any other State tax law or
18 municipal or county tax ordinance or resolution under which the
19 certificate of registration that is issued to the applicant
20 under this Act will permit the applicant to engage in business
21 without registering separately under such other law, ordinance
22 or resolution.

23 Any person aggrieved by any decision of the Department
24 under this Section may, within 20 days after notice of such
25 decision, protest and request a hearing, whereupon the
26 Department shall give notice to such person of the time and

1 place fixed for such hearing and shall hold a hearing in
2 conformity with the provisions of this Act and then issue its
3 final administrative decision in the matter to such person. In
4 the absence of such a protest within 20 days, the Department's
5 decision shall become final without any further determination
6 being made or notice given.

7 With respect to security other than bonds (upon which the
8 Department may sue in the event of a forfeiture), if the
9 taxpayer fails to pay, when due, any amount whose payment such
10 security guarantees, the Department shall, after such
11 liability is admitted by the taxpayer or established by the
12 Department through the issuance of a final assessment that has
13 become final under the law, convert the security which that
14 taxpayer has furnished into money for the State, after first
15 giving the taxpayer at least 10 days' written notice, by
16 registered or certified mail, to pay the liability or forfeit
17 such security to the Department. If the security consists of
18 stocks or bonds or other securities which are listed on a
19 public exchange, the Department shall sell such securities
20 through such public exchange. If the security consists of an
21 irrevocable bank letter of credit, the Department shall convert
22 the security in the manner provided for in the Uniform
23 Commercial Code. If the security consists of a bank certificate
24 of deposit, the Department shall convert the security into
25 money by demanding and collecting the amount of such bank
26 certificate of deposit from the bank which issued such

1 certificate. If the security consists of a type of stocks or
2 other securities which are not listed on a public exchange, the
3 Department shall sell such security to the highest and best
4 bidder after giving at least 10 days' notice of the date, time
5 and place of the intended sale by publication in the "State
6 Official Newspaper". If the Department realizes more than the
7 amount of such liability from the security, plus the expenses
8 incurred by the Department in converting the security into
9 money, the Department shall pay such excess to the taxpayer who
10 furnished such security, and the balance shall be paid into the
11 State Treasury.

12 The Department shall discharge any surety and shall release
13 and return any security deposited, assigned, pledged or
14 otherwise provided to it by a taxpayer under this Section
15 within 30 days after:

16 (1) such taxpayer becomes a Prior Continuous
17 Compliance taxpayer; or

18 (2) such taxpayer has ceased to collect receipts on
19 which he is required to remit tax to the Department, has
20 filed a final tax return, and has paid to the Department an
21 amount sufficient to discharge his remaining tax
22 liability, as determined by the Department, under this Act
23 and under every other State tax law or municipal or county
24 tax ordinance or resolution under which the certificate of
25 registration issued under this Act permits the registrant
26 to engage in business without registering separately under

1 such other law, ordinance or resolution. The Department
2 shall make a final determination of the taxpayer's
3 outstanding tax liability as expeditiously as possible
4 after his final tax return has been filed; if the
5 Department cannot make such final determination within 45
6 days after receiving the final tax return, within such
7 period it shall so notify the taxpayer, stating its reasons
8 therefor.

9 (Source: P.A. 97-335, eff. 1-1-12; 98-496, eff. 1-1-14; 98-583,
10 eff. 1-1-14; 98-756, eff. 7-16-14; 98-974, eff. 1-1-15.)

11 (35 ILCS 120/2b) (from Ch. 120, par. 441b)

12 Sec. 2b. The Department may, after notice and a hearing as
13 provided herein, revoke the certificate of registration of any
14 person who violates any of the provisions of this Act. Before
15 revocation of a certificate of registration the Department
16 shall, within 90 days after non-compliance and at least 7 days
17 prior to the date of the hearing, give the person so accused
18 notice in writing of the charge against him or her, and on the
19 date designated shall conduct a hearing upon this matter. The
20 lapse of such 90 day period shall not preclude the Department
21 from conducting revocation proceedings at a later date if
22 necessary. Any hearing held under this Section shall be
23 conducted by the Director of Revenue or by any officer or
24 employee of the Department designated, in writing, by the
25 Director of Revenue.

1 Upon the hearing of any such proceeding, the Director of
2 Revenue, or any officer or employee of the Department
3 designated, in writing, by the Director of Revenue, may
4 administer oaths and the Department may procure by its subpoena
5 the attendance of witnesses and, by its subpoena duces tecum,
6 the production of relevant books and papers. Any circuit court,
7 upon application either of the accused or of the Department,
8 may, by order duly entered, require the attendance of witnesses
9 and the production of relevant books and papers, before the
10 Department in any hearing relating to the revocation of
11 certificates of registration. Upon refusal or neglect to obey
12 the order of the court, the court may compel obedience thereof
13 by proceedings for contempt.

14 The Department may, by application to any circuit court,
15 obtain an injunction restraining any person who engages in the
16 business of selling tangible personal property or taxable
17 service at retail in this State without a certificate of
18 registration (either because the certificate of registration
19 has been revoked or because of a failure to obtain a
20 certificate of registration in the first instance) from
21 engaging in such business until such person, as if he or she
22 were a new applicant for a certificate of registration, shall
23 comply with all of the conditions, restrictions and
24 requirements of Section 2a of this Act and qualify for and
25 obtain a certificate of registration. Upon refusal or neglect
26 to obey the order of the court, the court may compel obedience

1 thereof by proceedings for contempt.

2 It shall not be a defense in a proceeding before the
3 Department to revoke a certificate of registration issued under
4 the Act, or in any action by the Department to collect any tax
5 due under this Act, that the holder of the certificate is a
6 party to an installment payment agreement under Section 2a of
7 this Act if the liability which is the basis of the revocation
8 proceeding, or the tax that is sought to be collected: (1) was
9 incurred after the date of the agreement was approved by the
10 Department; or (2) was incurred prior to the date the agreement
11 was approved by the Department, but was not included in the
12 agreement; or (3) was included in the agreement, but the
13 taxpayer is in default of the agreement.

14 (Source: P.A. 86-338; 86-383; 86-1028.)

15 (35 ILCS 120/2c) (from Ch. 120, par. 441c)

16 Sec. 2c. If the purchaser is not registered with the
17 Department as a taxpayer, but claims to be a reseller of the
18 tangible personal property or taxable service in such a way
19 that such resales are not taxable under this Act or under some
20 other tax law which the Department may administer, such
21 purchaser (except in the case of an out-of-State purchaser who
22 will always resell and deliver the property to his customers
23 outside Illinois) shall apply to the Department for a resale
24 number. Such applicant shall state facts which will show the
25 Department why such applicant is not liable for tax under this

1 Act or under some other tax law which the Department may
2 administer on any of his resales and shall furnish such
3 additional information as the Department may reasonably
4 require.

5 Upon approval of the application, the Department shall
6 assign a resale number to the applicant and shall certify such
7 number to him. The Department may cancel any such number which
8 is obtained through misrepresentation, or which is used to make
9 a purchase tax-free when the purchase in fact is not a purchase
10 for resale, or which no longer applies because of the
11 purchaser's having discontinued the making of tax exempt
12 resales of the property.

13 The Department may restrict the use of the number to one
14 year at a time or to some other definite period if the
15 Department finds it impracticable or otherwise inadvisable to
16 issue such numbers for indefinite periods.

17 Except as provided hereinabove in this Section, a sale
18 shall be made tax-free on the ground of being a sale for resale
19 if the purchaser has an active registration number or resale
20 number from the Department and furnishes that number to the
21 seller in connection with certifying to the seller that any
22 sale to such purchaser is nontaxable because of being a sale
23 for resale.

24 Failure to present an active registration number or resale
25 number and a certification to the seller that a sale is for
26 resale creates a presumption that a sale is not for resale.

1 This presumption may be rebutted by other evidence that all of
2 the seller's sales are sale for resale, or that a particular
3 sale is a sale for resale.

4 (Source: P.A. 83-1463.)

5 (35 ILCS 120/3) (from Ch. 120, par. 442)

6 Sec. 3. Except as provided in this Section, on or before
7 the twentieth day of each calendar month, every person engaged
8 in the business of selling tangible personal property or
9 taxable service at retail in this State during the preceding
10 calendar month shall file a return with the Department,
11 stating:

12 1. The name of the seller;

13 2. His residence address and the address of his
14 principal place of business and the address of the
15 principal place of business (if that is a different
16 address) from which he engages in the business of selling
17 tangible personal property or taxable service at retail in
18 this State;

19 3. Total amount of receipts received by him during the
20 preceding calendar month or quarter, as the case may be,
21 from sales of tangible personal property and taxable
22 service, and from services other than taxable services
23 furnished, by him during such preceding calendar month or
24 quarter;

25 4. Total amount received by him during the preceding

1 calendar month or quarter on charge and time sales of
2 tangible personal property and taxable service, and from
3 services other than taxable services furnished, by him
4 prior to the month or quarter for which the return is
5 filed;

6 5. Deductions allowed by law;

7 6. Gross receipts which were received by him during the
8 preceding calendar month or quarter and upon the basis of
9 which the tax is imposed;

10 7. The amount of credit provided in Section 2d of this
11 Act;

12 8. The amount of tax due;

13 9. The signature of the taxpayer; and

14 10. Such other reasonable information as the
15 Department may require.

16 If a taxpayer fails to sign a return within 30 days after
17 the proper notice and demand for signature by the Department,
18 the return shall be considered valid and any amount shown to be
19 due on the return shall be deemed assessed.

20 Each return shall be accompanied by the statement of
21 prepaid tax issued pursuant to Section 2e for which credit is
22 claimed.

23 Prior to October 1, 2003, and on and after September 1,
24 2004 a retailer may accept a Manufacturer's Purchase Credit
25 certification from a purchaser in satisfaction of Use Tax as
26 provided in Section 3-85 of the Use Tax Act if the purchaser

1 provides the appropriate documentation as required by Section
2 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit
3 certification, accepted by a retailer prior to October 1, 2003
4 and on and after September 1, 2004 as provided in Section 3-85
5 of the Use Tax Act, may be used by that retailer to satisfy
6 Retailers' Occupation Tax liability in the amount claimed in
7 the certification, not to exceed 6.25% of the receipts subject
8 to tax from a qualifying purchase. A Manufacturer's Purchase
9 Credit reported on any original or amended return filed under
10 this Act after October 20, 2003 for reporting periods prior to
11 September 1, 2004 shall be disallowed. Manufacturer's
12 Purchaser Credit reported on annual returns due on or after
13 January 1, 2005 will be disallowed for periods prior to
14 September 1, 2004. No Manufacturer's Purchase Credit may be
15 used after September 30, 2003 through August 31, 2004 to
16 satisfy any tax liability imposed under this Act, including any
17 audit liability.

18 The Department may require returns to be filed on a
19 quarterly basis. If so required, a return for each calendar
20 quarter shall be filed on or before the twentieth day of the
21 calendar month following the end of such calendar quarter. The
22 taxpayer shall also file a return with the Department for each
23 of the first two months of each calendar quarter, on or before
24 the twentieth day of the following calendar month, stating:

- 25 1. The name of the seller;
- 26 2. The address of the principal place of business from

1 which he engages in the business of selling tangible
2 personal property at retail in this State;

3 3. The total amount of taxable receipts received by him
4 during the preceding calendar month from sales of tangible
5 personal property and taxable services by him during such
6 preceding calendar month, including receipts from charge
7 and time sales, but less all deductions allowed by law;

8 4. The amount of credit provided in Section 2d of this
9 Act;

10 5. The amount of tax due; and

11 6. Such other reasonable information as the Department
12 may require.

13 Beginning on October 1, 2003, any person who is not a
14 licensed distributor, importing distributor, or manufacturer,
15 as defined in the Liquor Control Act of 1934, but is engaged in
16 the business of selling, at retail, alcoholic liquor shall file
17 a statement with the Department of Revenue, in a format and at
18 a time prescribed by the Department, showing the total amount
19 paid for alcoholic liquor purchased during the preceding month
20 and such other information as is reasonably required by the
21 Department. The Department may adopt rules to require that this
22 statement be filed in an electronic or telephonic format. Such
23 rules may provide for exceptions from the filing requirements
24 of this paragraph. For the purposes of this paragraph, the term
25 "alcoholic liquor" shall have the meaning prescribed in the
26 Liquor Control Act of 1934.

1 Beginning on October 1, 2003, every distributor, importing
2 distributor, and manufacturer of alcoholic liquor as defined in
3 the Liquor Control Act of 1934, shall file a statement with the
4 Department of Revenue, no later than the 10th day of the month
5 for the preceding month during which transactions occurred, by
6 electronic means, showing the total amount of gross receipts
7 from the sale of alcoholic liquor sold or distributed during
8 the preceding month to purchasers; identifying the purchaser to
9 whom it was sold or distributed; the purchaser's tax
10 registration number; and such other information reasonably
11 required by the Department. A distributor, importing
12 distributor, or manufacturer of alcoholic liquor must
13 personally deliver, mail, or provide by electronic means to
14 each retailer listed on the monthly statement a report
15 containing a cumulative total of that distributor's, importing
16 distributor's, or manufacturer's total sales of alcoholic
17 liquor to that retailer no later than the 10th day of the month
18 for the preceding month during which the transaction occurred.
19 The distributor, importing distributor, or manufacturer shall
20 notify the retailer as to the method by which the distributor,
21 importing distributor, or manufacturer will provide the sales
22 information. If the retailer is unable to receive the sales
23 information by electronic means, the distributor, importing
24 distributor, or manufacturer shall furnish the sales
25 information by personal delivery or by mail. For purposes of
26 this paragraph, the term "electronic means" includes, but is

1 not limited to, the use of a secure Internet website, e-mail,
2 or facsimile.

3 If a total amount of less than \$1 is payable, refundable or
4 creditable, such amount shall be disregarded if it is less than
5 50 cents and shall be increased to \$1 if it is 50 cents or more.

6 Beginning October 1, 1993, a taxpayer who has an average
7 monthly tax liability of \$150,000 or more shall make all
8 payments required by rules of the Department by electronic
9 funds transfer. Beginning October 1, 1994, a taxpayer who has
10 an average monthly tax liability of \$100,000 or more shall make
11 all payments required by rules of the Department by electronic
12 funds transfer. Beginning October 1, 1995, a taxpayer who has
13 an average monthly tax liability of \$50,000 or more shall make
14 all payments required by rules of the Department by electronic
15 funds transfer. Beginning October 1, 2000, a taxpayer who has
16 an annual tax liability of \$200,000 or more shall make all
17 payments required by rules of the Department by electronic
18 funds transfer. The term "annual tax liability" shall be the
19 sum of the taxpayer's liabilities under this Act, and under all
20 other State and local occupation and use tax laws administered
21 by the Department, for the immediately preceding calendar year.
22 The term "average monthly tax liability" shall be the sum of
23 the taxpayer's liabilities under this Act, and under all other
24 State and local occupation and use tax laws administered by the
25 Department, for the immediately preceding calendar year
26 divided by 12. Beginning on October 1, 2002, a taxpayer who has

1 a tax liability in the amount set forth in subsection (b) of
2 Section 2505-210 of the Department of Revenue Law shall make
3 all payments required by rules of the Department by electronic
4 funds transfer.

5 Before August 1 of each year beginning in 1993, the
6 Department shall notify all taxpayers required to make payments
7 by electronic funds transfer. All taxpayers required to make
8 payments by electronic funds transfer shall make those payments
9 for a minimum of one year beginning on October 1.

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

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

17 The Department shall adopt such rules as are necessary to
18 effectuate a program of electronic funds transfer and the
19 requirements of this Section.

20 Any amount which is required to be shown or reported on any
21 return or other document under this Act shall, if such amount
22 is not a whole-dollar amount, be increased to the nearest
23 whole-dollar amount in any case where the fractional part of a
24 dollar is 50 cents or more, and decreased to the nearest
25 whole-dollar amount where the fractional part of a dollar is
26 less than 50 cents.

1 If the retailer is otherwise required to file a monthly
2 return and if the retailer's average monthly tax liability to
3 the Department does not exceed \$200, the Department may
4 authorize his returns to be filed on a quarter annual basis,
5 with the return for January, February and March of a given year
6 being due by April 20 of such year; with the return for April,
7 May and June of a given year being due by July 20 of such year;
8 with the return for July, August and September of a given year
9 being due by October 20 of such year, and with the return for
10 October, November and December of a given year being due by
11 January 20 of the following year.

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

18 Such quarter annual and annual returns, as to form and
19 substance, shall be subject to the same requirements as monthly
20 returns.

21 Notwithstanding any other provision in this Act concerning
22 the time within which a retailer may file his return, in the
23 case of any retailer who ceases to engage in a kind of business
24 which makes him responsible for filing returns under this Act,
25 such retailer shall file a final return under this Act with the
26 Department not more than one month after discontinuing such

1 business.

2 Where the same person has more than one business registered
3 with the Department under separate registrations under this
4 Act, such person may not file each return that is due as a
5 single return covering all such registered businesses, but
6 shall file separate returns for each such registered business.

7 In addition, with respect to motor vehicles, watercraft,
8 aircraft, and trailers that are required to be registered with
9 an agency of this State, every retailer selling this kind of
10 tangible personal property shall file, with the Department,
11 upon a form to be prescribed and supplied by the Department, a
12 separate return for each such item of tangible personal
13 property which the retailer sells, except that if, in the same
14 transaction, (i) a retailer of aircraft, watercraft, motor
15 vehicles or trailers transfers more than one aircraft,
16 watercraft, motor vehicle or trailer to another aircraft,
17 watercraft, motor vehicle retailer or trailer retailer for the
18 purpose of resale or (ii) a retailer of aircraft, watercraft,
19 motor vehicles, or trailers transfers more than one aircraft,
20 watercraft, motor vehicle, or trailer to a purchaser for use as
21 a qualifying rolling stock as provided in Section 2-5 of this
22 Act, then that seller may report the transfer of all aircraft,
23 watercraft, motor vehicles or trailers involved in that
24 transaction to the Department on the same uniform
25 invoice-transaction reporting return form. For purposes of
26 this Section, "watercraft" means a Class 2, Class 3, or Class 4

1 watercraft as defined in Section 3-2 of the Boat Registration
2 and Safety Act, a personal watercraft, or any boat equipped
3 with an inboard motor.

4 Any retailer who sells only motor vehicles, watercraft,
5 aircraft, or trailers that are required to be registered with
6 an agency of this State, so that all retailers' occupation tax
7 liability is required to be reported, and is reported, on such
8 transaction reporting returns and who is not otherwise required
9 to file monthly or quarterly returns, need not file monthly or
10 quarterly returns. However, those retailers shall be required
11 to file returns on an annual basis.

12 The transaction reporting return, in the case of motor
13 vehicles or trailers that are required to be registered with an
14 agency of this State, shall be the same document as the Uniform
15 Invoice referred to in Section 5-402 of The Illinois Vehicle
16 Code and must show the name and address of the seller; the name
17 and address of the purchaser; the amount of the selling price
18 including the amount allowed by the retailer for traded-in
19 property, if any; the amount allowed by the retailer for the
20 traded-in tangible personal property, if any, to the extent to
21 which Section 1 of this Act allows an exemption for the value
22 of traded-in property; the balance payable after deducting such
23 trade-in allowance from the total selling price; the amount of
24 tax due from the retailer with respect to such transaction; the
25 amount of tax collected from the purchaser by the retailer on
26 such transaction (or satisfactory evidence that such tax is not

1 due in that particular instance, if that is claimed to be the
2 fact); the place and date of the sale; a sufficient
3 identification of the property sold; such other information as
4 is required in Section 5-402 of The Illinois Vehicle Code, and
5 such other information as the Department may reasonably
6 require.

7 The transaction reporting return in the case of watercraft
8 or aircraft must show the name and address of the seller; the
9 name and address of the purchaser; the amount of the selling
10 price including the amount allowed by the retailer for
11 traded-in property, if any; the amount allowed by the retailer
12 for the traded-in tangible personal property, if any, to the
13 extent to which Section 1 of this Act allows an exemption for
14 the value of traded-in property; the balance payable after
15 deducting such trade-in allowance from the total selling price;
16 the amount of tax due from the retailer with respect to such
17 transaction; the amount of tax collected from the purchaser by
18 the retailer on such transaction (or satisfactory evidence that
19 such tax is not due in that particular instance, if that is
20 claimed to be the fact); the place and date of the sale, a
21 sufficient identification of the property sold, and such other
22 information as the Department may reasonably require.

23 Such transaction reporting return shall be filed not later
24 than 20 days after the day of delivery of the item that is
25 being sold, but may be filed by the retailer at any time sooner
26 than that if he chooses to do so. The transaction reporting

1 return and tax remittance or proof of exemption from the
2 Illinois use tax may be transmitted to the Department by way of
3 the State agency with which, or State officer with whom the
4 tangible personal property must be titled or registered (if
5 titling or registration is required) if the Department and such
6 agency or State officer determine that this procedure will
7 expedite the processing of applications for title or
8 registration.

9 With each such transaction reporting return, the retailer
10 shall remit the proper amount of tax due (or shall submit
11 satisfactory evidence that the sale is not taxable if that is
12 the case), to the Department or its agents, whereupon the
13 Department shall issue, in the purchaser's name, a use tax
14 receipt (or a certificate of exemption if the Department is
15 satisfied that the particular sale is tax exempt) which such
16 purchaser may submit to the agency with which, or State officer
17 with whom, he must title or register the tangible personal
18 property that is involved (if titling or registration is
19 required) in support of such purchaser's application for an
20 Illinois certificate or other evidence of title or registration
21 to such tangible personal property.

22 No retailer's failure or refusal to remit tax under this
23 Act precludes a user, who has paid the proper tax to the
24 retailer, from obtaining his certificate of title or other
25 evidence of title or registration (if titling or registration
26 is required) upon satisfying the Department that such user has

1 paid the proper tax (if tax is due) to the retailer. The
2 Department shall adopt appropriate rules to carry out the
3 mandate of this paragraph.

4 If the user who would otherwise pay tax to the retailer
5 wants the transaction reporting return filed and the payment of
6 the tax or proof of exemption made to the Department before the
7 retailer is willing to take these actions and such user has not
8 paid the tax to the retailer, such user may certify to the fact
9 of such delay by the retailer and may (upon the Department
10 being satisfied of the truth of such certification) transmit
11 the information required by the transaction reporting return
12 and the remittance for tax or proof of exemption directly to
13 the Department and obtain his tax receipt or exemption
14 determination, in which event the transaction reporting return
15 and tax remittance (if a tax payment was required) shall be
16 credited by the Department to the proper retailer's account
17 with the Department, but without the 2.1% or 1.75% discount
18 provided for in this Section being allowed. When the user pays
19 the tax directly to the Department, he shall pay the tax in the
20 same amount and in the same form in which it would be remitted
21 if the tax had been remitted to the Department by the retailer.

22 Refunds made by the seller during the preceding return
23 period to purchasers, on account of tangible personal property
24 returned to the seller or taxable services not performed in
25 full, shall be allowed as a deduction under subdivision 5 of
26 his monthly or quarterly return, as the case may be, in case

1 the seller had theretofore included the receipts from the sale
2 of such tangible personal property in a return filed by him and
3 had paid the tax imposed by this Act with respect to such
4 receipts.

5 Where the seller is a corporation, the return filed on
6 behalf of such corporation shall be signed by the president,
7 vice-president, secretary or treasurer or by the properly
8 accredited agent of such corporation.

9 Where the seller is a limited liability company, the return
10 filed on behalf of the limited liability company shall be
11 signed by a manager, member, or properly accredited agent of
12 the limited liability company.

13 Except as provided in this Section, the retailer filing the
14 return under this Section shall, at the time of filing such
15 return, pay to the Department the amount of tax imposed by this
16 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
17 on and after January 1, 1990, or \$5 per calendar year,
18 whichever is greater, which is allowed to reimburse the
19 retailer for the expenses incurred in keeping records,
20 preparing and filing returns, remitting the tax and supplying
21 data to the Department on request. However, on and after July
22 1, 2017, in no event shall a vendor discount under this Act
23 exceed \$1,000 for any retailer in any calendar month. Any
24 prepayment made pursuant to Section 2d of this Act shall be
25 included in the amount on which such 2.1% or 1.75% discount is
26 computed. In the case of retailers who report and pay the tax

1 on a transaction by transaction basis, as provided in this
2 Section, such discount shall be taken with each such tax
3 remittance instead of when such retailer files his periodic
4 return. The Department may disallow the discount for retailers
5 whose certificate of registration is revoked at the time the
6 return is filed, but only if the Department's decision to
7 revoke the certificate of registration has become final.

8 Before October 1, 2000, if the taxpayer's average monthly
9 tax liability to the Department under this Act, the Use Tax
10 Act, the Service Occupation Tax Act, and the Service Use Tax
11 Act, excluding any liability for prepaid sales tax to be
12 remitted in accordance with Section 2d of this Act, was \$10,000
13 or more during the preceding 4 complete calendar quarters, he
14 shall file a return with the Department each month by the 20th
15 day of the month next following the month during which such tax
16 liability is incurred and shall make payments to the Department
17 on or before the 7th, 15th, 22nd and last day of the month
18 during which such liability is incurred. On and after October
19 1, 2000, if the taxpayer's average monthly tax liability to the
20 Department under this Act, the Use Tax Act, the Service
21 Occupation Tax Act, and the Service Use Tax Act, excluding any
22 liability for prepaid sales tax to be remitted in accordance
23 with Section 2d of this Act, was \$20,000 or more during the
24 preceding 4 complete calendar quarters, he shall file a return
25 with the Department each month by the 20th day of the month
26 next following the month during which such tax liability is

1 incurred and shall make payment to the Department on or before
2 the 7th, 15th, 22nd and last day of the month during which such
3 liability is incurred. If the month during which such tax
4 liability is incurred began prior to January 1, 1985, each
5 payment shall be in an amount equal to 1/4 of the taxpayer's
6 actual liability for the month or an amount set by the
7 Department not to exceed 1/4 of the average monthly liability
8 of the taxpayer to the Department for the preceding 4 complete
9 calendar quarters (excluding the month of highest liability and
10 the month of lowest liability in such 4 quarter period). If the
11 month during which such tax liability is incurred begins on or
12 after January 1, 1985 and prior to January 1, 1987, each
13 payment shall be in an amount equal to 22.5% of the taxpayer's
14 actual liability for the month or 27.5% of the taxpayer's
15 liability for the same calendar month of the preceding year. If
16 the month during which such tax liability is incurred begins on
17 or after January 1, 1987 and prior to January 1, 1988, each
18 payment shall be in an amount equal to 22.5% of the taxpayer's
19 actual liability for the month or 26.25% of the taxpayer's
20 liability for the same calendar month of the preceding year. If
21 the month during which such tax liability is incurred begins on
22 or after January 1, 1988, and prior to January 1, 1989, or
23 begins on or after January 1, 1996, each payment shall be in an
24 amount equal to 22.5% of the taxpayer's actual liability for
25 the month or 25% of the taxpayer's liability for the same
26 calendar month of the preceding year. If the month during which

1 such tax liability is incurred begins on or after January 1,
2 1989, and prior to January 1, 1996, each payment shall be in an
3 amount equal to 22.5% of the taxpayer's actual liability for
4 the month or 25% of the taxpayer's liability for the same
5 calendar month of the preceding year or 100% of the taxpayer's
6 actual liability for the quarter monthly reporting period. The
7 amount of such quarter monthly payments shall be credited
8 against the final tax liability of the taxpayer's return for
9 that month. Before October 1, 2000, once applicable, the
10 requirement of the making of quarter monthly payments to the
11 Department by taxpayers having an average monthly tax liability
12 of \$10,000 or more as determined in the manner provided above
13 shall continue until such taxpayer's average monthly liability
14 to the Department during the preceding 4 complete calendar
15 quarters (excluding the month of highest liability and the
16 month of lowest liability) is less than \$9,000, or until such
17 taxpayer's average monthly liability to the Department as
18 computed for each calendar quarter of the 4 preceding complete
19 calendar quarter period is less than \$10,000. However, if a
20 taxpayer can show the Department that a substantial change in
21 the taxpayer's business has occurred which causes the taxpayer
22 to anticipate that his average monthly tax liability for the
23 reasonably foreseeable future will fall below the \$10,000
24 threshold stated above, then such taxpayer may petition the
25 Department for a change in such taxpayer's reporting status. On
26 and after October 1, 2000, once applicable, the requirement of

1 the making of quarter monthly payments to the Department by
2 taxpayers having an average monthly tax liability of \$20,000 or
3 more as determined in the manner provided above shall continue
4 until such taxpayer's average monthly liability to the
5 Department during the preceding 4 complete calendar quarters
6 (excluding the month of highest liability and the month of
7 lowest liability) is less than \$19,000 or until such taxpayer's
8 average monthly liability to the Department as computed for
9 each calendar quarter of the 4 preceding complete calendar
10 quarter period is less than \$20,000. However, if a taxpayer can
11 show the Department that a substantial change in the taxpayer's
12 business has occurred which causes the taxpayer to anticipate
13 that his average monthly tax liability for the reasonably
14 foreseeable future will fall below the \$20,000 threshold stated
15 above, then such taxpayer may petition the Department for a
16 change in such taxpayer's reporting status. The Department
17 shall change such taxpayer's reporting status unless it finds
18 that such change is seasonal in nature and not likely to be
19 long term. If any such quarter monthly payment is not paid at
20 the time or in the amount required by this Section, then the
21 taxpayer shall be liable for penalties and interest on the
22 difference between the minimum amount due as a payment and the
23 amount of such quarter monthly payment actually and timely
24 paid, except insofar as the taxpayer has previously made
25 payments for that month to the Department in excess of the
26 minimum payments previously due as provided in this Section.

1 The Department shall make reasonable rules and regulations to
2 govern the quarter monthly payment amount and quarter monthly
3 payment dates for taxpayers who file on other than a calendar
4 monthly basis.

5 The provisions of this paragraph apply before October 1,
6 2001. Without regard to whether a taxpayer is required to make
7 quarter monthly payments as specified above, any taxpayer who
8 is required by Section 2d of this Act to collect and remit
9 prepaid taxes and has collected prepaid taxes which average in
10 excess of \$25,000 per month during the preceding 2 complete
11 calendar quarters, shall file a return with the Department as
12 required by Section 2f and shall make payments to the
13 Department on or before the 7th, 15th, 22nd and last day of the
14 month during which such liability is incurred. If the month
15 during which such tax liability is incurred began prior to
16 September 1, 1985 (the effective date of Public Act 84-221)
17 ~~this amendatory Act of 1985~~, each payment shall be in an amount
18 not less than 22.5% of the taxpayer's actual liability under
19 Section 2d. If the month during which such tax liability is
20 incurred begins on or after January 1, 1986, each payment shall
21 be in an amount equal to 22.5% of the taxpayer's actual
22 liability for the month or 27.5% of the taxpayer's liability
23 for the same calendar month of the preceding calendar year. If
24 the month during which such tax liability is incurred begins on
25 or after January 1, 1987, each payment shall be in an amount
26 equal to 22.5% of the taxpayer's actual liability for the month

1 or 26.25% of the taxpayer's liability for the same calendar
2 month of the preceding year. The amount of such quarter monthly
3 payments shall be credited against the final tax liability of
4 the taxpayer's return for that month filed under this Section
5 or Section 2f, as the case may be. Once applicable, the
6 requirement of the making of quarter monthly payments to the
7 Department pursuant to this paragraph shall continue until such
8 taxpayer's average monthly prepaid tax collections during the
9 preceding 2 complete calendar quarters is \$25,000 or less. If
10 any such quarter monthly payment is not paid at the time or in
11 the amount required, the taxpayer shall be liable for penalties
12 and interest on such difference, except insofar as the taxpayer
13 has previously made payments for that month in excess of the
14 minimum payments previously due.

15 The provisions of this paragraph apply on and after October
16 1, 2001. Without regard to whether a taxpayer is required to
17 make quarter monthly payments as specified above, any taxpayer
18 who is required by Section 2d of this Act to collect and remit
19 prepaid taxes and has collected prepaid taxes that average in
20 excess of \$20,000 per month during the preceding 4 complete
21 calendar quarters shall file a return with the Department as
22 required by Section 2f and shall make payments to the
23 Department on or before the 7th, 15th, 22nd and last day of the
24 month during which the liability is incurred. Each payment
25 shall be in an amount equal to 22.5% of the taxpayer's actual
26 liability for the month or 25% of the taxpayer's liability for

1 the same calendar month of the preceding year. The amount of
2 the quarter monthly payments shall be credited against the
3 final tax liability of the taxpayer's return for that month
4 filed under this Section or Section 2f, as the case may be.
5 Once applicable, the requirement of the making of quarter
6 monthly payments to the Department pursuant to this paragraph
7 shall continue until the taxpayer's average monthly prepaid tax
8 collections during the preceding 4 complete calendar quarters
9 (excluding the month of highest liability and the month of
10 lowest liability) is less than \$19,000 or until such taxpayer's
11 average monthly liability to the Department as computed for
12 each calendar quarter of the 4 preceding complete calendar
13 quarters is less than \$20,000. If any such quarter monthly
14 payment is not paid at the time or in the amount required, the
15 taxpayer shall be liable for penalties and interest on such
16 difference, except insofar as the taxpayer has previously made
17 payments for that month in excess of the minimum payments
18 previously due.

19 If any payment provided for in this Section exceeds the
20 taxpayer's liabilities under this Act, the Use Tax Act, the
21 Service Occupation Tax Act and the Service Use Tax Act, as
22 shown on an original monthly return, the Department shall, if
23 requested by the taxpayer, issue to the taxpayer a credit
24 memorandum no later than 30 days after the date of payment. The
25 credit evidenced by such credit memorandum may be assigned by
26 the taxpayer to a similar taxpayer under this Act, the Use Tax

1 Act, the Service Occupation Tax Act or the Service Use Tax Act,
2 in accordance with reasonable rules and regulations to be
3 prescribed by the Department. If no such request is made, the
4 taxpayer may credit such excess payment against tax liability
5 subsequently to be remitted to the Department under this Act,
6 the Use Tax Act, the Service Occupation Tax Act or the Service
7 Use Tax Act, in accordance with reasonable rules and
8 regulations prescribed by the Department. If the Department
9 subsequently determined that all or any part of the credit
10 taken was not actually due to the taxpayer, the taxpayer's 2.1%
11 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
12 of the difference between the credit taken and that actually
13 due, and that taxpayer shall be liable for penalties and
14 interest on such difference.

15 If a retailer of motor fuel is entitled to a credit under
16 Section 2d of this Act which exceeds the taxpayer's liability
17 to the Department under this Act for the month which the
18 taxpayer is filing a return, the Department shall issue the
19 taxpayer a credit memorandum for the excess.

20 Beginning January 1, 1990, each month the Department shall
21 pay into the Local Government Tax Fund, a special fund in the
22 State treasury which is hereby created, the net revenue
23 realized for the preceding month from the 1% tax on sales of
24 food for human consumption which is to be consumed off the
25 premises where it is sold (other than alcoholic beverages, soft
26 drinks and food which has been prepared for immediate

1 consumption) and prescription and nonprescription medicines,
2 drugs, medical appliances, products classified as Class III
3 medical devices by the United States Food and Drug
4 Administration that are used for cancer treatment pursuant to a
5 prescription, as well as any accessories and components related
6 to those devices, and insulin, urine testing materials,
7 syringes and needles used by diabetics.

8 Beginning January 1, 1990, each month the Department shall
9 pay into the County and Mass Transit District Fund, a special
10 fund in the State treasury which is hereby created, 4% of the
11 net revenue realized for the preceding month from the 6.25%
12 general rate.

13 Beginning August 1, 2000, each month the Department shall
14 pay into the County and Mass Transit District Fund 20% of the
15 net revenue realized for the preceding month from the 1.25%
16 rate on the selling price of motor fuel and gasohol. Beginning
17 September 1, 2010, each month the Department shall pay into the
18 County and Mass Transit District Fund 20% of the net revenue
19 realized for the preceding month from the 1.25% rate on the
20 selling price of sales tax holiday items.

21 Beginning January 1, 1990, each month the Department shall
22 pay into the Local Government Tax Fund 16% of the net revenue
23 realized for the preceding month from the 6.25% general rate on
24 the selling price of tangible personal property.

25 From July 1, 2017 through June 30, 2018, no deposits shall
26 be made into the County and Mass Transit District Fund or the

1 Local Government Tax Fund from the net revenue realized from
2 the 6.25% general rate on taxable services. Beginning July 1,
3 2018 and through June 30, 2019, each month the Department shall
4 pay into the County and Mass Transit District Fund 1.4% of the
5 net revenue realized for the preceding month from the 6.25%
6 general rate on the selling price of taxable services and shall
7 pay into the Local Government Tax Fund 5.6% of the net revenue
8 realized for the preceding month from the 6.25% general rate on
9 the selling price of taxable services. Beginning July 1, 2019
10 and through June 30, 2020, each month the Department shall pay
11 into the County and Mass Transit District Fund 2.6% of the net
12 revenue realized for the preceding month from the 6.25% general
13 rate on the selling price of taxable services and shall pay
14 into the Local Government Tax Fund 10.4% of the net revenue
15 realized for the preceding month from the 6.25% general rate on
16 the selling price of taxable services. Beginning July 1, 2020,
17 each month the Department shall pay into the County and Mass
18 Transit District Fund 4% of the net revenue realized for the
19 preceding month from the 6.25% general rate on the selling
20 price of taxable services and shall pay into the Local
21 Government Tax Fund 16% of the net revenue realized for the
22 preceding month from the 6.25% general rate on the selling
23 price of taxable services.

24 Beginning August 1, 2000, each month the Department shall
25 pay into the Local Government Tax Fund 80% of the net revenue
26 realized for the preceding month from the 1.25% rate on the

1 selling price of motor fuel and gasohol. Beginning September 1,
2 2010, each month the Department shall pay into the Local
3 Government Tax Fund 80% of the net revenue realized for the
4 preceding month from the 1.25% rate on the selling price of
5 sales tax holiday items.

6 Beginning October 1, 2009, each month the Department shall
7 pay into the Capital Projects Fund an amount that is equal to
8 an amount estimated by the Department to represent 80% of the
9 net revenue realized for the preceding month from the sale of
10 candy, grooming and hygiene products, and soft drinks that had
11 been taxed at a rate of 1% prior to September 1, 2009 but that
12 are now taxed at 6.25%.

13 Beginning July 1, 2011, each month the Department shall pay
14 into the Clean Air Act Permit Fund 80% of the net revenue
15 realized for the preceding month from the 6.25% general rate on
16 the selling price of sorbents used in Illinois in the process
17 of sorbent injection as used to comply with the Environmental
18 Protection Act or the federal Clean Air Act, but the total
19 payment into the Clean Air Act Permit Fund under this Act and
20 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

21 Beginning July 1, 2013, each month the Department shall pay
22 into the Underground Storage Tank Fund from the proceeds
23 collected under this Act, the Use Tax Act, the Service Use Tax
24 Act, and the Service Occupation Tax Act an amount equal to the
25 average monthly deficit in the Underground Storage Tank Fund
26 during the prior year, as certified annually by the Illinois

1 Environmental Protection Agency, but the total payment into the
2 Underground Storage Tank Fund under this Act, the Use Tax Act,
3 the Service Use Tax Act, and the Service Occupation Tax Act
4 shall not exceed \$18,000,000 in any State fiscal year. As used
5 in this paragraph, the "average monthly deficit" shall be equal
6 to the difference between the average monthly claims for
7 payment by the fund and the average monthly revenues deposited
8 into the fund, excluding payments made pursuant to this
9 paragraph.

10 Beginning July 1, 2015, of the remainder of the moneys
11 received by the Department under the Use Tax Act, the Service
12 Use Tax Act, the Service Occupation Tax Act, and this Act, each
13 month the Department shall deposit \$500,000 into the State
14 Crime Laboratory Fund.

15 Of the remainder of the moneys received by the Department
16 pursuant to this Act, (a) 1.75% thereof shall be paid into the
17 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
18 and after July 1, 1989, 3.8% thereof shall be paid into the
19 Build Illinois Fund; provided, however, that if in any fiscal
20 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
21 may be, of the moneys received by the Department and required
22 to be paid into the Build Illinois Fund pursuant to this Act,
23 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
24 Act, and Section 9 of the Service Occupation Tax Act, such Acts
25 being hereinafter called the "Tax Acts" and such aggregate of
26 2.2% or 3.8%, as the case may be, of moneys being hereinafter

1 called the "Tax Act Amount", and (2) the amount transferred to
2 the Build Illinois Fund from the State and Local Sales Tax
3 Reform Fund shall be less than the Annual Specified Amount (as
4 hereinafter defined), an amount equal to the difference shall
5 be immediately paid into the Build Illinois Fund from other
6 moneys received by the Department pursuant to the Tax Acts; the
7 "Annual Specified Amount" means the amounts specified below for
8 fiscal years 1986 through 1993:

9	Fiscal Year	Annual Specified Amount
10	1986	\$54,800,000
11	1987	\$76,650,000
12	1988	\$80,480,000
13	1989	\$88,510,000
14	1990	\$115,330,000
15	1991	\$145,470,000
16	1992	\$182,730,000
17	1993	\$206,520,000;

18 and means the Certified Annual Debt Service Requirement (as
19 defined in Section 13 of the Build Illinois Bond Act) or the
20 Tax Act Amount, whichever is greater, for fiscal year 1994 and
21 each fiscal year thereafter; and further provided, that if on
22 the last business day of any month the sum of (1) the Tax Act
23 Amount required to be deposited into the Build Illinois Bond
24 Account in the Build Illinois Fund during such month and (2)
25 the amount transferred to the Build Illinois Fund from the
26 State and Local Sales Tax Reform Fund shall have been less than

1 1/12 of the Annual Specified Amount, an amount equal to the
2 difference shall be immediately paid into the Build Illinois
3 Fund from other moneys received by the Department pursuant to
4 the Tax Acts; and, further provided, that in no event shall the
5 payments required under the preceding proviso result in
6 aggregate payments into the Build Illinois Fund pursuant to
7 this clause (b) for any fiscal year in excess of the greater of
8 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
9 such fiscal year. The amounts payable into the Build Illinois
10 Fund under clause (b) of the first sentence in this paragraph
11 shall be payable only until such time as the aggregate amount
12 on deposit under each trust indenture securing Bonds issued and
13 outstanding pursuant to the Build Illinois Bond Act is
14 sufficient, taking into account any future investment income,
15 to fully provide, in accordance with such indenture, for the
16 defeasance of or the payment of the principal of, premium, if
17 any, and interest on the Bonds secured by such indenture and on
18 any Bonds expected to be issued thereafter and all fees and
19 costs payable with respect thereto, all as certified by the
20 Director of the Bureau of the Budget (now Governor's Office of
21 Management and Budget). If on the last business day of any
22 month in which Bonds are outstanding pursuant to the Build
23 Illinois Bond Act, the aggregate of moneys deposited in the
24 Build Illinois Bond Account in the Build Illinois Fund in such
25 month shall be less than the amount required to be transferred
26 in such month from the Build Illinois Bond Account to the Build

1 Illinois Bond Retirement and Interest Fund pursuant to Section
2 13 of the Build Illinois Bond Act, an amount equal to such
3 deficiency shall be immediately paid from other moneys received
4 by the Department pursuant to the Tax Acts to the Build
5 Illinois Fund; provided, however, that any amounts paid to the
6 Build Illinois Fund in any fiscal year pursuant to this
7 sentence shall be deemed to constitute payments pursuant to
8 clause (b) of the first sentence of this paragraph and shall
9 reduce the amount otherwise payable for such fiscal year
10 pursuant to that clause (b). The moneys received by the
11 Department pursuant to this Act and required to be deposited
12 into the Build Illinois Fund are subject to the pledge, claim
13 and charge set forth in Section 12 of the Build Illinois Bond
14 Act.

15 Subject to payment of amounts into the Build Illinois Fund
16 as provided in the preceding paragraph or in any amendment
17 thereto hereafter enacted, the following specified monthly
18 installment of the amount requested in the certificate of the
19 Chairman of the Metropolitan Pier and Exposition Authority
20 provided under Section 8.25f of the State Finance Act, but not
21 in excess of sums designated as "Total Deposit", shall be
22 deposited in the aggregate from collections under Section 9 of
23 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
24 9 of the Service Occupation Tax Act, and Section 3 of the
25 Retailers' Occupation Tax Act into the McCormick Place
26 Expansion Project Fund in the specified fiscal years.

		Total
	Fiscal Year	Deposit
1		
2	1993	\$0
3	1994	53,000,000
4	1995	58,000,000
5	1996	61,000,000
6	1997	64,000,000
7	1998	68,000,000
8	1999	71,000,000
9	2000	75,000,000
10	2001	80,000,000
11	2002	93,000,000
12	2003	99,000,000
13	2004	103,000,000
14	2005	108,000,000
15	2006	113,000,000
16	2007	119,000,000
17	2008	126,000,000
18	2009	132,000,000
19	2010	139,000,000
20	2011	146,000,000
21	2012	153,000,000
22	2013	161,000,000
23	2014	170,000,000
24	2015	179,000,000
25	2016	189,000,000

1	2017	199,000,000
2	2018	210,000,000
3	2019	221,000,000
4	2020	233,000,000
5	2021	246,000,000
6	2022	260,000,000
7	2023	275,000,000
8	2024	275,000,000
9	2025	275,000,000
10	2026	279,000,000
11	2027	292,000,000
12	2028	307,000,000
13	2029	322,000,000
14	2030	338,000,000
15	2031	350,000,000
16	2032	350,000,000

17 and
18 each fiscal year
19 thereafter that bonds
20 are outstanding under
21 Section 13.2 of the
22 Metropolitan Pier and
23 Exposition Authority Act,
24 but not after fiscal year 2060.

25 Beginning July 20, 1993 and in each month of each fiscal
26 year thereafter, one-eighth of the amount requested in the

1 certificate of the Chairman of the Metropolitan Pier and
2 Exposition Authority for that fiscal year, less the amount
3 deposited into the McCormick Place Expansion Project Fund by
4 the State Treasurer in the respective month under subsection
5 (g) of Section 13 of the Metropolitan Pier and Exposition
6 Authority Act, plus cumulative deficiencies in the deposits
7 required under this Section for previous months and years,
8 shall be deposited into the McCormick Place Expansion Project
9 Fund, until the full amount requested for the fiscal year, but
10 not in excess of the amount specified above as "Total Deposit",
11 has been deposited.

12 Subject to payment of amounts into the Build Illinois Fund
13 and the McCormick Place Expansion Project Fund pursuant to the
14 preceding paragraphs or in any amendments thereto hereafter
15 enacted, beginning July 1, 1993 and ending on September 30,
16 2013, the Department shall each month pay into the Illinois Tax
17 Increment Fund 0.27% of 80% of the net revenue realized for the
18 preceding month from the 6.25% general rate on the selling
19 price of tangible personal property.

20 Subject to payment of amounts into the Build Illinois Fund
21 and the McCormick Place Expansion Project Fund pursuant to the
22 preceding paragraphs or in any amendments thereto hereafter
23 enacted, beginning with the receipt of the first report of
24 taxes paid by an eligible business and continuing for a 25-year
25 period, the Department shall each month pay into the Energy
26 Infrastructure Fund 80% of the net revenue realized from the

1 6.25% general rate on the selling price of Illinois-mined coal
2 that was sold to an eligible business. For purposes of this
3 paragraph, the term "eligible business" means a new electric
4 generating facility certified pursuant to Section 605-332 of
5 the Department of Commerce and Economic Opportunity Law of the
6 Civil Administrative Code of Illinois.

7 Subject to payment of amounts into the Build Illinois Fund,
8 the McCormick Place Expansion Project Fund, the Illinois Tax
9 Increment Fund, and the Energy Infrastructure Fund pursuant to
10 the preceding paragraphs or in any amendments to this Section
11 hereafter enacted, beginning on the first day of the first
12 calendar month to occur on or after August 26, 2014 (the
13 effective date of Public Act 98-1098) ~~this amendatory Act of~~
14 ~~the 98th General Assembly~~, each month, from the collections
15 made under Section 9 of the Use Tax Act, Section 9 of the
16 Service Use Tax Act, Section 9 of the Service Occupation Tax
17 Act, and Section 3 of the Retailers' Occupation Tax Act, the
18 Department shall pay into the Tax Compliance and Administration
19 Fund, to be used, subject to appropriation, to fund additional
20 auditors and compliance personnel at the Department of Revenue,
21 an amount equal to 1/12 of 5% of 80% of the cash receipts
22 collected during the preceding fiscal year by the Audit Bureau
23 of the Department under the Use Tax Act, the Service Use Tax
24 Act, the Service Occupation Tax Act, the Retailers' Occupation
25 Tax Act, and associated local occupation and use taxes
26 administered by the Department.

1 Of the remainder of the moneys received by the Department
2 pursuant to this Act, 75% thereof shall be paid into the State
3 Treasury and 25% shall be reserved in a special account and
4 used only for the transfer to the Common School Fund as part of
5 the monthly transfer from the General Revenue Fund in
6 accordance with Section 8a of the State Finance Act.

7 The Department may, upon separate written notice to a
8 taxpayer, require the taxpayer to prepare and file with the
9 Department on a form prescribed by the Department within not
10 less than 60 days after receipt of the notice an annual
11 information return for the tax year specified in the notice.
12 Such annual return to the Department shall include a statement
13 of gross receipts as shown by the retailer's last Federal
14 income tax return. If the total receipts of the business as
15 reported in the Federal income tax return do not agree with the
16 gross receipts reported to the Department of Revenue for the
17 same period, the retailer shall attach to his annual return a
18 schedule showing a reconciliation of the 2 amounts and the
19 reasons for the difference. The retailer's annual return to the
20 Department shall also disclose the cost of goods sold by the
21 retailer during the year covered by such return, opening and
22 closing inventories of such goods for such year, costs of goods
23 used from stock or taken from stock and given away by the
24 retailer during such year, payroll information of the
25 retailer's business during such year and any additional
26 reasonable information which the Department deems would be

1 helpful in determining the accuracy of the monthly, quarterly
2 or annual returns filed by such retailer as provided for in
3 this Section.

4 If the annual information return required by this Section
5 is not filed when and as required, the taxpayer shall be liable
6 as follows:

7 (i) Until January 1, 1994, the taxpayer shall be liable
8 for a penalty equal to 1/6 of 1% of the tax due from such
9 taxpayer under this Act during the period to be covered by
10 the annual return for each month or fraction of a month
11 until such return is filed as required, the penalty to be
12 assessed and collected in the same manner as any other
13 penalty provided for in this Act.

14 (ii) On and after January 1, 1994, the taxpayer shall
15 be liable for a penalty as described in Section 3-4 of the
16 Uniform Penalty and Interest Act.

17 The chief executive officer, proprietor, owner or highest
18 ranking manager shall sign the annual return to certify the
19 accuracy of the information contained therein. Any person who
20 willfully signs the annual return containing false or
21 inaccurate information shall be guilty of perjury and punished
22 accordingly. The annual return form prescribed by the
23 Department shall include a warning that the person signing the
24 return may be liable for perjury.

25 The provisions of this Section concerning the filing of an
26 annual information return do not apply to a retailer who is not

1 required to file an income tax return with the United States
2 Government.

3 As soon as possible after the first day of each month, upon
4 certification of the Department of Revenue, the Comptroller
5 shall order transferred and the Treasurer shall transfer from
6 the General Revenue Fund to the Motor Fuel Tax Fund an amount
7 equal to 1.7% of 80% of the net revenue realized under this Act
8 for the second preceding month. Beginning April 1, 2000, this
9 transfer is no longer required and shall not be made.

10 Net revenue realized for a month shall be the revenue
11 collected by the State pursuant to this Act, less the amount
12 paid out during that month as refunds to taxpayers for
13 overpayment of liability.

14 For greater simplicity of administration, manufacturers,
15 importers and wholesalers whose products are sold at retail in
16 Illinois by numerous retailers, and who wish to do so, may
17 assume the responsibility for accounting and paying to the
18 Department all tax accruing under this Act with respect to such
19 sales, if the retailers who are affected do not make written
20 objection to the Department to this arrangement.

21 Any person who promotes, organizes, provides retail
22 selling space for concessionaires or other types of sellers at
23 the Illinois State Fair, DuQuoin State Fair, county fairs,
24 local fairs, art shows, flea markets and similar exhibitions or
25 events, including any transient merchant as defined by Section
26 2 of the Transient Merchant Act of 1987, is required to file a

1 report with the Department providing the name of the merchant's
2 business, the name of the person or persons engaged in
3 merchant's business, the permanent address and Illinois
4 Retailers Occupation Tax Registration Number of the merchant,
5 the dates and location of the event and other reasonable
6 information that the Department may require. The report must be
7 filed not later than the 20th day of the month next following
8 the month during which the event with retail sales was held.
9 Any person who fails to file a report required by this Section
10 commits a business offense and is subject to a fine not to
11 exceed \$250.

12 Any person engaged in the business of selling tangible
13 personal property or taxable service at retail as a
14 concessionaire or other type of seller at the Illinois State
15 Fair, county fairs, art shows, flea markets and similar
16 exhibitions or events, or any transient merchants, as defined
17 by Section 2 of the Transient Merchant Act of 1987, may be
18 required to make a daily report of the amount of such sales to
19 the Department and to make a daily payment of the full amount
20 of tax due. The Department shall impose this requirement when
21 it finds that there is a significant risk of loss of revenue to
22 the State at such an exhibition or event. Such a finding shall
23 be based on evidence that a substantial number of
24 concessionaires or other sellers who are not residents of
25 Illinois will be engaging in the business of selling tangible
26 personal property or taxable service at retail at the

1 exhibition or event, or other evidence of a significant risk of
2 loss of revenue to the State. The Department shall notify
3 concessionaires and other sellers affected by the imposition of
4 this requirement. In the absence of notification by the
5 Department, the concessionaires and other sellers shall file
6 their returns as otherwise required in this Section.

7 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
8 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
9 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
10 eff. 1-27-17; revised 2-3-17.)

11 (35 ILCS 120/7) (from Ch. 120, par. 446)

12 Sec. 7. Every person engaged in the business of selling
13 tangible personal property or taxable service at retail in this
14 State shall keep records and books of all sales of tangible
15 personal property, together with invoices, bills of lading,
16 sales records, copies of bills of sale, inventories prepared as
17 of December 31 of each year or otherwise annually as has been
18 the custom in the specific trade and other pertinent papers and
19 documents. Every person who is engaged in the business of
20 selling tangible personal property or taxable service at retail
21 in this State and who, in connection with such business, also
22 engages in other activities (including, but not limited to,
23 engaging in a service occupation not subject to tax under this
24 Act) shall keep such additional records and books of all such
25 activities as will accurately reflect the character and scope

1 of such activities and the amount of receipts realized
2 therefrom. The Department may adopt rules that establish
3 requirements, including record forms and formats, for records
4 required to be kept and maintained by taxpayers. For purposes
5 of this Section, "records" means all data maintained by the
6 taxpayer, including data on paper, microfilm, microfiche or any
7 type of machine-sensible data compilation.

8 All books and records and other papers and documents which
9 are required by this Act to be kept shall be kept in the
10 English language and shall, at all times during business hours
11 of the day, be subject to inspection by the Department or its
12 duly authorized agents and employees.

13 To support deductions made on the tax return form, or
14 authorized under this Act, on account of receipts from isolated
15 or occasional sales of tangible personal property or taxable
16 service, on account of receipts from sales of tangible personal
17 property or taxable service for resale, on account of receipts
18 from sales to governmental bodies or other exempted types of
19 purchasers, on account of receipts from sales of tangible
20 personal property or taxable service in interstate commerce,
21 and on account of receipts from any other kind of transaction
22 that is not taxable under this Act, entries in any books,
23 records or other pertinent papers or documents of the taxpayer
24 in relation thereto shall be in detail sufficient to show the
25 name and address of the taxpayer's customer in each such
26 transaction, the character of every such transaction, the date

1 of every such transaction, the amount of receipts realized from
2 every such transaction and such other information as may be
3 necessary to establish the non-taxable character of such
4 transaction under this Act.

5 Except in the case of a sale to a purchaser who will always
6 resell and deliver the property to his customers outside
7 Illinois, anyone claiming that he has made a nontaxable sale
8 for resale in some form as tangible personal property shall
9 also keep a record of the purchaser's registration number or
10 resale number with the Department.

11 It shall be presumed that all sales of tangible personal
12 property or taxable service are subject to tax under this Act
13 until the contrary is established, and the burden of proving
14 that a transaction is not taxable hereunder shall be upon the
15 person who would be required to remit the tax to the Department
16 if such transaction is taxable. In the course of any audit or
17 investigation or hearing by the Department with reference to a
18 given taxpayer, if the Department finds that the taxpayer lacks
19 documentary evidence needed to support the taxpayer's claim to
20 exemption from tax hereunder, the Department is authorized to
21 notify the taxpayer in writing to produce such evidence, and
22 the taxpayer shall have 60 days subject to the right in the
23 Department to extend this period either on request for good
24 cause shown or on its own motion from the date when such notice
25 is sent to the taxpayer by certified or registered mail (or
26 delivered to the taxpayer if the notice is served personally)

1 in which to obtain and produce such evidence for the
2 Department's inspection, failing which the matter shall be
3 closed, and the transaction shall be conclusively presumed to
4 be taxable hereunder.

5 Books and records and other papers reflecting gross
6 receipts received during any period with respect to which the
7 Department is authorized to issue notices of tax liability as
8 provided by Sections 4 and 5 of this Act shall be preserved
9 until the expiration of such period unless the Department, in
10 writing, shall authorize their destruction or disposal prior to
11 such expiration.

12 (Source: P.A. 88-480.)

13 (35 ILCS 120/13) (from Ch. 120, par. 452)

14 Sec. 13. Criminal penalties.

15 (a) When the amount due is under \$300, any person engaged
16 in the business of selling tangible personal property or
17 taxable service at retail in this State who fails to file a
18 return, or who files a fraudulent return, or any officer,
19 employee or agent of a corporation, member, employee or agent
20 of a partnership, or manager, member, agent, or employee of a
21 limited liability company engaged in the business of selling
22 tangible personal property or taxable service at retail in this
23 State who, as such officer, employee, agent, manager, or member
24 is under a duty to file a return, or any officer, agent or
25 employee of a corporation, member, agent, or employee of a

1 partnership, or manager, member, agent, or employee of a
2 limited liability company engaged in the business of selling
3 tangible personal property or taxable service at retail in this
4 State who files or causes to be filed or signs or causes to be
5 signed a fraudulent return filed on behalf of such corporation
6 or limited liability company, or any accountant or other agent
7 who knowingly enters false information on the return of any
8 taxpayer under this Act, is guilty of a Class 4 felony.

9 Any person who or any officer or director of any
10 corporation, partner or member of any partnership, or manager
11 or member of a limited liability company that: (a) violates
12 Section 2a of this Act or (b) fails to keep books and records,
13 or fails to produce books and records as required by Section 7
14 or (c) willfully violates a rule or regulation of the
15 Department for the administration and enforcement of this Act
16 is guilty of a Class A misdemeanor. Any person, manager or
17 member of a limited liability company, or officer or director
18 of any corporation who engages in the business of selling
19 tangible personal property at retail after the certificate of
20 registration of that person, corporation, limited liability
21 company, or partnership has been revoked is guilty of a Class A
22 misdemeanor. Each day such person, corporation, or partnership
23 is engaged in business without a certificate of registration or
24 after the certificate of registration of that person,
25 corporation, or partnership has been revoked constitutes a
26 separate offense.

1 Any purchaser who obtains a registration number or resale
2 number from the Department through misrepresentation, or who
3 represents to a seller that such purchaser has a registration
4 number or a resale number from the Department when he knows
5 that he does not, or who uses his registration number or resale
6 number to make a seller believe that he is buying tangible
7 personal property for resale when such purchaser in fact knows
8 that this is not the case is guilty of a Class 4 felony.

9 Any distributor, supplier or other reseller of motor fuel
10 registered pursuant to Section 2a or 2c of this Act who fails
11 to collect the prepaid tax on invoiced gallons of motor fuel
12 sold or who fails to deliver a statement of tax paid to the
13 purchaser or to the Department as required by Sections 2d and
14 2e of this Act, respectively, shall be guilty of a Class A
15 misdemeanor if the amount due is under \$300, and a Class 4
16 felony if the amount due is \$300 or more.

17 When the amount due is under \$300, any person who accepts
18 money that is due to the Department under this Act from a
19 taxpayer for the purpose of acting as the taxpayer's agent to
20 make the payment to the Department, but who fails to remit such
21 payment to the Department when due is guilty of a Class 4
22 felony.

23 Any seller who collects or attempts to collect an amount
24 (however designated) which purports to reimburse such seller
25 for retailers' occupation tax liability measured by receipts
26 which such seller knows are not subject to retailers'

1 occupation tax, or any seller who knowingly over-collects or
2 attempts to over-collect an amount purporting to reimburse such
3 seller for retailers' occupation tax liability in a transaction
4 which is subject to the tax that is imposed by this Act, shall
5 be guilty of a Class 4 felony for each such offense. This
6 paragraph does not apply to an amount collected by the seller
7 as reimbursement for the seller's retailers' occupation tax
8 liability on receipts which are subject to tax under this Act
9 as long as such collection is made in compliance with the tax
10 collection brackets prescribed by the Department in its Rules
11 and Regulations.

12 When the amount due is \$300 or more, any person engaged in
13 the business of selling tangible personal property or taxable
14 service at retail in this State who fails to file a return, or
15 who files a fraudulent return, or any officer, employee or
16 agent of a corporation, member, employee or agent of a
17 partnership, or manager, member, agent, or employee of a
18 limited liability company engaged in the business of selling
19 tangible personal property or taxable service at retail in this
20 State who, as such officer, employee, agent, manager, or member
21 is under a duty to file a return and who fails to file such
22 return or any officer, agent, or employee of a corporation,
23 member, agent or employee of a partnership, or manager, member,
24 agent, or employee of a limited liability company engaged in
25 the business of selling tangible personal property or taxable
26 service at retail in this State who files or causes to be filed

1 or signs or causes to be signed a fraudulent return filed on
2 behalf of such corporation or limited liability company, or any
3 accountant or other agent who knowingly enters false
4 information on the return of any taxpayer under this Act is
5 guilty of a Class 3 felony.

6 When the amount due is \$300 or more, any person engaged in
7 the business of selling tangible personal property at retail in
8 this State who accepts money that is due to the Department
9 under this Act from a taxpayer for the purpose of acting as the
10 taxpayer's agent to make payment to the Department but fails to
11 remit such payment to the Department when due, is guilty of a
12 Class 3 felony.

13 Any person whose principal place of business is in this
14 State and who is charged with a violation under this Section
15 shall be tried in the county where his principal place of
16 business is located unless he asserts a right to be tried in
17 another venue.

18 Any taxpayer or agent of a taxpayer who with the intent to
19 defraud purports to make a payment due to the Department by
20 issuing or delivering a check or other order upon a real or
21 fictitious depository for the payment of money, knowing that it
22 will not be paid by the depository, shall be guilty of a
23 deceptive practice in violation of Section 17-1 of the Criminal
24 Code of 2012.

25 (b) A person commits the offense of sales tax evasion under
26 this Act when he knowingly attempts in any manner to evade or

1 defeat the tax imposed on him or on any other person, or the
2 payment thereof, and he commits an affirmative act in
3 furtherance of the evasion. For purposes of this Section, an
4 "affirmative act in furtherance of the evasion" means an act
5 designed in whole or in part to (i) conceal, misrepresent,
6 falsify, or manipulate any material fact or (ii) tamper with or
7 destroy documents or materials related to a person's tax
8 liability under this Act. Two or more acts of sales tax evasion
9 may be charged as a single count in any indictment,
10 information, or complaint and the amount of tax deficiency may
11 be aggregated for purposes of determining the amount of tax
12 which is attempted to be or is evaded and the period between
13 the first and last acts may be alleged as the date of the
14 offense.

15 (1) When the amount of tax, the assessment or payment
16 of which is attempted to be or is evaded is less than \$500
17 a person is guilty of a Class 4 felony.

18 (2) When the amount of tax, the assessment or payment
19 of which is attempted to be or is evaded is \$500 or more
20 but less than \$10,000, a person is guilty of a Class 3
21 felony.

22 (3) When the amount of tax, the assessment or payment
23 of which is attempted to be or is evaded is \$10,000 or more
24 but less than \$100,000, a person is guilty of a Class 2
25 felony.

26 (4) When the amount of tax, the assessment or payment

1 of which is attempted to be or is evaded is \$100,000 or
2 more, a person is guilty of a Class 1 felony.

3 Any person who knowingly sells, purchases, installs,
4 transfers, possesses, uses, or accesses any automated sales
5 suppression device, zapper, or phantom-ware in this State is
6 guilty of a Class 3 felony.

7 For the purposes of this Section:

8 "Automated sales suppression device" or "zapper" means a
9 software program that falsifies the electronic records of an
10 electronic cash register or other point-of-sale system,
11 including, but not limited to, transaction data and transaction
12 reports. The term includes the software program, any device
13 that carries the software program, or an Internet link to the
14 software program.

15 "Phantom-ware" means a hidden programming option embedded
16 in the operating system of an electronic cash register or
17 hardwired into an electronic cash register that can be used to
18 create a second set of records or that can eliminate or
19 manipulate transaction records in an electronic cash register.

20 "Electronic cash register" means a device that keeps a
21 register or supporting documents through the use of an
22 electronic device or computer system designed to record
23 transaction data for the purpose of computing, compiling, or
24 processing retail sales transaction data in any manner.

25 "Transaction data" includes: items purchased by a
26 customer; the price of each item; a taxability determination

1 for each item; a segregated tax amount for each taxed item; the
2 amount of cash or credit tendered; the net amount returned to
3 the customer in change; the date and time of the purchase; the
4 name, address, and identification number of the vendor; and the
5 receipt or invoice number of the transaction.

6 "Transaction report" means a report that documents,
7 without limitation, the sales, taxes, or fees collected, media
8 totals, and discount voids at an electronic cash register and
9 that is printed on a cash register tape at the end of a day or
10 shift, or a report that documents every action at an electronic
11 cash register and is stored electronically.

12 (c) A prosecution for any act in violation of this Section
13 may be commenced at any time within 5 years of the commission
14 of that act.

15 (Source: P.A. 97-1074, eff. 1-1-13; 97-1150, eff. 1-25-13;
16 98-352, eff. 1-1-14.)

17 Section 30-50. The Counties Code is amended by changing
18 Section 5-1009 and by adding Section 5-1008.10 as follows:

19 (55 ILCS 5/5-1008.10 new)

20 Sec. 5-1008.10. Taxable services. Notwithstanding any
21 other provision of law, whenever a home rule or non-home rule
22 county is authorized to impose a tax on the use or sale of
23 tangible personal property, that county shall also be
24 authorized to impose a tax at the same rate on taxable

1 services, as defined in Section 2a-2 of the Use Tax Act.

2 (55 ILCS 5/5-1009) (from Ch. 34, par. 5-1009)

3 Sec. 5-1009. Limitation on home rule powers. Except as
4 provided in Sections 5-1006, 5-1006.5, 5-1007 and 5-1008, on
5 and after September 1, 1990, no home rule county has the
6 authority to impose, pursuant to its home rule authority, a
7 retailer's occupation tax, service occupation tax, use tax,
8 sales tax or other tax on the (i) use, sale or purchase of
9 tangible personal property based on the gross receipts from
10 such sales or the selling or purchase price, (ii) gross
11 receipts, or (iii) weight or volume from the use, sale, or
12 purchase of that said tangible personal property.
13 Notwithstanding the foregoing, this Section does not preempt
14 any home rule imposed tax such as the following: (1) a tax on
15 alcoholic beverages, whether based on gross receipts, volume
16 sold or any other measurement; (2) a tax based on the number of
17 units of cigarettes or tobacco products; (3) a tax, however
18 measured, based on the use of a hotel or motel room or similar
19 facility; (4) a tax, however measured, on the sale or transfer
20 of real property; (5) a tax, however measured, on lease
21 receipts; (6) a tax on food prepared for immediate consumption
22 and on alcoholic beverages sold by a business which provides
23 for on premise consumption of said food or alcoholic beverages;
24 ~~or~~ (7) other taxes not based on the selling or purchase price
25 or gross receipts from the use, sale or purchase of tangible

1 personal property; or (8) a tax on the sale of taxable
2 services, as defined in the Use Tax Act. This Section does not
3 preempt a home rule county from imposing a tax, however
4 measured, on the use, for consideration, of a parking lot,
5 garage, or other parking facility. This Section is a
6 limitation, pursuant to subsection (g) of Section 6 of Article
7 VII of the Illinois Constitution, on the power of home rule
8 units to tax.

9 (Source: P.A. 97-1168, eff. 3-8-13; 97-1169, eff. 3-8-13.)

10 Section 30-55. The Illinois Municipal Code is amended by
11 changing Section 8-11-6a and by adding Sections 8-3-20 as
12 follows:

13 (65 ILCS 5/8-3-20 new)

14 Sec. 8-3-20. Taxable services. Notwithstanding any other
15 provision of law, whenever a home rule or non-home rule
16 municipality is authorized to impose a tax on the use or sale
17 of tangible personal property, that municipality shall also be
18 authorized to impose a tax at the same rate on taxable
19 services, as defined in Section 2a-2 of the Use Tax Act.

20 (65 ILCS 5/8-11-6a) (from Ch. 24, par. 8-11-6a)

21 Sec. 8-11-6a. Home rule municipalities; preemption of
22 certain taxes. Except as provided in Sections 8-11-1, 8-11-5,
23 8-11-6, 8-11-6b, 8-11-6c, and 11-74.3-6 on and after September

1 1, 1990, no home rule municipality has the authority to impose,
2 pursuant to its home rule authority, a retailer's occupation
3 tax, service occupation tax, use tax, sales tax or other tax ~~on~~
4 ~~the use, sale or purchase of tangible personal property~~ based
5 on (i) the selling or purchase price, (ii) the gross receipts,
6 or (iii) the weight or volume from the use, sale, or purchase
7 ~~from such sales or the selling or purchase price of said~~
8 tangible personal property. Notwithstanding the foregoing,
9 this Section does not preempt any home rule imposed tax such as
10 the following: (1) a tax on alcoholic beverages, whether based
11 on gross receipts, volume sold or any other measurement; (2) a
12 tax based on the number of units of cigarettes or tobacco
13 products (provided, however, that a home rule municipality that
14 has not imposed a tax based on the number of units of
15 cigarettes or tobacco products before July 1, 1993, shall not
16 impose such a tax after that date); (3) a tax, however
17 measured, based on the use of a hotel or motel room or similar
18 facility; (4) a tax, however measured, on the sale or transfer
19 of real property; (5) a tax, however measured, on lease
20 receipts; (6) a tax on food prepared for immediate consumption
21 and on alcoholic beverages sold by a business which provides
22 for on premise consumption of said food or alcoholic beverages;
23 ~~or~~ (7) other taxes not based on (i) the selling or purchase
24 price, (ii) the ~~or~~ gross receipts, or (iii) the weight or
25 volume from the use, sale or purchase of tangible personal
26 property; or (8) a tax on the sale of taxable services, as

1 defined in the Use Tax Act. This Section does not preempt a
2 home rule municipality with a population of more than 2,000,000
3 from imposing a tax, however measured, on the use, for
4 consideration, of a parking lot, garage, or other parking
5 facility. This Section is not intended to affect any existing
6 tax on food and beverages prepared for immediate consumption on
7 the premises where the sale occurs, or any existing tax on
8 alcoholic beverages, or any existing tax imposed on the charge
9 for renting a hotel or motel room, which was in effect January
10 15, 1988, or any extension of the effective date of such an
11 existing tax by ordinance of the municipality imposing the tax,
12 which extension is hereby authorized, in any non-home rule
13 municipality in which the imposition of such a tax has been
14 upheld by judicial determination, nor is this Section intended
15 to preempt the authority granted by Public Act 85-1006. This
16 Section is a limitation, pursuant to subsection (g) of Section
17 6 of Article VII of the Illinois Constitution, on the power of
18 home rule units to tax.

19 (Source: P.A. 97-1168, eff. 3-8-13; 97-1169, eff. 3-8-13.)

20 Section 30-65. The Illinois False Claims Act is amended by
21 changing Section 3 as follows:

22 (740 ILCS 175/3) (from Ch. 127, par. 4103)

23 Sec. 3. False claims.

24 (a) Liability for certain acts.

1 (1) In general, any person who:

2 (A) knowingly presents, or causes to be presented,
3 a false or fraudulent claim for payment or approval;

4 (B) knowingly makes, uses, or causes to be made or
5 used, a false record or statement material to a false
6 or fraudulent claim;

7 (C) conspires to commit a violation of
8 subparagraph (A), (B), (D), (E), (F), or (G);

9 (D) has possession, custody, or control of
10 property or money used, or to be used, by the State and
11 knowingly delivers, or causes to be delivered, less
12 than all the money or property;

13 (E) is authorized to make or deliver a document
14 certifying receipt of property used, or to be used, by
15 the State and, intending to defraud the State, makes or
16 delivers the receipt without completely knowing that
17 the information on the receipt is true;

18 (F) knowingly buys, or receives as a pledge of an
19 obligation or debt, public property from an officer or
20 employee of the State, or a member of the Guard, who
21 lawfully may not sell or pledge property; or

22 (G) knowingly makes, uses, or causes to be made or
23 used, a false record or statement material to an
24 obligation to pay or transmit money or property to the
25 State, or knowingly conceals or knowingly and
26 improperly avoids or decreases an obligation to pay or

1 transmit money or property to the State,
2 is liable to the State for a civil penalty of not less than
3 \$5,500 and not more than \$11,000, plus 3 times the amount
4 of damages which the State sustains because of the act of
5 that person. The penalties in this Section are intended to
6 be remedial rather than punitive, and shall not preclude,
7 nor be precluded by, a criminal prosecution for the same
8 conduct.

9 (2) A person violating this subsection shall also be
10 liable to the State for the costs of a civil action brought
11 to recover any such penalty or damages.

12 (b) Definitions. For purposes of this Section:

13 (1) The terms "knowing" and "knowingly":

14 (A) mean that a person, with respect to
15 information:

16 (i) has actual knowledge of the information;

17 (ii) acts in deliberate ignorance of the truth
18 or falsity of the information; or

19 (iii) acts in reckless disregard of the truth
20 or falsity of the information, and

21 (B) require no proof of specific intent to defraud.

22 (2) The term "claim":

23 (A) means any request or demand, whether under a
24 contract or otherwise, for money or property and
25 whether or not the State has title to the money or
26 property, that

1 (i) is presented to an officer, employee, or
2 agent of the State; or

3 (ii) is made to a contractor, grantee, or other
4 recipient, if the money or property is to be spent
5 or used on the State's behalf or to advance a State
6 program or interest, and if the State:

7 (I) provides or has provided any portion
8 of the money or property requested or demanded;
9 or

10 (II) will reimburse such contractor,
11 grantee, or other recipient for any portion of
12 the money or property which is requested or
13 demanded; and

14 (B) does not include requests or demands for money
15 or property that the State has paid to an individual as
16 compensation for State employment or as an income
17 subsidy with no restrictions on that individual's use
18 of the money or property.

19 (3) The term "obligation" means an established duty,
20 whether or not fixed, arising from an express or implied
21 contractual, grantor-grantee, or licensor-licensee
22 relationship, from a fee-based or similar relationship,
23 from statute or regulation, or from the retention of any
24 overpayment.

25 (4) The term "material" means having a natural tendency
26 to influence, or be capable of influencing, the payment or

1 receipt of money or property.

2 (c) Exclusion. This Section does not apply to any taxes
3 imposed, collected, or administered by the State of Illinois
4 ~~claims, records, or statements made under the Illinois Income~~
5 ~~Tax Act.~~

6 (Source: P.A. 95-128, eff. 1-1-08; 96-1304, eff. 7-27-10.)

7 ARTICLE 99. EFFECTIVE DATE

8 Section 99-999. Effective date. This Act takes effect upon
9 becoming law."