



Sen. Toi W. Hutchinson

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1 AMENDMENT TO SENATE BILL 9

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 9 immediately above  
3 the enacting clause, by inserting the following:

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

10 by replacing everything after the enacting clause with the  
11 following:

12 "ARTICLE 5. BUDGET ECONOMIC STABILIZATION FUND ACT

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

1 Section 5-5. Legislative intent.

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

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

9 "Above-trend revenues" means general funds revenue  
10 collections that exceed 2.4% of the prior fiscal year's general  
11 funds revenue collections.

12 "General funds" means the General Revenue Fund, the Common  
13 School Fund, the Education Assistance Fund, and the General  
14 Revenue Common School Special Account Fund.

15 "General funds revenue collections" means, for each fiscal  
16 year, all gross personal and corporate income taxes, other  
17 taxes, fees, and other revenues expected to be deposited into  
18 the State's general funds and recurring transfers into general  
19 funds from the State Lottery and gaming, but does not include  
20 other transfers and federal funds.

21 "Unpaid bills" means: pending vouchers approved for  
22 payment but not paid as of December 31st for each fiscal year  
23 by the Office of the Comptroller; pending transfers required by  
24 State statute that have been recorded but have not been paid  
25 from the General Revenue Fund, Common School Fund, or Education

1 Assistance Fund; and all vouchers for invoices that have been  
2 certified as a proper bill, as defined by the State Prompt  
3 Payment Act, by the Departments of Healthcare and Family  
4 Services, Central Management Services, Human Services,  
5 Revenue, and Aging but not yet approved by the Comptroller as  
6 of December 31st of each fiscal year from the General Revenue  
7 Fund, Common School Fund, Education Assistance Fund, Health  
8 Insurance Fund, Income Tax Refund Fund, and Healthcare Provider  
9 Relief Fund.

10 Section 5-15. Certification of the backlog of bills. The  
11 amount of unpaid bills shall be reported by the Comptroller and  
12 the Departments of Healthcare and Family Services, Central  
13 Management Services, Human Services, Revenue, and Aging to the  
14 Governor's Office of Management and Budget no later than  
15 January 10th of each year. By January 15th of each year, the  
16 Governor's Office of Management and Budget shall notify the  
17 Comptroller, Treasurer, the Speaker and Minority Leader of the  
18 House, and the President and Minority Leader of the Senate of  
19 the total amount of unpaid bills as of the preceding December  
20 31st.

21 Section 5-20. Payment of unpaid bills. If unpaid bills  
22 total more than \$1,000,000,000, the Governor shall include in  
23 his or her budget for the next fiscal year an amount to pay  
24 unpaid bills equal to the lesser of (i) 50% of above-trend

1 revenues that the Governor projects to be received by the State  
2 in the next fiscal year or (ii) the amount of above-trend  
3 revenues needed to reduce the unpaid bills to \$1,000,000,000.  
4 This amount to pay off unpaid bills shall be included in the  
5 Governor's budget as an appropriation to the Bill Backlog  
6 Payment Fund from the General Revenue Fund. Nothing in this Act  
7 prohibits the Governor from including in his or her budget, or  
8 the General Assembly from appropriating, additional moneys for  
9 the payment of unpaid bills. If for any reason the  
10 appropriations enacted are insufficient to meet the payment of  
11 unpaid bills required to be included in the Governor's budget  
12 under this Section, then there is hereby appropriated, on a  
13 continuing annual basis in each fiscal year, from the General  
14 Revenue Fund, the amounts necessary for this payment.

15 Section 5-25. Transfers into the Budget Economic  
16 Stabilization Fund.

17 (a) If unpaid bills total less than \$1,000,000,000 the  
18 Governor shall include in his or her budget for the next fiscal  
19 year at least 50% of any above-trend revenues that the Governor  
20 projects to be received in the next fiscal year for deposit to  
21 the Budget Economic Stabilization Fund as an appropriation from  
22 the General Revenue Fund. Except as provided in subsection (b)  
23 of this Section, if for any reason the appropriations enacted  
24 are insufficient to make the deposit required by this Section,  
25 then this Section shall constitute a continuing appropriation

1 from the General Revenue Fund of all amounts necessary for this  
2 deposit.

3 (b) If the balance of the Budget Economic Stabilization  
4 Fund at the beginning of the next fiscal year is projected by  
5 the Governor to exceed 5% of the general funds revenue  
6 collections estimated for the next fiscal year, transfers into  
7 the Budget Economic Stabilization Fund are not required for  
8 that fiscal year.

9 Section 5-30. Withdrawal from Budget Economic  
10 Stabilization Fund.

11 (a) Upon the direction of the Governor at any time within a  
12 fiscal year and within the limitations set forth in this  
13 Section, the Comptroller and the Treasurer shall transfer the  
14 amounts designated by the Governor from the Budget Economic  
15 Stabilization Fund to general funds as specified by the  
16 Governor. The transfer shall be made as soon as practicable on  
17 or after the 30th day after the Governor has provided written  
18 notice of his or her direction to transfer to the Clerk of the  
19 House of Representatives, the Secretary of the Senate, and the  
20 Index Department of the Office of the Secretary of State, with  
21 copies of the notice provided to the Comptroller and Treasurer.  
22 The notice shall be published on the website of the Governor's  
23 Office of Management and Budget. The amount directed to be  
24 transferred may not exceed the limits set forth in subsection  
25 (c) of this Section. The Governor may direct a transfer from

1 the Budget Economic Stabilization Fund to any of the general  
2 funds only if: he or she estimates that general funds revenue  
3 collections for the current fiscal year will be less than the  
4 general funds revenue collections as estimated at the time of  
5 enactment of appropriations for the current fiscal year; the  
6 transfer is necessary to provide for the health, safety, and  
7 welfare of the people of the State of Illinois; and the funds  
8 transferred are to be spent within previously enacted  
9 appropriations.

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

14 (1) the General Assembly projects that general funds  
15 revenue collections for the current or next fiscal year are  
16 less than the general funds revenue collections as  
17 estimated at the time of enactment of appropriations for  
18 the current fiscal year for the preceding year;

19 (2) the General Assembly finds that general funds  
20 revenue collections have remained stagnant or dropped  
21 during 2 consecutive fiscal quarters within the preceding  
22 12 months as compared to the corresponding 2 fiscal  
23 quarters of the prior fiscal year; or

24 (3) that the State Coincident Index for the State of  
25 Illinois has remained stagnant or dropped over 2  
26 consecutive quarters within the preceding 12 months, as

1 published in the Federal Reserve Bank of Philadelphia's  
2 publication entitled "State Coincident Indexes" or its  
3 successor publication.

4 (c) Transfers or appropriations from the Budget Economic  
5 Stabilization Fund may not, during any fiscal year, exceed the  
6 lesser of:

7 (1) 50% of the Budget Economic Stabilization Fund's  
8 balance;

9 (2) in the case of appropriation enacted by the General  
10 Assembly, 50% of the difference between (i) general funds  
11 revenue collections, as projected by the Commission on  
12 Government Forecasting and Accountability to be received  
13 in the next fiscal year, and (ii) a revised general fund  
14 revenue collections projection for the current fiscal year  
15 presented to the General Assembly by the Commission on  
16 Government Forecasting and Accountability; or

17 (3) in the case of transfers to be directed by the  
18 Governor within a fiscal year, 50% of the difference  
19 between (i) general funds revenue collections, to be  
20 received in the next fiscal year as projected by the  
21 Governor, and (ii) a revised general fund revenue  
22 collections projection for the current fiscal year as  
23 projected by the Governor.

24 Section 5-35. Fund creation.

25 (a) There is created the Budget Economic Stabilization Fund

1 as a special fund in the State Treasury consisting of moneys  
2 appropriated or transferred to that Fund as provided in Section  
3 5-30 of this Act and as otherwise provided by law. All earnings  
4 on Budget Economic Stabilization Fund investments shall be  
5 deposited into that Fund.

6 (b) There is created the Bill Backlog Payment Fund as a  
7 special fund in the State Treasury consisting of moneys  
8 appropriated or transferred to that Fund as provided in Section  
9 -25 of this Act and as otherwise provided by law. All earnings  
10 on Bill Backlog Payment Fund investments shall be deposited  
11 into that Fund.

12 ARTICLE 10. VIDEO SERVICE TAX MODERNIZATION

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

15 Section 10-5. Application. This Act applies to the  
16 provision of direct-to-home satellite service, direct  
17 broadcast satellite service, and digital audio-visual works on  
18 or after the effective date of this Act.

19 This Act does not apply to: (1) satellite radio service or  
20 subscription radio service whereby a digital radio signal is  
21 broadcast without any corresponding or related video  
22 programming or services; or (2) a satellite television  
23 transmission of simulcast horse races broadcast from or



1 received at locations operated by an organization licensee, an  
2 inter-track wagering licensee, or an inter-track wagering  
3 location licensee licensed under the Illinois Horse Racing Act  
4 of 1975.

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

6 "Department" means the Department of Revenue.

7 "Digital audio-visual works" means a series of related  
8 images that, when shown in succession, impart an impression of  
9 motion, together with accompanying sounds, if any, sold to an  
10 end user with rights of less than permanent use. "Digital  
11 audio-visual works" does not include cable service provided by  
12 a cable operator, as those terms are defined in 47 U.S.C. 522,  
13 and does not include video service provided by a holder, as  
14 those terms are defined in Article 21 of the Public Utilities  
15 Act.

16 "Direct broadcast satellite service" means video services  
17 transmitted or broadcast by satellite directly to the  
18 subscriber's premises with the use of or accompanied by ground  
19 receiving or distribution equipment, including, but not  
20 limited to, infrastructure to provide Internet access used in  
21 the transmission or broadcast of such video services, at the  
22 subscriber's premises, but not in the uplink process to the  
23 satellite, and includes, but is not limited to, the  
24 retransmission of local broadcast television, the provision of  
25 premium channels, other recurring monthly services, service

1 and pay-per-view, video-on-demand, and other event-based  
2 services.

3 "Direct-to-home satellite service" has the meaning given  
4 to that term in Public Law No. 104-104, Title VI, Section  
5 602(a), February 8, 1996, 110 Stat. 144 (reprinted at 47 U.S.C.  
6 152).

7 "End user" means any person other than a person who  
8 receives by contract a product transferred electronically for  
9 further commercial broadcast, rebroadcast, transmission,  
10 retransmission, licensing, relicensing, distribution,  
11 redistribution, or exhibition of the product, in whole or in  
12 part, to another person or persons.

13 "Gross revenue" means all consideration of any kind or  
14 nature received by a provider, or an affiliate of the provider,  
15 in connection with the provision of direct-to-home satellite  
16 service, direct broadcast satellite service, or digital  
17 audio-visual works to subscribers. "Gross revenue" does not  
18 include:

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

22 (2) activation, installation, repair, or maintenance  
23 charges or similar service charges related to the provision  
24 of direct-to-home satellite service, direct broadcast  
25 satellite service, or digital audio-visual works;

26 (3) service order charges, service termination

1 charges, or any other administrative charges related to the  
2 provision of direct-to-home satellite service, direct  
3 broadcast satellite service, or digital audiovisual works;

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

7 (5) revenue received by an affiliate or other person in  
8 exchange for supplying goods and services used by a  
9 provider;

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

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

15 (8) the tax imposed by this Act or any other tax of  
16 general applicability imposed on a provider or a purchaser  
17 of direct-to-home satellite service, direct broadcast  
18 satellite service, or digital audio-visual works by a  
19 federal, State, or local governmental entity and required  
20 to be collected by a person and remitted to the taxing  
21 entity;

22 (9) late payment fees collected from subscribers;

23 (10) charges, other than those charges specifically  
24 described in this Act, that are aggregated or bundled with  
25 such specifically-described charges on a subscriber's  
26 bill, if the provider can reasonably identify the charges

1 in its books and records kept in the regular course of  
2 business;

3 (11) revenue from advertising services; or

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

6 "Permanent" means perpetual or for an indefinite or  
7 unspecified length of time.

8 "Person" means a natural individual, firm, trust, estate,  
9 partnership, association, joint stock company, joint venture,  
10 corporation, or limited liability company, or a receiver,  
11 trustee, guardian, or other representative appointed by order  
12 of any court, and includes the federal and State governments,  
13 including State universities created by statute, and  
14 municipalities, counties, and other political subdivisions of  
15 this State.

16 "Premises" means a residence or place of business of a  
17 subscriber in this State.

18 "Provider" means a person who transmits, broadcasts,  
19 sells, or distributes direct-to-home satellite service, direct  
20 broadcast satellite service, or digital audio-visual works to  
21 subscribers in the State.

22 "Subscriber" means a member of the general public who  
23 receives direct-to-home satellite service, direct broadcast  
24 satellite service, or digital audio-visual works from a  
25 provider and does not further distribute the service in the  
26 ordinary course of business.

1 Section 10-15. Imposition of tax.

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

7 (b) For purposes of the tax imposed by subsection (a), a  
8 subscriber is in this State if the subscriber's street address  
9 representative of where the subscriber's use or access of the  
10 direct-to-home satellite service, direct broadcast satellite  
11 service, or digital audio visual work primarily occurs, which  
12 must be the street address of the subscriber based on such  
13 other information kept by the provider in the regular course of  
14 its business.

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

21 (d) To prevent actual multi-state taxation upon the act or  
22 privilege that is subject to taxation under this Act, any  
23 taxpayer, upon proof that that taxpayer has paid a tax in  
24 another state on such event, shall be allowed a credit against  
25 the tax imposed in this Act to the extent of the amount of such

1 tax properly due and paid in such other state. However, such  
2 tax is not imposed on the act or privilege to the extent such  
3 act or privilege may not, under the Constitution and statutes  
4 of the United States, be made the subject of taxation by the  
5 State.

6 Section 10-20. Remittances.

7 (a) On or before the twentieth day of each calendar month,  
8 every provider of direct-to-home satellite service, direct  
9 broadcast satellite service, or digital audio-visual works  
10 that provides such service or services to a subscriber in this  
11 State during the preceding calendar month shall file a return  
12 with the Department, in a form prescribed by the Department,  
13 stating:

14 (1) the name of the provider;

15 (2) the address of the provider's principal place of  
16 business;

17 (3) the total amount of gross revenues received by the  
18 provider during the preceding calendar month, quarter, or  
19 year, as the case may be, from the provision of  
20 direct-to-home satellite service, direct broadcast  
21 satellite service, or digital audio-visual works during  
22 that preceding calendar month, quarter, or year and upon  
23 the basis of which the tax is imposed;

24 (4) the amount of tax due;

25 (5) the signature of the taxpayer; and

1           (6) such other reasonable information as the  
2           Department may require.

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

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

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

25          (e) Those quarterly and annual returns shall be subject to  
26          the same requirements as to form and substance as monthly

1 returns.

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

6 Any taxpayer not required to make payments by electronic  
7 funds transfer may make payments by electronic funds transfer  
8 with the permission of the Department.

9 All taxpayers required to make payment by electronic funds  
10 transfer and any taxpayers authorized to voluntarily make  
11 payments by electronic funds transfer shall make those payments  
12 in the manner authorized by the Department.

13 Section 10-25. Records.

14 (a) A provider on whom the tax is imposed by this Act shall  
15 maintain the necessary records, and any other information  
16 required by the Department, to determine the amount of the tax  
17 that the provider is required to remit and any credit that the  
18 provider is entitled to claim under this Act.

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

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



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

13                   ARTICLE 15. ENTERTAINMENT TAX FAIRNESS ACT

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

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

19           This Act does not apply to: (1) satellite radio service or  
20 subscription radio service whereby a digital radio signal is  
21 broadcast without any corresponding or related video  
22 programming or services; or (2) a satellite television

1 transmission of simulcast horse races broadcast from or  
2 received at locations operated by an organization licensee, an  
3 inter-track wagering licensee, or an inter-track wagering  
4 location licensee licensed under the Illinois Horse Racing Act  
5 of 1975.

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

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

9 "Department" means the Department of Revenue.

10 "Digital audio-visual works service" means the  
11 transmission of a series of related images that, when shown in  
12 succession, impart an impression of motion, together with  
13 accompanying sounds, if any, sold to an end user with rights of  
14 less than permanent use. "Digital audio-visual works service"  
15 does not include cable service or video service.

16 "Direct broadcast satellite service" means video services  
17 transmitted or broadcast by satellite directly to the  
18 subscriber's premises with the use of or accompanied by ground  
19 receiving or distribution equipment, including, but not  
20 limited to, infrastructure to provide Internet access used in  
21 the transmission or broadcast of such video services, at the  
22 subscriber's premises, but not in the uplink process to the  
23 satellite, and includes, but is not limited to, the  
24 retransmission of local broadcast television, the provision of  
25 premium channels, other recurring monthly services, service

1 and pay-per-view, video-on-demand, and other event-based  
2 services.

3 "Direct-to-home satellite service" has the meaning given  
4 to that term in Public Law No. 104-104, Title VI, Section  
5 602(a), February 8, 1996, 110 Stat. 144 (reprinted at 47 U.S.C.  
6 152).

7 "End user" means any person other than a person who  
8 receives by contract a product transferred electronically for  
9 further commercial broadcast, rebroadcast, transmission,  
10 retransmission, licensing, relicensing, distribution,  
11 redistribution, or exhibition of the product, in whole or in  
12 part, to another person or persons.

13 "Entertainment" means any paid video programming whether  
14 transmitted by cable service, direct-to-home satellite  
15 service, direct broadcast satellite service, digital  
16 audio-visual works service, or video service to a subscriber in  
17 this State.

18 "Permanent" means perpetual or for an indefinite or  
19 unspecified length of time.

20 "Provider" means a person who transmits, broadcasts,  
21 sells, or distributes cable service, direct-to-home satellite  
22 service, direct broadcast satellite service, digital  
23 audio-visual works service, or video service to subscribers in  
24 the State.

25 "Subscriber" means a member of the general public who  
26 receives cable service, direct-to-home satellite service,

1 direct broadcast satellite service, or digital audio-visual  
2 works service, or video service from a provider and does not  
3 further distribute the service in the ordinary course of  
4 business.

5 "Video service" has the meaning given to that term in the  
6 Cable and Video Competition Law of 2007 of the Public Utilities  
7 Act.

8 Section 15-15. Imposition of tax.

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

13 (b) For purposes of the tax imposed by subsection (a), a  
14 subscriber is in this State if the subscriber's street address  
15 is representative of where the subscriber's use or access of  
16 the entertainment primarily occurs, which must be the street  
17 address of the subscriber based on such other information kept  
18 by the provider in the regular course of its business.

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

23 Section 15-20. Remittances.

24 (a) On or before the twentieth day of each calendar month,

1 every provider shall file a return with the Department, in a  
2 form prescribed by the Department, stating:

3 (1) the name of the provider;

4 (2) the address of the provider's principal place of  
5 business;

6 (3) the total amount of tax revenues collected by the  
7 provider under this Act during the preceding calendar  
8 month, quarter, or year, as the case may be, during that  
9 preceding calendar month, quarter, or year and upon the  
10 basis of which the tax is imposed;

11 (4) the amount of tax due;

12 (5) the signature of the provider; and

13 (6) such other reasonable information as the  
14 Department may require.

15 (b) If a provider fails to sign a return within 30 days  
16 after the proper notice and demand for signature by the  
17 Department is received by the provider, then the return shall  
18 be considered valid and any amount shown to be due on the  
19 return shall be deemed assessed.

20 (c) If the provider is otherwise required to file a monthly  
21 return, and if the amount collected by the provider under this  
22 Act does not exceed \$200, the Department may authorize the  
23 provider's returns to be filed on a quarter annual basis, with  
24 the return for January, February, and March of a given year  
25 being due by April 20 of that year; with the return for April,  
26 May, and June of a given year being due by July 20 of that year;

1 with the return for July, August, and September of a given year  
2 being due by October 20 of that 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 (d) If the provider is otherwise required to file a monthly  
6 or quarterly return, and if the amount collected by the  
7 provider under this Act does not exceed \$50, the Department may  
8 authorize the provider's returns to be filed on an annual  
9 basis, with the return for a given year being due by January 20  
10 of the following year.

11 (e) Those quarterly and annual returns shall be subject to  
12 the same requirements as to form and substance as monthly  
13 returns.

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

18 Any provider not required to make payments by electronic  
19 funds transfer may make payments by electronic funds transfer  
20 with the permission of the Department.

21 All providers required to make payment by electronic funds  
22 transfer and any taxpayers authorized to voluntarily make  
23 payments by electronic funds transfer shall make those payments  
24 in the manner authorized by the Department.

1           (a) A provider subject to this Act shall maintain the  
2 necessary records, and any other information required by the  
3 Department, to determine the amount of the tax that the  
4 provider is required to collect and remit and any credit that  
5 the provider is entitled to claim under this Act.

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

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

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

1                                   ARTICLE 30. AMENDATORY PROVISIONS

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

5           (30 ILCS 105/5.878 new)

6           Sec. 5.878. The Budget Economic Stabilization Fund.

7           (30 ILCS 105/5.879 new)

8           Sec. 5.879. The Bill Backlog Payment Fund.

9           (30 ILCS 105/6z-51)

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

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

16          (b) Until an initial transfer has been made to the Budget  
17   Economic Stabilization Fund under Section 5-30 of the Budget  
18   Economic Stabilization Fund Act, the ~~The~~ State Comptroller may  
19   direct the State Treasurer to transfer moneys from the Budget  
20   Stabilization Fund to the General Revenue Fund in order to meet  
21   cash flow deficits resulting from timing variations between  
22   disbursements and the receipt of funds within a fiscal year.



1 Any moneys so borrowed in any fiscal year other than Fiscal  
2 Year 2011 shall be repaid by June 30 of the fiscal year in  
3 which they were borrowed. Any moneys so borrowed in Fiscal Year  
4 2011 shall be repaid no later than July 15, 2011.

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

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

10 Section 30-10. The Illinois Income Tax Act is amended by  
11 changing Sections 201, 203, 204, 208, 212, 222, 804, 901, and  
12 1501 and by adding Section 225 as follows:

13 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

14 Sec. 201. Tax Imposed.

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

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

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

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

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

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

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

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

8 (5.2) In the case of an individual, trust, or estate,  
9 for taxable years beginning on or after January 1, 2015,  
10 and ending prior to January 1, 2017 ~~January 1, 2025~~, an  
11 amount equal to 3.75% of the taxpayer's net income for the  
12 taxable year.

13 (5.3) In the case of an individual, trust, or estate,  
14 for taxable years beginning prior to January 1, 2017  
15 ~~January 1, 2025~~, and ending after December 31, 2016  
16 ~~December 31, 2024~~, an amount equal to the sum of (i) 3.75%  
17 of the taxpayer's net income for the period prior to  
18 January 1, 2017 ~~January 1, 2025~~, as calculated under  
19 Section 202.5, and (ii) 4.95% ~~3.25%~~ of the taxpayer's net  
20 income for the period after December 31, 2016 ~~December 31,~~  
21 ~~2024~~, as calculated under Section 202.5.

22 (5.4) In the case of an individual, trust, or estate,  
23 for taxable years beginning on or after January 1, 2017  
24 ~~January 1, 2025~~, an amount equal to 4.95% ~~3.25%~~ of the  
25 taxpayer's net income for the taxable year.

26 (6) In the case of a corporation, for taxable years

1 ending prior to July 1, 1989, an amount equal to 4% of the  
2 taxpayer's net income for the taxable year.

3 (7) In the case of a corporation, for taxable years  
4 beginning prior to July 1, 1989 and ending after June 30,  
5 1989, an amount equal to the sum of (i) 4% of the  
6 taxpayer's net income for the period prior to July 1, 1989,  
7 as calculated under Section 202.3, and (ii) 4.8% of the  
8 taxpayer's net income for the period after June 30, 1989,  
9 as calculated under Section 202.3.

10 (8) In the case of a corporation, for taxable years  
11 beginning after June 30, 1989, and ending prior to January  
12 1, 2011, an amount equal to 4.8% of the taxpayer's net  
13 income for the taxable year.

14 (9) In the case of a corporation, for taxable years  
15 beginning prior to January 1, 2011, and ending after  
16 December 31, 2010, an amount equal to the sum of (i) 4.8%  
17 of the taxpayer's net income for the period prior to  
18 January 1, 2011, as calculated under Section 202.5, and  
19 (ii) 7% of the taxpayer's net income for the period after  
20 December 31, 2010, as calculated under Section 202.5.

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

25 (11) In the case of a corporation, for taxable years  
26 beginning prior to January 1, 2015, and ending after

1 December 31, 2014, an amount equal to the sum of (i) 7% of  
2 the taxpayer's net income for the period prior to January  
3 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
4 of the taxpayer's net income for the period after December  
5 31, 2014, as calculated under Section 202.5.

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

10 (13) In the case of a corporation, for taxable years  
11 beginning prior to January 1, 2017 ~~January 1, 2025~~, and  
12 ending after December 31, 2016 ~~December 31, 2024~~, an amount  
13 equal to the sum of (i) 5.25% of the taxpayer's net income  
14 for the period prior to January 1, 2017 ~~January 1, 2025~~, as  
15 calculated under Section 202.5, and (ii) 7% ~~4.8%~~ of the  
16 taxpayer's net income for the period after December 31,  
17 2016 ~~December 31, 2024~~, as calculated under Section 202.5.

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

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

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

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

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

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

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

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

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

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

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

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

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

25                  (1) A taxpayer shall be allowed a credit equal to .5%  
26                  of the basis of qualified property placed in service during



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

1 December 31, 1987, and on or before December 31, 1988, the  
2 credit shall be allowed for the tax year in which the  
3 property is placed in service, or, if the amount of the  
4 credit exceeds the tax liability for that year, whether it  
5 exceeds the original liability or the liability as later  
6 amended, such excess may be carried forward and applied to  
7 the tax liability of the 5 taxable years following the  
8 excess credit years if the taxpayer (i) makes investments  
9 which cause the creation of a minimum of 2,000 full-time  
10 equivalent jobs in Illinois, (ii) is located in an  
11 enterprise zone established pursuant to the Illinois  
12 Enterprise Zone Act and (iii) is certified by the  
13 Department of Commerce and Community Affairs (now  
14 Department of Commerce and Economic Opportunity) as  
15 complying with the requirements specified in clause (i) and  
16 (ii) by July 1, 1986. The Department of Commerce and  
17 Community Affairs (now Department of Commerce and Economic  
18 Opportunity) shall notify the Department of Revenue of all  
19 such certifications immediately. For tax years ending  
20 after December 31, 1988, the credit shall be allowed for  
21 the tax year in which the property is placed in service,  
22 or, if the amount of the credit exceeds the tax liability  
23 for that year, whether it exceeds the original liability or  
24 the liability as later amended, such excess may be carried  
25 forward and applied to the tax liability of the 5 taxable  
26 years following the excess credit years. The credit shall

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

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

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

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

19 (C) is acquired by purchase as defined in Section  
20 179(d) of the Internal Revenue Code;

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

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

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

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

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

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

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

24           (8) Unless the investment credit is extended by law,  
25 the basis of qualified property shall not include costs  
26 incurred after December 31, 2018, except for costs incurred

1           pursuant to a binding contract entered into on or before  
2           December 31, 2018.

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

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

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

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

9 (1) A taxpayer shall be allowed a credit against the  
10 tax imposed by subsections (a) and (b) of this Section for  
11 investment in qualified property which is placed in service  
12 in an Enterprise Zone created pursuant to the Illinois  
13 Enterprise Zone Act or, for property placed in service on  
14 or after July 1, 2006, a River Edge Redevelopment Zone  
15 established pursuant to the River Edge Redevelopment Zone  
16 Act. For partners, shareholders of Subchapter S  
17 corporations, and owners of limited liability companies,  
18 if the liability company is treated as a partnership for  
19 purposes of federal and State income taxation, there shall  
20 be allowed a credit under this subsection (f) to be  
21 determined in accordance with the determination of income  
22 and distributive share of income under Sections 702 and 704  
23 and Subchapter S of the Internal Revenue Code. The credit  
24 shall be .5% of the basis for such property. The credit  
25 shall be available only in the taxable year in which the  
26 property is placed in service in the Enterprise Zone or

1 River Edge Redevelopment Zone and shall not be allowed to  
2 the extent that it would reduce a taxpayer's liability for  
3 the tax imposed by subsections (a) and (b) of this Section  
4 to below zero. For tax years ending on or after December  
5 31, 1985, the credit shall be allowed for the tax year in  
6 which the property is placed in service, or, if the amount  
7 of the credit exceeds the tax liability for that year,  
8 whether it exceeds the original liability or the liability  
9 as later amended, such excess may be carried forward and  
10 applied to the tax liability of the 5 taxable years  
11 following the excess credit year. The credit shall be  
12 applied to the earliest year for which there is a  
13 liability. If there is credit from more than one tax year  
14 that is available to offset a liability, the credit  
15 accruing first in time shall be applied first.

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 (f);

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

26 (D) is used in the Enterprise Zone or River Edge



1           Redevelopment Zone by the taxpayer; and

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

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

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

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

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

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

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

25 (g) (Blank).

26 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

25 (C) is acquired by purchase as defined in Section  
26 179(d) of the Internal Revenue Code; and

1           (D) is not eligible for the Enterprise Zone  
2           Investment Credit provided by subsection (f) of this  
3           Section.

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

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

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

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

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

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

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

1 Any credit earned on or after December 31, 1986 under this  
2 subsection which is unused in the year the credit is computed  
3 because it exceeds the tax liability imposed by subsections (a)  
4 and (b) for that year (whether it exceeds the original  
5 liability or the liability as later amended) may be carried  
6 forward and applied to the tax liability imposed by subsections  
7 (a) and (b) of the 5 taxable years following the excess credit  
8 year, provided that no credit may be carried forward to any  
9 year ending on or after December 31, 2003. This credit shall be  
10 applied first to the earliest year for which there is a  
11 liability. If there is a credit under this subsection from more  
12 than one tax year that is available to offset a liability the  
13 earliest credit arising under this subsection shall be applied  
14 first.

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

25 (j) Training expense credit. Beginning with tax years  
26 ending on or after December 31, 1986 and prior to December 31,

1 2003, a taxpayer shall be allowed a credit against the tax  
2 imposed by subsections (a) and (b) under this Section for all  
3 amounts paid or accrued, on behalf of all persons employed by  
4 the taxpayer in Illinois or Illinois residents employed outside  
5 of Illinois by a taxpayer, for educational or vocational  
6 training in semi-technical or technical fields or semi-skilled  
7 or skilled fields, which were deducted from gross income in the  
8 computation of taxable income. The credit against the tax  
9 imposed by subsections (a) and (b) shall be 1.6% of such  
10 training expenses. 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 (j) 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 Any credit allowed under this subsection which is unused in  
19 the year the credit is earned may be carried forward to each of  
20 the 5 taxable years following the year for which the credit is  
21 first computed until it is used. This credit shall be applied  
22 first to the earliest year for which there is a liability. If  
23 there is a credit under this subsection from more than one tax  
24 year that is available to offset a liability the earliest  
25 credit arising under this subsection shall be applied first. No  
26 carryforward credit may be claimed in any tax year ending on or



1 after December 31, 2003.

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

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

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

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

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

1 than 5 years after the year in which the expense for which the  
2 credit is given was incurred.

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

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

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

16 (l) Environmental Remediation Tax Credit.

17 (i) For tax years ending after December 31, 1997 and on  
18 or before December 31, 2001, a taxpayer shall be allowed a  
19 credit against the tax imposed by subsections (a) and (b)  
20 of this Section for certain amounts paid for unreimbursed  
21 eligible remediation costs, as specified in this  
22 subsection. For purposes of this Section, "unreimbursed  
23 eligible remediation costs" means costs approved by the  
24 Illinois Environmental Protection Agency ("Agency") under  
25 Section 58.14 of the Environmental Protection Act that were  
26 paid in performing environmental remediation at a site for

1 which a No Further Remediation Letter was issued by the  
2 Agency and recorded under Section 58.10 of the  
3 Environmental Protection Act. The credit must be claimed  
4 for the taxable year in which Agency approval of the  
5 eligible remediation costs is granted. The credit is not  
6 available to any taxpayer if the taxpayer or any related  
7 party caused or contributed to, in any material respect, a  
8 release of regulated substances on, in, or under the site  
9 that was identified and addressed by the remedial action  
10 pursuant to the Site Remediation Program of the  
11 Environmental Protection Act. After the Pollution Control  
12 Board rules are adopted pursuant to the Illinois  
13 Administrative Procedure Act for the administration and  
14 enforcement of Section 58.9 of the Environmental  
15 Protection Act, determinations as to credit availability  
16 for purposes of this Section shall be made consistent with  
17 those rules. For purposes of this Section, "taxpayer"  
18 includes a person whose tax attributes the taxpayer has  
19 succeeded to under Section 381 of the Internal Revenue Code  
20 and "related party" includes the persons disallowed a  
21 deduction for losses by paragraphs (b), (c), and (f) (1) of  
22 Section 267 of the Internal Revenue Code by virtue of being  
23 a related taxpayer, as well as any of its partners. The  
24 credit allowed against the tax imposed by subsections (a)  
25 and (b) shall be equal to 25% of the unreimbursed eligible  
26 remediation costs in excess of \$100,000 per site, except

1 that the \$100,000 threshold shall not apply to any site  
2 contained in an enterprise zone as determined by the  
3 Department of Commerce and Community Affairs (now  
4 Department of Commerce and Economic Opportunity). The  
5 total credit allowed shall not exceed \$40,000 per year with  
6 a maximum total of \$150,000 per site. For partners and  
7 shareholders of subchapter S corporations, there shall be  
8 allowed a credit under this subsection to be determined in  
9 accordance with the determination of income and  
10 distributive share of income under Sections 702 and 704 and  
11 subchapter S of the Internal Revenue Code.

12 (ii) A credit allowed under this subsection that is  
13 unused in the year the credit is earned may be carried  
14 forward to each of the 5 taxable years following the year  
15 for which the credit is first earned until it is used. The  
16 term "unused credit" does not include any amounts of  
17 unreimbursed eligible remediation costs in excess of the  
18 maximum credit per site authorized under paragraph (i).  
19 This 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 (m) Education expense credit. Beginning with tax years  
15 ending after December 31, 1999, a taxpayer who is the custodian  
16 of one or more qualifying pupils shall be allowed a credit  
17 against the tax imposed by subsections (a) and (b) of this  
18 Section for qualified education expenses incurred on behalf of  
19 the qualifying pupils. The credit shall be equal to 25% of  
20 qualified education expenses, but in no event may the total  
21 credit under this subsection claimed by a family that is the  
22 custodian of qualifying pupils exceed (i) \$500 for tax years  
23 ending prior to December 31, 2017, and (ii) \$750 for tax years  
24 ending on or after December 31, 2017. In no event shall a  
25 credit under this subsection reduce the taxpayer's liability  
26 under this Act to less than zero. Notwithstanding any other

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

8 For purposes of this subsection:

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

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

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

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

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

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



1 availability for purposes of this Section shall be made  
2 consistent with rules adopted by the Pollution Control  
3 Board pursuant to the Illinois Administrative Procedure  
4 Act for the administration and enforcement of Section 58.9  
5 of the Environmental Protection Act. For purposes of this  
6 Section, "taxpayer" includes a person whose tax attributes  
7 the taxpayer has succeeded to under Section 381 of the  
8 Internal Revenue Code and "related party" includes the  
9 persons disallowed a deduction for losses by paragraphs  
10 (b), (c), and (f) (1) of Section 267 of the Internal Revenue  
11 Code by virtue of being a related taxpayer, as well as any  
12 of its partners. The credit allowed against the tax imposed  
13 by subsections (a) and (b) shall be equal to 25% of the  
14 unreimbursed eligible remediation costs in excess of  
15 \$100,000 per site.

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

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

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

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

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

1 the property of a registration is transferred as a result  
2 of any of the following:

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

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

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

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

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

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

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

26 (2) the cannabis cultivation center registration,

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

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

10 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

11 Sec. 203. Base income defined.

12 (a) Individuals.

13 (1) In general. In the case of an individual, base  
14 income means an amount equal to the taxpayer's adjusted  
15 gross income for the taxable year as modified by paragraph  
16 (2).

17 (2) Modifications. The adjusted gross income referred  
18 to in paragraph (1) shall be modified by adding thereto the  
19 sum of the 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 adjusted gross income, except  
24 stock dividends of qualified public utilities  
25 described in Section 305(e) of the Internal Revenue

1 Code;

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

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

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

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

1           pursuant to subsection (b) of Section 20 of the Medical  
2           Care Savings Account Act or subsection (b) of Section  
3           20 of the Medical Care Savings Account Act of 2000;

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

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

14          (D-16) If the taxpayer sells, transfers, abandons,  
15          or otherwise disposes of property for which the  
16          taxpayer was required in any taxable year to make an  
17          addition modification under subparagraph (D-15), then  
18          an amount equal to the aggregate amount of the  
19          deductions taken in all taxable years under  
20          subparagraph (Z) with respect to that property.

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

1 equal to that subtraction modification.

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

5 (D-17) An amount equal to the amount otherwise  
6 allowed as a deduction in computing base income for  
7 interest paid, accrued, or incurred, directly or  
8 indirectly, (i) for taxable years ending on or after  
9 December 31, 2004, to a foreign person who would be a  
10 member of the same unitary business group but for the  
11 fact that foreign person's business activity outside  
12 the United States is 80% or more of the foreign  
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. The addition modification  
21 required by this subparagraph shall be reduced to the  
22 extent that dividends were included in base income of  
23 the unitary group for the same taxable year and  
24 received by the taxpayer or by a member of the  
25 taxpayer's unitary business group (including amounts  
26 included in gross income under Sections 951 through 964

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

5 This paragraph shall not apply to the following:

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

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

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

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



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

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

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

23          (D-18) An amount equal to the amount of intangible  
24          expenses and costs otherwise allowed as a deduction in  
25          computing base income, and that were paid, accrued, or  
26          incurred, directly or indirectly, (i) for taxable

1 years ending on or after December 31, 2004, to a  
2 foreign person who would be a member of the same  
3 unitary business group but for the fact that the  
4 foreign person's business activity outside the United  
5 States is 80% or more of that person's total business  
6 activity and (ii) for taxable years ending on or after  
7 December 31, 2008, to a person who would be a member of  
8 the same unitary business group but for the fact that  
9 the person is prohibited under Section 1501(a)(27)  
10 from being included in the unitary business group  
11 because he or she is ordinarily required to apportion  
12 business income under different subsections of Section  
13 304. The addition modification required by this  
14 subparagraph shall be reduced to the extent that  
15 dividends were included in base income of the unitary  
16 group for the same taxable year and received by the  
17 taxpayer or by a member of the taxpayer's unitary  
18 business group (including amounts included in gross  
19 income under Sections 951 through 964 of the Internal  
20 Revenue Code and amounts included in gross income under  
21 Section 78 of the Internal Revenue Code) with respect  
22 to the stock of the same person to whom the intangible  
23 expenses and costs were directly or indirectly paid,  
24 incurred, or accrued. The preceding sentence does not  
25 apply to the extent that the same dividends caused a  
26 reduction to the addition modification required under

1 Section 203(a)(2)(D-17) of this Act. As used in this  
2 subparagraph, the term "intangible expenses and costs"  
3 includes (1) expenses, losses, and costs for, or  
4 related to, the direct or indirect acquisition, use,  
5 maintenance or management, ownership, sale, exchange,  
6 or any other disposition of intangible property; (2)  
7 losses incurred, directly or indirectly, from  
8 factoring transactions or discounting transactions;  
9 (3) royalty, patent, technical, and copyright fees;  
10 (4) licensing fees; and (5) other similar expenses and  
11 costs. For purposes of this subparagraph, "intangible  
12 property" includes patents, patent applications, trade  
13 names, trademarks, service marks, copyrights, mask  
14 works, trade secrets, and similar types of intangible  
15 assets.

16 This paragraph shall not apply to the following:

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

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

1 on a preponderance of the evidence, both of the  
2 following:

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

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

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

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

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

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

1 preceding sentence does not apply to the extent that  
2 the same dividends caused a reduction to the addition  
3 modification required under Section 203(a)(2)(D-17) or  
4 Section 203(a)(2)(D-18) of this Act.

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

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

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

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

1           (D-22) For taxable years beginning on or after  
2           January 1, 2009, in the case of a nonqualified  
3           withdrawal or refund of moneys from a qualified tuition  
4           program under Section 529 of the Internal Revenue Code  
5           administered by the State that is not used for  
6           qualified expenses at an eligible education  
7           institution, an amount equal to the contribution  
8           component of the nonqualified withdrawal or refund  
9           that was previously deducted from base income under  
10          subsection (a)(2)(y) of this Section, provided that  
11          the withdrawal or refund did not result from the  
12          beneficiary's death or disability;

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

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

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

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



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

1 exempt from the provisions of Section 250;

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

13 (G) The valuation limitation amount;

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

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

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

1 substantially all of its operations in a River Edge  
2 Redevelopment Zone or zones. This subparagraph (J) is  
3 exempt from the provisions of Section 250;

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

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

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

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

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

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

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

1 held under claim of right for the taxable year;

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

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

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

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

24 (U) For one taxable year beginning on or after  
25 January 1, 1994, an amount equal to the total amount of  
26 tax imposed and paid under subsections (a) and (b) of

1 Section 201 of this Act on grant amounts received by  
2 the taxpayer under the Nursing Home Grant Assistance  
3 Act during the taxpayer's taxable years 1992 and 1993;

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

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

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

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

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

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



1 College Savings Pool account under Section 16.5 of the  
2 State Treasurer Act or (ii) the Illinois Prepaid  
3 Tuition Trust Fund, except that amounts excluded from  
4 gross income under Section 529(c)(3)(C)(i) of the  
5 Internal Revenue Code shall not be considered moneys  
6 contributed under this subparagraph (Y). For purposes  
7 of this subparagraph, contributions made by an  
8 employer on behalf of an employee, or matching  
9 contributions made by an employee, shall be treated as  
10 made by the employee. This subparagraph (Y) is exempt  
11 from the provisions of Section 250;

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

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

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

1 and then divided by 70 (or "y" multiplied by  
2 0.429); and

3 (3) for taxable years ending after December  
4 31, 2005:

5 (i) for property on which a bonus  
6 depreciation deduction of 30% of the adjusted  
7 basis was taken, "x" equals "y" multiplied by  
8 30 and then divided by 70 (or "y" multiplied by  
9 0.429); and

10 (ii) for property on which a bonus  
11 depreciation deduction of 50% of the adjusted  
12 basis was taken, "x" equals "y" multiplied by  
13 1.0.

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

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

1           If the taxpayer continues to own property through  
2           the last day of the last tax year for which the  
3           taxpayer may claim a depreciation deduction for  
4           federal income tax purposes and for which the taxpayer  
5           was required in any taxable year to make an addition  
6           modification under subparagraph (D-15), then an amount  
7           equal to that addition modification.

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

11          This subparagraph (AA) is exempt from the  
12          provisions of Section 250;

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

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

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

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

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

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

1 Section 250; and

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

17 (b) Corporations.

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

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

24 (A) An amount equal to all amounts paid or accrued  
25 to the taxpayer as interest and all distributions

1 received from regulated investment companies during  
2 the taxable year to the extent excluded from gross  
3 income in the computation of taxable income;

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

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

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

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

1           those provided by this subparagraph (E) exceeded  
2           subtraction modifications in such earlier taxable  
3           year, with the following limitations applied in the  
4           order that they are listed:

5                   (i) the addition modification relating to the  
6                   net operating loss carried back or forward to the  
7                   taxable year from any taxable year ending prior to  
8                   December 31, 1986 shall be reduced by the amount of  
9                   addition modification under this subparagraph (E)  
10                  which related to that net operating loss and which  
11                  was taken into account in calculating the base  
12                  income of an earlier taxable year, and

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

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

25                   (E-5) For taxable years ending after December 31,  
26           1997, an amount equal to any eligible remediation costs



1           that the corporation deducted in computing adjusted  
2           gross income and for which the corporation claims a  
3           credit under subsection (l) of Section 201;

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

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

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

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

26          (E-12) An amount equal to the amount otherwise

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

1 This paragraph shall not apply to the following:

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

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

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

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

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

1 terms and the principal purpose for the payment is  
2 not federal or Illinois tax avoidance; or

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

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

19 (E-13) An amount equal to the amount of intangible  
20 expenses and costs otherwise allowed as a deduction in  
21 computing base income, and that were paid, accrued, or  
22 incurred, directly or indirectly, (i) for taxable  
23 years ending on or after December 31, 2004, to a  
24 foreign person who would be a member of the same  
25 unitary business group but for the fact that the  
26 foreign person's business activity outside the United

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

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

12 This paragraph shall not apply to the following:

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

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

25 (a) the person during the same taxable  
26 year paid, accrued, or incurred, the

1 intangible expense or cost to a person that is  
2 not a related member, and

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

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

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

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



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

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

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

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

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

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

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

26 (I) With the exception of any amounts subtracted

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

26 (J) An amount equal to all amounts included in such

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

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

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

26 (M) For any taxpayer that is a financial

1 organization within the meaning of Section 304(c) of  
2 this Act, an amount included in such total as interest  
3 income from a loan or loans made by such taxpayer to a  
4 borrower, to the extent that such a loan is secured by  
5 property which is eligible for the River Edge  
6 Redevelopment Zone Investment Credit. To determine the  
7 portion of a loan or loans that is secured by property  
8 eligible for a Section 201(f) investment credit to the  
9 borrower, the entire principal amount of the loan or  
10 loans between the taxpayer and the borrower should be  
11 divided into the basis of the Section 201(f) investment  
12 credit property which secures the loan or loans, using  
13 for this purpose the original basis of such property on  
14 the date that it was placed in service in the River  
15 Edge Redevelopment Zone. The subtraction modification  
16 available to taxpayer in any year under this subsection  
17 shall be that portion of the total interest paid by the  
18 borrower with respect to such loan attributable to the  
19 eligible property as calculated under the previous  
20 sentence. This subparagraph (M) is exempt from the  
21 provisions of Section 250;

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

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

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

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

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

1 received or paid or deemed paid under Sections 951  
2 through 964 of the Internal Revenue Code and including,  
3 for taxable years ending on or after December 31, 2008,  
4 dividends received from a captive real estate  
5 investment trust, from any such corporation specified  
6 in clause (i) that would but for the provisions of  
7 Section 1504 (b) (3) of the Internal Revenue Code be  
8 treated as a member of the affiliated group which  
9 includes the dividend recipient, exceed the amount of  
10 the modification provided under subparagraph (G) of  
11 paragraph (2) of this subsection (b) which is related  
12 to such dividends. This subparagraph (O) is exempt from  
13 the provisions of Section 250 of this Act;

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

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

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

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

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

19 (T) 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 (T) is exempt from the provisions of  
2           Section 250;

3           (U) 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 (E-10), 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 (E-10), 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 (U) is exempt from the  
19          provisions of Section 250;

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

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

1 years ending on or after December 31, 2008, to a person  
2 who would be a member of the same unitary business  
3 group but for the fact that the person is prohibited  
4 under Section 1501(a)(27) from being included in the  
5 unitary business group because he or she is ordinarily  
6 required to apportion business income under different  
7 subsections of Section 304, but not to exceed the  
8 addition modification required to be made for the same  
9 taxable year under Section 203(b)(2)(E-12) for  
10 interest paid, accrued, or incurred, directly or  
11 indirectly, to the same person. This subparagraph (W)  
12 is exempt from the provisions of Section 250;

13 (X) An amount equal to the income from intangible  
14 property taken into account for the taxable year (net  
15 of the deductions allocable thereto) with respect to  
16 transactions with (i) a foreign person who would be a  
17 member of the taxpayer's unitary business group but for  
18 the fact that the foreign person's business activity  
19 outside the United States is 80% or more of that  
20 person's total business activity and (ii) for taxable  
21 years ending on or after December 31, 2008, to a person  
22 who would be a member of the same unitary business  
23 group but for the fact that the person is prohibited  
24 under Section 1501(a)(27) from being included in the  
25 unitary business group because he or she is ordinarily  
26 required to apportion business income under different

1 subsections of Section 304, but not to exceed the  
2 addition modification required to be made for the same  
3 taxable year under Section 203(b)(2)(E-13) for  
4 intangible expenses and costs paid, accrued, or  
5 incurred, directly or indirectly, to the same foreign  
6 person. This subparagraph (X) is exempt from the  
7 provisions of Section 250;

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

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

1 Section 965(e) (2) (A) of the Internal Revenue Code, and  
2 without regard to any net operating loss deduction.  
3 This subparagraph (Z) is exempt from the provisions of  
4 Section 250.

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

13 (c) Trusts and estates.

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

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

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

25 (B) In the case of (i) an estate, \$600; (ii) a

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

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

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

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

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

1 addition modification under this subparagraph (E)  
2 which related to that net operating loss and which  
3 was taken into account in calculating the base  
4 income of an earlier taxable year, and

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

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

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

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



1 (G-5) For taxable years ending after December 31,  
2 1997, an amount equal to any eligible remediation costs  
3 that the trust or estate deducted in computing adjusted  
4 gross income and for which the trust or estate claims a  
5 credit under subsection (l) of Section 201;

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

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

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

25 The taxpayer is required to make the addition  
26 modification under this subparagraph only once with

1 respect to any one piece of property;

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

1 same person to whom the interest was paid, accrued, or  
2 incurred.

3 This paragraph shall not apply to the following:

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

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

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

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

25 (iii) the taxpayer can establish, based on  
26 clear and convincing evidence, that the interest

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

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

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

21          (G-13) An amount equal to the amount of intangible  
22          expenses and costs otherwise allowed as a deduction in  
23          computing base income, and that were paid, accrued, or  
24          incurred, directly or indirectly, (i) for taxable  
25          years ending on or after December 31, 2004, to a  
26          foreign person who would be a member of the same

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

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

14 This paragraph shall not apply to the following:

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

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

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

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

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

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

1           by which the Department will utilize its authority  
2           under Section 404 of this Act;

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



1 modification required under Section 203(c)(2)(G-12) or  
2 Section 203(c)(2)(G-13) of this Act;

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

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

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

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

24 (I) The valuation limitation amount;

25 (J) An amount equal to the amount of any tax  
26 imposed by this Act which was refunded to the taxpayer

1 and included in such total for the taxable year;

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

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

1 provisions of this subparagraph are exempt from the  
2 provisions of Section 250;

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

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

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

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

1 the Internal Revenue Code;

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

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

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

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

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

26 (3) for taxable years ending after December

1 31, 2005:

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

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

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

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

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

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

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

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

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

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

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



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

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

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

1 exempt from the provisions of Section 250; and

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

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

24 (d) Partnerships.

25 (1) In general. In the case of a partnership, base

1 income means an amount equal to the taxpayer's taxable  
2 income for the taxable year as modified by paragraph (2).

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

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

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

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

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

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

25 (D-6) If the taxpayer sells, transfers, abandons,  
26 or otherwise disposes of property for which the

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

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

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

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

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

17 This paragraph shall not apply to the following:

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

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

1           preponderance of the evidence, both of the  
2           following:

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

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

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

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

26                  Nothing in this subsection shall preclude the

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

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

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



1 similar types of intangible assets;

2 This paragraph shall not apply to the following:

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

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

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

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

26 (iii) any item of intangible expense or cost

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

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

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

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

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

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

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

1 (E) The valuation limitation amount;

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

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

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

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

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

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

21 (K) 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 substantially  
26 all of its operations from a River Edge Redevelopment

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

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

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

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

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

26           (1) "y" equals the amount of the depreciation

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

7 (2) for taxable years ending on or before  
8 December 31, 2005, "x" equals "y" multiplied by 30  
9 and then divided by 70 (or "y" multiplied by  
10 0.429); and

11 (3) for taxable years ending after December  
12 31, 2005:

13 (i) for property on which a bonus  
14 depreciation deduction of 30% of the adjusted  
15 basis was taken, "x" equals "y" multiplied by  
16 30 and then divided by 70 (or "y" multiplied by  
17 0.429); and

18 (ii) for property on which a bonus  
19 depreciation deduction of 50% of the adjusted  
20 basis was taken, "x" equals "y" multiplied by  
21 1.0.

22 The aggregate amount deducted under this  
23 subparagraph in all taxable years for any one piece of  
24 property may not exceed the amount of the bonus  
25 depreciation deduction taken on that property on the  
26 taxpayer's federal income tax return under subsection

1 (k) of Section 168 of the Internal Revenue Code. This  
2 subparagraph (O) is exempt from the provisions of  
3 Section 250;

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

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

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

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

21 (Q) The amount of (i) any interest income (net of  
22 the deductions allocable thereto) taken into account  
23 for the taxable year with respect to a transaction with  
24 a taxpayer that is required to make an addition  
25 modification with respect to such transaction under  
26 Section 203(a)(2)(D-17), 203(b)(2)(E-12),



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

12           (R) An amount equal to the interest income taken  
13          into account for the taxable year (net of the  
14          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(d) (2) (D-7) for interest  
3 paid, accrued, or incurred, directly or indirectly, to  
4 the same person. This subparagraph (R) is exempt from  
5 Section 250;

6 (S) An amount equal to the income from intangible  
7 property taken into account for the taxable year (net  
8 of the 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(d) (2) (D-8) for  
23 intangible expenses and costs paid, accrued, or  
24 incurred, directly or indirectly, to the same person.  
25 This subparagraph (S) is exempt from Section 250; and

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

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

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

16           (1) In general. Subject to the provisions of paragraph  
17          (2) and subsection (b) (3), for purposes of this Section  
18          and Section 803(e), a taxpayer's gross income, adjusted  
19          gross income, or taxable income for the taxable year shall  
20          mean the amount of gross income, adjusted gross income or  
21          taxable income properly reportable for federal income tax  
22          purposes for the taxable year under the provisions of the  
23          Internal Revenue Code. Taxable income may be less than  
24          zero. However, for taxable years ending on or after  
25          December 31, 1986, net operating loss carryforwards from

1 taxable years ending prior to December 31, 1986, may not  
2 exceed the sum of federal taxable income for the taxable  
3 year before net operating loss deduction, plus the excess  
4 of addition modifications over subtraction modifications  
5 for the taxable year. For taxable years ending prior to  
6 December 31, 1986, taxable income may never be an amount in  
7 excess of the net operating loss for the taxable year as  
8 defined in subsections (c) and (d) of Section 172 of the  
9 Internal Revenue Code, provided that when taxable income of  
10 a corporation (other than a Subchapter S corporation),  
11 trust, or estate is less than zero and addition  
12 modifications, other than those provided by subparagraph  
13 (E) of paragraph (2) of subsection (b) for corporations or  
14 subparagraph (E) of paragraph (2) of subsection (c) for  
15 trusts and estates, exceed subtraction modifications, an  
16 addition modification must be made under those  
17 subparagraphs for any other taxable year to which the  
18 taxable income less than zero (net operating loss) is  
19 applied under Section 172 of the Internal Revenue Code or  
20 under subparagraph (E) of paragraph (2) of this subsection  
21 (e) applied in conjunction with Section 172 of the Internal  
22 Revenue Code.

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

26 (A) Certain life insurance companies. In the case

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

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

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

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

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

1 purposes of this subparagraph, the taxpayer's separate  
2 taxable income shall be determined as if the election  
3 provided by Section 243(b) (2) of the Internal Revenue  
4 Code had been in effect for all such years;

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

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

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

25 (H) Partnerships. In the case of a partnership,  
26 taxable income determined in accordance with Section

1           703 of the Internal Revenue Code, except that taxable  
2           income shall take into account those items which are  
3           required by Section 703(a)(1) to be separately stated  
4           but which would be taken into account by an individual  
5           in calculating his taxable income.

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

23          (f) Valuation limitation amount.

24                 (1) In general. The valuation limitation amount  
25                 referred to in subsections (a) (2) (G), (c) (2) (I) and



1 (d) (2) (E) is an amount equal to:

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

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

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

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

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

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

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

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

1 such taxable year, whether in respect of property values as of  
2 August 1, 1969 or otherwise.

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

8 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

9 Sec. 204. Standard Exemption.

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

17 (b) Basic amount. For the purpose of subsection (a) of this  
18 Section, except as provided by subsection (a) of Section 205  
19 and in this subsection, each taxpayer shall be allowed a basic  
20 amount of \$1000, except that for corporations the basic amount  
21 shall be zero for tax years ending on or after December 31,  
22 2003, and for individuals the basic amount shall be:

23 (1) for taxable years ending on or after December 31,  
24 1998 and prior to December 31, 1999, \$1,300;

25 (2) for taxable years ending on or after December 31,

1 1999 and prior to December 31, 2000, \$1,650;

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

4 (4) for taxable years ending on or after December 31,  
5 2012 and prior to December 31, 2013, \$2,050;

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

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

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

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

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

1           (A) For taxpayer. An additional exemption of  
2           \$1,000 for the taxpayer if he or she has attained the  
3           age of 65 before the end of the taxable year.

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

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

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

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

1           such determination shall be made as of the time of such  
2           death.

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

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

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

18               (2) the Consumer Price Index for the calendar year  
19               2011.

20          The Consumer Price Index for any calendar year is the  
21          average of the Consumer Price Index as of the close of the  
22          12-month period ending on August 31 of that calendar year.

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

26          If any cost-of-living adjustment is not a multiple of \$25,

1 that adjustment shall be rounded to the next lowest multiple of  
2 \$25.

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

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

7 (g) Notwithstanding any other provision of law, for taxable  
8 years beginning on or after January 1, 2018, no taxpayer may  
9 claim an exemption under this Section if the taxpayer's  
10 adjusted gross income for the taxable year exceeds (i)  
11 \$500,000, in the case of spouses filing a joint federal tax  
12 return or (ii) \$250,000, in the case of all other taxpayers.  
13 (Source: P.A. 97-507, eff. 8-23-11; 97-652, eff. 6-1-12.)

14 (35 ILCS 5/208) (from Ch. 120, par. 2-208)

15 Sec. 208. Tax credit for residential real property taxes.  
16 Beginning with tax years ending on or after December 31, 1991,  
17 every individual taxpayer shall be entitled to a tax credit  
18 equal to 5% of real property taxes paid by such taxpayer during  
19 the taxable year on the principal residence of the taxpayer. In  
20 the case of multi-unit or multi-use structures and farm  
21 dwellings, the taxes on the taxpayer's principal residence  
22 shall be that portion of the total taxes which is attributable  
23 to such principal residence. Notwithstanding any other  
24 provision of law, for taxable years beginning on or after  
25 January 1, 2018, no taxpayer may claim a credit under this

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

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

6 (35 ILCS 5/212)

7 Sec. 212. Earned income tax credit.

8 (a) With respect to the federal earned income tax credit  
9 allowed for the taxable year under Section 32 of the federal  
10 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer  
11 is entitled to a credit against the tax imposed by subsections  
12 (a) and (b) of Section 201 in an amount equal to (i) 5% of the  
13 federal tax credit for each taxable year beginning on or after  
14 January 1, 2000 and ending prior to December 31, 2012, (ii)  
15 7.5% of the federal tax credit for each taxable year beginning  
16 on or after January 1, 2012 and ending prior to December 31,  
17 2013, ~~and~~ (iii) 10% of the federal tax credit for each taxable  
18 year beginning on or after January 1, 2013 and beginning prior  
19 to January 1, 2017, and (iv) 15% of the federal tax credit for  
20 each taxable year beginning on or after January 1, 2017.

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

24 (b) For taxable years beginning before January 1, 2003, in  
25 no event shall a credit under this Section reduce the



1 taxpayer's liability to less than zero. For each taxable year  
2 beginning on or after January 1, 2003, if the amount of the  
3 credit exceeds the income tax liability for the applicable tax  
4 year, then the excess credit shall be refunded to the taxpayer.  
5 The amount of a refund shall not be included in the taxpayer's  
6 income or resources for the purposes of determining eligibility  
7 or benefit level in any means-tested benefit program  
8 administered by a governmental entity unless required by  
9 federal law.

10 (c) This Section is exempt from the provisions of Section  
11 250.

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

13 (35 ILCS 5/222)

14 Sec. 222. Live theater production credit.

15 (a) For tax years beginning on or after January 1, 2012 and  
16 beginning prior to January 1, 2027, a taxpayer who has received  
17 a tax credit award under the Live Theater Production Tax Credit  
18 Act is entitled to a credit against the taxes imposed under  
19 subsections (a) and (b) of Section 201 of this Act in an amount  
20 determined under that Act by the Department of Commerce and  
21 Economic Opportunity.

22 (b) If the taxpayer is a partnership, limited liability  
23 partnership, limited liability company, or Subchapter S  
24 corporation, the tax credit award is allowed to the partners,  
25 unit holders, or shareholders in accordance with the

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

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

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

11 (e) The tax credit award may not be carried back. If the  
12 amount of the credit exceeds the tax liability for the year,  
13 the excess may be carried forward and applied to the tax  
14 liability of the 5 tax years following the excess credit year.  
15 The tax credit award shall be applied to the earliest year for  
16 which there is a tax liability. If there are credits from more  
17 than one tax year that are available to offset liability, the  
18 earlier credit shall be applied first. In no event may a credit  
19 under this Section reduce the taxpayer's liability to less than  
20 zero.

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

22 (35 ILCS 5/225 new)

23 Sec. 225. Credit for instructional materials and supplies.  
24 For taxable years beginning on and after January 1, 2017, a  
25 taxpayer shall be allowed a credit in the amount paid by the

1 taxpayer during the taxable year for instructional materials  
2 and supplies with respect to classroom based instruction in a  
3 qualified school, or \$250, whichever is less, provided that the  
4 taxpayer is a teacher, instructor, counselor, principal, or  
5 aide in a qualified school for at least 900 hours during a  
6 school year.

7 The credit may not be carried back and may not reduce the  
8 taxpayer's liability to less than zero. If the amount of the  
9 credit exceeds the tax liability for the year, the excess may  
10 be carried forward and applied to the tax liability of the 5  
11 taxable years following the excess credit year. The tax credit  
12 shall be applied to the earliest year for which there is a tax  
13 liability. If there are credits for more than one year that are  
14 available to offset a liability, the earlier credit shall be  
15 applied first.

16 For purposes of this Section, the term "materials and  
17 supplies" means amounts paid for instructional materials or  
18 supplies that are designated for classroom use in any qualified  
19 school. For purposes of this Section, the term "qualified  
20 school" means a public school or non-public school located in  
21 Illinois.

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

23 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

24 Sec. 804. Failure to Pay Estimated Tax.

25 (a) In general. In case of any underpayment of estimated

1 tax by a taxpayer, except as provided in subsection (d) or (e),  
2 the taxpayer shall be liable to a penalty in an amount  
3 determined at the rate prescribed by Section 3-3 of the Uniform  
4 Penalty and Interest Act upon the amount of the underpayment  
5 (determined under subsection (b)) for each required  
6 installment.

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

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

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

13 (c) Amount of Required Installments.

14 (1) Amount.

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

18 (B) Required Annual Payment. For purposes of  
19 subparagraph (A), the term "required annual payment"  
20 means the lesser of:

21 (i) 90% of the tax shown on the return for the  
22 taxable year, or if no return is filed, 90% of the  
23 tax for such year;

24 (ii) for installments due prior to February 1,  
25 2011, and after January 31, 2012, 100% of the tax  
26 shown on the return of the taxpayer for the

1 preceding taxable year if a return showing a  
2 liability for tax was filed by the taxpayer for the  
3 preceding taxable year and such preceding year was  
4 a taxable year of 12 months; or

5 (iii) for installments due after January 31,  
6 2011, and prior to February 1, 2012, 150% of the  
7 tax shown on the return of the taxpayer for the  
8 preceding taxable year if a return showing a  
9 liability for tax was filed by the taxpayer for the  
10 preceding taxable year and such preceding year was  
11 a taxable year of 12 months.

12 (2) Lower Required Installment where Annualized Income  
13 Installment is Less Than Amount Determined Under Paragraph  
14 (1).

15 (A) In General. In the case of any required  
16 installment if a taxpayer establishes that the  
17 annualized income installment is less than the amount  
18 determined under paragraph (1),

19 (i) the amount of such required installment  
20 shall be the annualized income installment, and

21 (ii) any reduction in a required installment  
22 resulting from the application of this  
23 subparagraph shall be recaptured by increasing the  
24 amount of the next required installment determined  
25 under paragraph (1) by the amount of such  
26 reduction, and by increasing subsequent required

1 installments to the extent that the reduction has  
2 not previously been recaptured under this clause.

3 (B) Determination of Annualized Income  
4 Installment. In the case of any required installment,  
5 the annualized income installment is the excess, if  
6 any, of:

7 (i) an amount equal to the applicable  
8 percentage of the tax for the taxable year computed  
9 by placing on an annualized basis the net income  
10 for months in the taxable year ending before the  
11 due date for the installment, over

12 (ii) the aggregate amount of any prior  
13 required installments for the taxable year.

14 (C) Applicable Percentage.

15 In the case of the following The applicable  
16 required installments: percentage is:

17	1st.....	22.5%
18	2nd.....	45%
19	3rd.....	67.5%
20	4th.....	90%

21 (D) Annualized Net Income; Individuals. For  
22 individuals, net income shall be placed on an  
23 annualized basis by:

24 (i) multiplying by 12, or in the case of a  
25 taxable year of less than 12 months, by the number  
26 of months in the taxable year, the net income

1           computed without regard to the standard exemption  
2           for the months in the taxable year ending before  
3           the month in which the installment is required to  
4           be paid;

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

8           (iii) deducting from such amount the standard  
9           exemption allowable for the taxable year, such  
10          standard exemption being determined as of the last  
11          date prescribed for payment of the installment.

12          (E) Annualized Net Income; Corporations. For  
13          corporations, net income shall be placed on an  
14          annualized basis by multiplying by 12 the taxable  
15          income

16                 (i) for the first 3 months of the taxable year,  
17                 in the case of the installment required to be paid  
18                 in the 4th month,

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

22                 (iii) for the first 6 months or for the first 8  
23                 months of the taxable year, in the case of the  
24                 installment required to be paid in the 9th month,  
25                 and

26                 (iv) for the first 9 months or for the first 11

1 months of the taxable year, in the case of the  
2 installment required to be paid in the 12th month  
3 of the taxable year,  
4 then dividing the resulting amount by the number of  
5 months in the taxable year (3, 5, 6, 8, 9, or 11 as the  
6 case may be).

7 (3) Notwithstanding any other provision of this  
8 subsection (c), in the case of a federally regulated  
9 exchange that elects to apportion its income under Section  
10 304(c-1) of this Act, the amount of each required  
11 installment due prior to June 30 of the first taxable year  
12 to which the election applies shall be 25% of the tax that  
13 would have been shown on the return for that taxable year  
14 if the taxpayer had not made such election.

15 (d) Exceptions. Notwithstanding the provisions of the  
16 preceding subsections, the penalty imposed by subsection (a)  
17 shall not be imposed if the taxpayer was not required to file  
18 an Illinois income tax return for the preceding taxable year,  
19 or, for individuals, if the taxpayer had no tax liability for  
20 the preceding taxable year and such year was a taxable year of  
21 12 months. The penalty imposed by subsection (a) shall also not  
22 be imposed on any underpayments of estimated tax due before the  
23 effective date of this amendatory Act of 1998 which  
24 underpayments are solely attributable to the change in  
25 apportionment from subsection (a) to subsection (h) of Section  
26 304. The provisions of this amendatory Act of 1998 apply to tax



1 years ending on or after December 31, 1998.

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

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

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

13 (1) tax withheld from compensation for the taxable year  
14 shall be deemed a payment of estimated tax, and an equal  
15 part of such amount shall be deemed paid on each  
16 installment date for such taxable year, unless the taxpayer  
17 establishes the dates on which all amounts were actually  
18 withheld, in which case the amounts so withheld shall be  
19 deemed payments of estimated tax on the dates on which such  
20 amounts were actually withheld;

21 (2) amounts timely paid by a partnership, Subchapter S  
22 corporation, or trust on behalf of a partner, shareholder,  
23 or beneficiary pursuant to subsection (f) of Section 502 or  
24 Section 709.5 and claimed as a payment of estimated tax  
25 shall be deemed a payment of estimated tax made on the last  
26 day of the taxable year of the partnership, Subchapter S

1 corporation, or trust for which the income from the  
2 withholding is made was computed; and

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

7 (g-5) Amounts withheld under the State Salary and Annuity  
8 Withholding Act. An individual who has amounts withheld under  
9 paragraph (10) of Section 4 of the State Salary and Annuity  
10 Withholding Act may elect to have those amounts treated as  
11 payments of estimated tax made on the dates on which those  
12 amounts are actually withheld.

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

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

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

1 (Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11;  
2 97-636, eff. 6-1-12.)

3 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

4 Sec. 901. Collection authority.

5 (a) In general.

6 The Department shall collect the taxes imposed by this Act.  
7 The Department shall collect certified past due child support  
8 amounts under Section 2505-650 of the Department of Revenue Law  
9 (20 ILCS 2505/2505-650). Except as provided in subsections (c),  
10 (e), (f), (g), and (h) of this Section, money collected  
11 pursuant to subsections (a) and (b) of Section 201 of this Act  
12 shall be paid into the General Revenue Fund in the State  
13 treasury; money collected pursuant to subsections (c) and (d)  
14 of Section 201 of this Act shall be paid into the Personal  
15 Property Tax Replacement Fund, a special fund in the State  
16 Treasury; and money collected under Section 2505-650 of the  
17 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid  
18 into the Child Support Enforcement Trust Fund, a special fund  
19 outside the State Treasury, or to the State Disbursement Unit  
20 established under Section 10-26 of the Illinois Public Aid  
21 Code, as directed by the Department of Healthcare and Family  
22 Services.

23 (b) Local Government Distributive Fund.

24 Beginning August 1, 1969, and continuing through June 30,  
25 1994, the Treasurer shall transfer each month from the General

1 Revenue Fund to a special fund in the State treasury, to be  
2 known as the "Local Government Distributive Fund", an amount  
3 equal to 1/12 of the net revenue realized from the tax imposed  
4 by subsections (a) and (b) of Section 201 of this Act during  
5 the preceding month. Beginning July 1, 1994, and continuing  
6 through June 30, 1995, the Treasurer shall transfer each month  
7 from the General Revenue Fund to the Local Government  
8 Distributive Fund an amount equal to 1/11 of the net revenue  
9 realized from the tax imposed by subsections (a) and (b) of  
10 Section 201 of this Act during the preceding month. Beginning  
11 July 1, 1995 and continuing through January 31, 2011, the  
12 Treasurer shall transfer each month from the General Revenue  
13 Fund to the Local Government Distributive Fund an amount equal  
14 to the net of (i) 1/10 of the net revenue realized from the tax  
15 imposed by subsections (a) and (b) of Section 201 of the  
16 Illinois Income Tax Act during the preceding month (ii) minus,  
17 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,  
18 and beginning July 1, 2004, zero. Beginning February 1, 2011,  
19 and continuing through January 31, 2015, the Treasurer shall  
20 transfer each month from the General Revenue Fund to the Local  
21 Government Distributive Fund an amount equal to the sum of (i)  
22 6% (10% of the ratio of the 3% individual income tax rate prior  
23 to 2011 to the 5% individual income tax rate after 2010) of the  
24 net revenue realized from the tax imposed by subsections (a)  
25 and (b) of Section 201 of this Act upon individuals, trusts,  
26 and estates during the preceding month and (ii) 6.86% (10% of

1 the ratio of the 4.8% corporate income tax rate prior to 2011  
2 to the 7% corporate income tax rate after 2010) of the net  
3 revenue realized from the tax imposed by subsections (a) and  
4 (b) of Section 201 of this Act upon corporations during the  
5 preceding month. Beginning February 1, 2015 and continuing  
6 through January 31, 2017 ~~January 31, 2025~~, the Treasurer shall  
7 transfer each month from the General Revenue Fund to the Local  
8 Government Distributive Fund an amount equal to the sum of (i)  
9 8% (10% of the ratio of the 3% individual income tax rate prior  
10 to 2011 to the 3.75% individual income tax rate after 2014) of  
11 the net revenue realized from the tax imposed by subsections  
12 (a) and (b) of Section 201 of this Act upon individuals,  
13 trusts, and estates during the preceding month and (ii) 9.14%  
14 (10% of the ratio of the 4.8% corporate income tax rate prior  
15 to 2011 to the 5.25% corporate income tax rate after 2014) of  
16 the net revenue realized from the tax imposed by subsections  
17 (a) and (b) of Section 201 of this Act upon corporations during  
18 the preceding month. Beginning February 1, 2017 ~~February 1,~~  
19 ~~2025~~, the Treasurer shall transfer each month from the General  
20 Revenue Fund to the Local Government Distributive Fund an  
21 amount equal to the sum of (i) 6.06% ~~9.23%~~ (10% of the ratio of  
22 the 3% individual income tax rate prior to 2011 to the 4.95%  
23 ~~3.25%~~ individual income tax rate beginning in 2017 ~~after 2024~~)  
24 of the net revenue realized from the tax imposed by subsections  
25 (a) and (b) of Section 201 of this Act upon individuals,  
26 trusts, and estates during the preceding month and (ii) 6.86%

1 (10% of the ratio of the 4.8% corporate income tax rate prior  
2 to 2011 to the 7% corporate income tax rate beginning in 2017)  
3 ~~10%~~ of the net revenue realized from the tax imposed by  
4 subsections (a) and (b) of Section 201 of this Act upon  
5 corporations during the preceding month. Net revenue realized  
6 for a month shall be defined as the revenue from the tax  
7 imposed by subsections (a) and (b) of Section 201 of this Act  
8 which is deposited in the General Revenue Fund, the Education  
9 Assistance Fund, the Income Tax Surcharge Local Government  
10 Distributive Fund, the Fund for the Advancement of Education,  
11 and the Commitment to Human Services Fund during the month  
12 minus the amount paid out of the General Revenue Fund in State  
13 warrants during that same month as refunds to taxpayers for  
14 overpayment of liability under the tax imposed by subsections  
15 (a) and (b) of Section 201 of this Act.

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

21 (c) Deposits Into Income Tax Refund Fund.

22 (1) Beginning on January 1, 1989 and thereafter, the  
23 Department shall deposit a percentage of the amounts  
24 collected pursuant to subsections (a) and (b) (1), (2), and  
25 (3), of Section 201 of this Act into a fund in the State  
26 treasury known as the Income Tax Refund Fund. The

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

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

14 (2) Beginning on January 1, 1989 and thereafter, the  
15 Department shall deposit a percentage of the amounts  
16 collected pursuant to subsections (a) and (b) (6), (7), and  
17 (8), (c) and (d) of Section 201 of this Act into a fund in  
18 the State treasury known as the Income Tax Refund Fund. The  
19 Department shall deposit 18% of such amounts during the  
20 period beginning January 1, 1989 and ending on June 30,  
21 1989. Beginning with State fiscal year 1990 and for each  
22 fiscal year thereafter, the percentage deposited into the  
23 Income Tax Refund Fund during a fiscal year shall be the  
24 Annual Percentage. For fiscal years 1999, 2000, and 2001,  
25 the Annual Percentage shall be 19%. For fiscal year 2003,  
26 the Annual Percentage shall be 27%. For fiscal year 2004,



1 the Annual Percentage shall be 32%. Upon the effective date  
2 of this amendatory Act of the 93rd General Assembly, the  
3 Annual Percentage shall be 24% for fiscal year 2005. For  
4 fiscal year 2006, the Annual Percentage shall be 20%. For  
5 fiscal year 2007, the Annual Percentage shall be 17.5%. For  
6 fiscal year 2008, the Annual Percentage shall be 15.5%. For  
7 fiscal year 2009, the Annual Percentage shall be 17.5%. For  
8 fiscal year 2010, the Annual Percentage shall be 17.5%. For  
9 fiscal year 2011, the Annual Percentage shall be 17.5%. For  
10 fiscal year 2012, the Annual Percentage shall be 17.5%. For  
11 fiscal year 2013, the Annual Percentage shall be 14%. For  
12 fiscal year 2014, the Annual Percentage shall be 13.4%. For  
13 fiscal year 2015, the Annual Percentage shall be 14%. For  
14 all other fiscal years, the Annual Percentage shall be  
15 calculated as a fraction, the numerator of which shall be  
16 the amount of refunds approved for payment by the  
17 Department during the preceding fiscal year as a result of  
18 overpayment of tax liability under subsections (a) and  
19 (b) (6), (7), and (8), (c) and (d) of Section 201 of this  
20 Act plus the amount of such refunds remaining approved but  
21 unpaid at the end of the preceding fiscal year, and the  
22 denominator of which shall be the amounts which will be  
23 collected pursuant to subsections (a) and (b) (6), (7), and  
24 (8), (c) and (d) of Section 201 of this Act during the  
25 preceding fiscal year; except that in State fiscal year  
26 2002, the Annual Percentage shall in no event exceed 23%.

1 The Director of Revenue shall certify the Annual Percentage  
2 to the Comptroller on the last business day of the fiscal  
3 year immediately preceding the fiscal year for which it is  
4 to be effective.

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

10 (d) Expenditures from Income Tax Refund Fund.

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

19 (2) The Director shall order payment of refunds  
20 resulting from overpayment of tax liability under Section  
21 201 of this Act from the Income Tax Refund Fund only to the  
22 extent that amounts collected pursuant to Section 201 of  
23 this Act and transfers pursuant to this subsection (d) and  
24 item (3) of subsection (c) have been deposited and retained  
25 in the Fund.

26 (3) As soon as possible after the end of each fiscal

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

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

24 (4.5) As soon as possible after the end of fiscal year  
25 1999 and of each fiscal year thereafter, the Director shall  
26 order transferred and the State Treasurer and State

1 Comptroller shall transfer from the Income Tax Refund Fund  
2 to the General Revenue Fund any surplus remaining in the  
3 Income Tax Refund Fund as of the end of such fiscal year;  
4 excluding for fiscal years 2000, 2001, and 2002 amounts  
5 attributable to transfers under item (3) of subsection (c)  
6 less refunds resulting from the earned income tax credit.

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

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

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

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

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

15 (1) beginning February 1, 2015, and prior to February  
16 1, 2025, 1/30; and

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

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

22 (g) Deposits into the Commitment to Human Services Fund.  
23 Beginning February 1, 2015, the Department shall deposit the  
24 following portions of the revenue realized from the tax imposed  
25 upon individuals, trusts, and estates by subsections (a) and  
26 (b) of Section 201 of this Act during the preceding month,

1 minus deposits into the Income Tax Refund Fund, into the  
2 Commitment to Human Services Fund:

3 (1) beginning February 1, 2015, and prior to February  
4 1, 2025, 1/30; and

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

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

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

22 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;  
23 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.  
24 7-20-15.)

25 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

1           Sec. 1501. Definitions.

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

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

15           (1.5) Captive real estate investment trust:

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

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

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

24           (iii) of which more than 50% of the voting  
25 power or value of the beneficial interest or  
26 shares, at any time during the last half of the

1 taxable year, is owned or controlled, directly,  
2 indirectly, or constructively, by a single  
3 corporation.

4 (B) The term "captive real estate investment  
5 trust" does not include:

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

11 (a) a real estate investment trust, other  
12 than a captive real estate investment trust;

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

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

25 (d) an entity organized as a trust,  
26 provided a listed Australian property trust



1 described in subparagraph (c) owns or  
2 controls, directly or indirectly, or  
3 constructively, 75% or more of the voting power  
4 or value of the beneficial interests or shares  
5 of such entity; or

6 (e) an entity that is organized outside of  
7 the laws of the United States and that  
8 satisfies all of the following criteria:

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

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

22 (3) the entity distributes at least  
23 85% of its taxable income (as computed in  
24 the jurisdiction in which it is organized)  
25 to the holders of its shares or  
26 certificates of beneficial interest on an

1 annual basis;

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

10 (5) the entity is organized in a  
11 country that has entered into a tax treaty  
12 with the United States; or

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

26 (C) For the purposes of this subsection (1.5), the

1 constructive ownership rules prescribed under Section  
2 318(a) of the Internal Revenue Code, as modified by  
3 Section 856(d)(5) of the Internal Revenue Code, apply  
4 in determining the ownership of stock, assets, or net  
5 profits of any person.

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

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

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

25 (4) Corporation. The term "corporation" includes  
26 associations, joint-stock companies, insurance companies

1 and cooperatives. Any entity, including a limited  
2 liability company formed under the Illinois Limited  
3 Liability Company Act, shall be treated as a corporation if  
4 it is so classified for federal income tax purposes.

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

7 (6) Director. The term "Director" means the Director of  
8 Revenue of this State.

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

12 (8) Financial organization.

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

1 within certain required time limits under the Bank  
2 Holding Company Act of 1956.

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

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

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

22 (a) a retail installment contract or  
23 retail charge agreement within the meaning of  
24 the Sales Finance Agency Act, the Retail  
25 Installment Sales Act, or the Motor Vehicle  
26 Retail Installment Sales Act;

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

7 (c) the outstanding balance of a contract  
8 or agreement described in provisions (a) or (b)  
9 of this item (i).

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

18 (ii) A corporation meeting each of the  
19 following criteria:

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

25 (b) more than 50% of the gross income of  
26 the corporation for the taxable year must be

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

1 of its affiliated group;

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

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

17 This amendatory Act of the 91st General Assembly is  
18 declaratory of existing law.

19 (D) Subparagraphs (B) and (C) of this paragraph are  
20 declaratory of existing law and apply retroactively,  
21 for all tax years beginning on or before December 31,  
22 1996, to all original returns, to all amended returns  
23 filed no later than 30 days after the effective date of  
24 this amendatory Act of 1996, and to all notices issued  
25 on or before the effective date of this amendatory Act  
26 of 1996 under subsection (a) of Section 903, subsection



1 (a) of Section 904, subsection (e) of Section 909, or  
2 Section 912. A taxpayer that is a "financial  
3 organization" that engages in any transaction with an  
4 affiliate shall be a "financial organization" for all  
5 purposes of this Act.

6 (E) For all tax years beginning on or before  
7 December 31, 1996, a taxpayer that falls within the  
8 definition of a "financial organization" under  
9 subparagraphs (B) or (C) of this paragraph, but who  
10 does not fall within the definition of a "financial  
11 organization" under the Proposed Regulations issued by  
12 the Department of Revenue on July 19, 1996, may  
13 irrevocably elect to apply the Proposed Regulations  
14 for all of those years as though the Proposed  
15 Regulations had been lawfully promulgated, adopted,  
16 and in effect for all of those years. For purposes of  
17 applying subparagraphs (B) or (C) of this paragraph to  
18 all of those years, the election allowed by this  
19 subparagraph applies only to the taxpayer making the  
20 election and to those members of the taxpayer's unitary  
21 business group who are ordinarily required to  
22 apportion business income under the same subsection of  
23 Section 304 of this Act as the taxpayer making the  
24 election. No election allowed by this subparagraph  
25 shall be made under a claim filed under subsection (d)  
26 of Section 909 more than 30 days after the effective

1 date of this amendatory Act of 1996.

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

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

16 (9.5) Fixed place of business. The term "fixed place of  
17 business" has the same meaning as that term is given in  
18 Section 864 of the Internal Revenue Code and the related  
19 Treasury regulations.

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

24 (11) Internal Revenue Code. The term "Internal Revenue  
25 Code" means the United States Internal Revenue Code of 1954  
26 or any successor law or laws relating to federal income

1 taxes in effect for the taxable year.

2 (11.5) Investment partnership.

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

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

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

17 (iii) the partnership is not a dealer in  
18 qualifying investment securities.

19 (B) For purposes of this paragraph (11.5), the term  
20 "qualifying investment securities" includes all of the  
21 following:

22 (i) common stock, including preferred or debt  
23 securities convertible into common stock, and  
24 preferred stock;

25 (ii) bonds, debentures, and other debt  
26 securities;

1 (iii) foreign and domestic currency deposits  
2 secured by federal, state, or local governmental  
3 agencies;

4 (iv) mortgage or asset-backed securities  
5 secured by federal, state, or local governmental  
6 agencies;

7 (v) repurchase agreements and loan  
8 participations;

9 (vi) foreign currency exchange contracts and  
10 forward and futures contracts on foreign  
11 currencies;

12 (vii) stock and bond index securities and  
13 futures contracts and other similar financial  
14 securities and futures contracts on those  
15 securities;

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

20 (ix) regulated futures contracts;

21 (x) commodities (not described in Section  
22 1221(a)(1) of the Internal Revenue Code) or  
23 futures, forwards, and options with respect to  
24 such commodities, provided, however, that any item  
25 of a physical commodity to which title is actually  
26 acquired in the partnership's capacity as a dealer

1 in such commodity shall not be a qualifying  
2 investment security;

3 (xi) derivatives; and

4 (xii) a partnership interest in another  
5 partnership that is an investment partnership.

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

10 (A) arithmetic errors or incorrect computations on  
11 the return or supporting schedules;

12 (B) entries on the wrong lines;

13 (C) omission of required supporting forms or  
14 schedules or the omission of the information in whole  
15 or in part called for thereon; and

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

20 (13) Nonbusiness income. The term "nonbusiness income"  
21 means all income other than business income or  
22 compensation.

23 (14) Nonresident. The term "nonresident" means a  
24 person who is not a resident.

25 (15) Paid, incurred and accrued. The terms "paid",  
26 "incurred" and "accrued" shall be construed according to

1 the method of accounting upon the basis of which the  
2 person's base income is computed under this Act.

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

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

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

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

1 establishment of domicile in this State and ceases with the  
2 establishment of domicile in another State.

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

14 (18A) Records. The term "records" includes all data  
15 maintained by the taxpayer, whether on paper, microfilm,  
16 microfiche, or any type of machine-sensible data  
17 compilation.

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

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

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

26 (B) The estate of a decedent who at his or her

1 death was domiciled in this State;

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

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

10 (21) Sales. The term "sales" means all gross receipts  
11 of the taxpayer not allocated under Sections 301, 302 and  
12 303.

13 (22) State. The term "state" when applied to a  
14 jurisdiction other than this State means any state of the  
15 United States, the District of Columbia, the Commonwealth  
16 of Puerto Rico, any Territory or Possession of the United  
17 States, and any foreign country, or any political  
18 subdivision of any of the foregoing. For purposes of the  
19 foreign tax credit under Section 601, the term "state"  
20 means any state of the United States, the District of  
21 Columbia, the Commonwealth of Puerto Rico, and any  
22 territory or possession of the United States, or any  
23 political subdivision of any of the foregoing, effective  
24 for tax years ending on or after December 31, 1989.

25 (23) Taxable year. The term "taxable year" means the  
26 calendar year, or the fiscal year ending during such



1 calendar year, upon the basis of which the base income is  
2 computed under this Act. "Taxable year" means, in the case  
3 of a return made for a fractional part of a year under the  
4 provisions of this Act, the period for which such return is  
5 made.

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

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

13 (26) Income Tax Return Preparer.

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

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

24 (i) furnish typing, reproducing, or other  
25 mechanical assistance;

26 (ii) prepare returns or claims for refunds for

1 the employer by whom he or she is regularly and  
2 continuously employed;

3 (iii) prepare as a fiduciary returns or claims  
4 for refunds for any person; or

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

14 (27) Unitary business group.

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

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

1 (such as the steps involved in the production of  
2 natural resources, which might include exploration,  
3 mining, refining, and marketing); and, in either  
4 instance, the members are functionally integrated  
5 through the exercise of strong centralized management  
6 (where, for example, authority over such matters as  
7 purchasing, financing, tax compliance, product line,  
8 personnel, marketing and capital investment is not  
9 left to each member).

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

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

18 (C) Holding companies.

19 (i) For purposes of this subparagraph, a  
20 "holding company" is a corporation (other than a  
21 corporation that is a financial organization under  
22 paragraph (8) of this subsection (a) of Section  
23 1501 because it is a bank holding company under the  
24 provisions of the Bank Holding Company Act of 1956  
25 (12 U.S.C. 1841, et seq.) or because it is owned by  
26 a bank or a bank holding company) that owns a

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

23                 (ii) The income of a holding company which is a  
24                 member of more than one unitary business group  
25                 shall be included in each unitary business group of  
26                 which it is a member on a pro rata basis, by

1 including in each unitary business group that  
2 portion of the base income of the holding company  
3 that bears the same proportion to the total base  
4 income of the holding company as the gross receipts  
5 of the unitary business group bears to the combined  
6 gross receipts of all unitary business groups (in  
7 both cases without regard to the holding company)  
8 or on any other reasonable basis, consistently  
9 applied.

10 (iii) A holding company shall apportion its  
11 business income under the subsection of Section  
12 304 used by the other members of its unitary  
13 business group. The apportionment factors of a  
14 holding company which would be a member of more  
15 than one unitary business group shall be included  
16 with the apportionment factors of each unitary  
17 business group of which it is a member on a pro  
18 rata basis using the same method used in clause  
19 (ii).

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

22 (D) If including the base income and factors of a  
23 holding company in more than one unitary business group  
24 under subparagraph (C) does not fairly reflect the  
25 degree of integration between the holding company and  
26 one or more of the unitary business groups, the

1 dependence of the holding company and one or more of  
2 the unitary business groups upon each other, or the  
3 contributions between the holding company and one or  
4 more of the unitary business groups, the holding  
5 company may petition the Director, under the  
6 procedures provided under Section 304(f), for  
7 permission to include all base income and factors of  
8 the holding company only with members of a unitary  
9 business group apportioning their business income  
10 under one subsection of subsections (a), (b), (c), or  
11 (d) of Section 304. If the petition is granted, the  
12 holding company shall be included in a unitary business  
13 group only with persons apportioning their business  
14 income under the selected subsection of Section 304  
15 until the Director grants a petition of the holding  
16 company either to be included in more than one unitary  
17 business group under subparagraph (C) or to include its  
18 base income and factors only with members of a unitary  
19 business group apportioning their business income  
20 under a different subsection of Section 304.

21 (E) If the unitary business group members'  
22 accounting periods differ, the common parent's  
23 accounting period or, if there is no common parent, the  
24 accounting period of the member that is expected to  
25 have, on a recurring basis, the greatest Illinois  
26 income tax liability must be used to determine whether



1 to use the apportionment method provided in subsection  
2 (a) or subsection (h) of Section 304. The prohibition  
3 against membership in a unitary business group for  
4 taxpayers ordinarily required to apportion income  
5 under different subsections of Section 304 does not  
6 apply to taxpayers required to apportion income under  
7 subsection (a) and subsection (h) of Section 304. The  
8 provisions of this amendatory Act of 1998 apply to tax  
9 years ending on or after December 31, 1998.

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

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

23 (b) Other definitions.

24 (1) Words denoting number, gender, and so forth, when  
25 used in this Act, where not otherwise distinctly expressed

1 or manifestly incompatible with the intent thereof:

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

4 (B) Words importing the plural include the  
5 singular; and

6 (C) Words importing the masculine gender include  
7 the feminine as well.

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

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

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

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

21 (35 ILCS 16/42)

22 Sec. 42. Sunset of credits. The application of credits  
23 awarded pursuant to this Act shall be limited by a reasonable  
24 and appropriate sunset date. A taxpayer shall not be entitled

1 to take a credit awarded pursuant to this Act for tax years  
2 beginning on or after January 1, 2027 ~~10 years after the~~  
3 ~~effective date of this amendatory Act of the 97th General~~  
4 ~~Assembly. After the initial 10-year sunset, the General~~  
5 ~~Assembly may extend the sunset date by 5 year intervals.~~

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

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

11 (35 ILCS 105/2) (from Ch. 120, par. 439.2)

12 Sec. 2. Definitions.

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

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

26 "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 "Purchase at retail" means the acquisition of the ownership  
5 of or title to tangible personal property or the acquisition of  
6 a taxable service through a sale at retail.

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

10 "Sale at retail" means any transfer of the ownership of or  
11 title to tangible personal property to a purchaser or the  
12 performance of a taxable service for a purchaser, for the  
13 purpose of use, and not for the purpose of resale in any form  
14 as tangible personal property or taxable service to the extent  
15 not first subjected to a use for which it was purchased, for a  
16 valuable consideration: Provided that the property purchased  
17 is deemed to be purchased for the purpose of resale, despite  
18 first being used, to the extent to which it is resold as an  
19 ingredient of an intentionally produced product or by-product  
20 of manufacturing. For this purpose, slag produced as an  
21 incident to manufacturing pig iron or steel and sold is  
22 considered to be an intentionally produced by-product of  
23 manufacturing. "Sale at retail" includes any such transfer made  
24 for resale unless made in compliance with Section 2c of the  
25 Retailers' Occupation Tax Act, as incorporated by reference  
26 into Section 12 of this Act. Transactions whereby the

1 possession of the property is transferred but the seller  
2 retains the title as security for payment of the selling price  
3 are sales.

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

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

23 The purchase, employment and transfer of such tangible  
24 personal property as newsprint and ink for the primary purpose  
25 of conveying news (with or without other information) is not a  
26 purchase, use or sale of tangible personal property.

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

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

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



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

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

1 lease is not a defined period, including leases with a defined  
2 initial period with the option to continue the lease on a  
3 month-to-month or other basis beyond the initial defined  
4 period.

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

13 "Department" means the Department of Revenue.

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

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

21 A person who holds himself or herself out as being engaged  
22 (or who habitually engages) in selling tangible personal  
23 property or taxable services at retail is a retailer hereunder  
24 with respect to such sales (and not primarily in a nontaxable  
25 service occupation) notwithstanding the fact that such person  
26 designs and produces such tangible personal property or taxable

1 service on special order for the purchaser and in such a way as  
2 to render the property or service of value only to such  
3 purchaser, if such tangible personal property or taxable  
4 service so produced on special order serves substantially the  
5 same function as stock or standard items of tangible personal  
6 property or taxable service that are sold at retail.

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

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

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

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

1 other person arising out of or because of such nontaxable  
2 business, is a retailer to the extent of the value of the  
3 tangible personal property so transferred. If, in such  
4 transaction, a separate charge is made for the tangible  
5 personal property so transferred, the value of such property,  
6 for the purposes of this Act, is the amount so separately  
7 charged, but not less than the cost of such property to the  
8 transferor; if no separate charge is made, the value of such  
9 property, for the purposes of this Act, is the cost to the  
10 transferor of such tangible personal property.

11 "Retailer maintaining a place of business in this State",  
12 or any like term, means and includes any of the following  
13 retailers:

14 1. A retailer having or maintaining within this State,  
15 directly or by a subsidiary, an office, distribution house,  
16 sales house, warehouse or other place of business, or any  
17 agent or other representative operating within this State  
18 under the authority of the retailer or its subsidiary,  
19 irrespective of whether such place of business or agent or  
20 other representative is located here permanently or  
21 temporarily, or whether such retailer or subsidiary is  
22 licensed to do business in this State. However, the  
23 ownership of property that is located at the premises of a  
24 printer with which the retailer has contracted for printing  
25 and that consists of the final printed product, property  
26 that becomes a part of the final printed product, or copy

1 from which the printed product is produced shall not result  
2 in the retailer being deemed to have or maintain an office,  
3 distribution house, sales house, warehouse, or other place  
4 of business within this State.

5 1.1. A retailer having a contract with a person located  
6 in this State under which the person, for a commission or  
7 other consideration based upon the sale of tangible  
8 personal property or taxable services by the retailer,  
9 directly or indirectly refers potential customers to the  
10 retailer by providing to the potential customers a  
11 promotional code or other mechanism that allows the  
12 retailer to track purchases referred by such persons.  
13 Examples of mechanisms that allow the retailer to track  
14 purchases referred by such persons include but are not  
15 limited to the use of a link on the person's Internet  
16 website, promotional codes distributed through the  
17 person's hand-delivered or mailed material, and  
18 promotional codes distributed by the person through radio  
19 or other broadcast media. The provisions of this paragraph  
20 1.1 shall apply only if the cumulative gross receipts from  
21 sales of tangible personal property or taxable service by  
22 the retailer to customers who are referred to the retailer  
23 by all persons in this State under such contracts exceed  
24 \$10,000 during the preceding 4 quarterly periods ending on  
25 the last day of March, June, September, and December. A  
26 retailer meeting the requirements of this paragraph 1.1

1 shall be presumed to be maintaining a place of business in  
2 this State but may rebut this presumption by submitting  
3 proof that the referrals or other activities pursued within  
4 this State by such persons were not sufficient to meet the  
5 nexus standards of the United States Constitution during  
6 the preceding 4 quarterly periods.

7 1.2. Beginning July 1, 2011, a retailer having a  
8 contract with a person located in this State under which:

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

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

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

24 2. A retailer soliciting orders for tangible personal  
25 property or taxable service by means of a telecommunication  
26 or television shopping system (which utilizes toll free



1 numbers) which is intended by the retailer to be broadcast  
2 by cable television or other means of broadcasting, to  
3 consumers located in this State.

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

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

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

21 6. A retailer having a franchisee or licensee operating  
22 under its trade name if the franchisee or licensee is  
23 required to collect the tax under this Section.

24 7. A retailer, pursuant to a contract with a cable  
25 television operator located in this State, soliciting  
26 orders for tangible personal property or taxable service by

1 means of advertising which is transmitted or distributed  
2 over a cable television system in this State.

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

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

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

15 (35 ILCS 105/2a-2 new)

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

18 (1) Providing space for storage.

19 (A) "Storage" means the retaining or keeping of  
20 tangible personal property in this State for any  
21 purpose. For purposes of this Section, tangible  
22 personal property, does not include "grain" as defined  
23 in the Public Grain Warehouse and Warehouse Receipts  
24 Act.

25 (B) "Space for storage" means (i) secure areas,

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

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

21 (2) 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 (3) Private detective, private alarm, and private  
26 security service for which the provider of the service is

1 required to be licensed pursuant to the Private Detective,  
2 Private Alarm, Private Security, Fingerprint Vendor, and  
3 Locksmith Act of 2004, or would be required to be so  
4 licensed in performing those services in this State.

5 (4) Structural pest control services. "Structural pest  
6 control services" means use of any device or the  
7 application of any substance to prevent, repel, mitigate,  
8 curb, control, or eradicate any structural pest in, on,  
9 under, or around a structure, or within a part of, or  
10 materials used in building, a structure; the use of any  
11 pesticide, including insecticides, fungicides and other  
12 wood treatment products, attractants, repellents,  
13 rodenticides, fumigants, or mechanical devices for  
14 preventing, controlling, eradicating, identifying,  
15 mitigating, diminishing, or curbing insects, vermin, rats,  
16 mice, or other pests in, on, under, or around a structure,  
17 or within a part of, or materials used in building, a  
18 structure; vault fumigation and fumigation of box cars,  
19 trucks, ships, airplanes, docks, warehouses, and common  
20 carriers or soliciting to perform any of the foregoing  
21 functions.

22 (5) Personal care services, including skin care, the  
23 application of cosmetics, manicuring, pedicuring, hair  
24 removal, tattooing, body piercing, tanning, and other  
25 similar services. "Personal care services" does not  
26 include massage therapy or personal care services provided

1       by or on the order of a licensed physician, licensed  
2       chiropractor, physician assistant, advanced practice  
3       nurse, registered nurse, or licensed practical nurse, or  
4       the cutting, coloring, or styling of an individual's hair.

5           (35 ILCS 105/3) (from Ch. 120, par. 439.3)

6       Sec. 3. Tax imposed. A tax is imposed upon the privilege of  
7       using in this State a taxable service or tangible personal  
8       property purchased at retail from a retailer, including  
9       computer software, and including photographs, negatives, and  
10      positives that are the product of photoprocessing, but not  
11      including products of photoprocessing produced for use in  
12      motion pictures for commercial exhibition. Beginning January  
13      1, 2001, prepaid telephone calling arrangements shall be  
14      considered tangible personal property subject to the tax  
15      imposed under this Act regardless of the form in which those  
16      arrangements may be embodied, transmitted, or fixed by any  
17      method now known or hereafter developed. Purchases of (1)  
18      electricity delivered to customers by wire; (2) natural or  
19      artificial gas that is delivered to customers through pipes,  
20      pipelines, or mains; and (3) water that is delivered to  
21      customers through pipes, pipelines, or mains are not subject to  
22      tax under this Act. The provisions of this amendatory Act of  
23      the 98th General Assembly are declaratory of existing law as to  
24      the meaning and scope of this Act.

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

1 (35 ILCS 105/3-5)

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

5 (1) Personal property or taxable services purchased from a  
6 corporation, society, association, foundation, institution, or  
7 organization, other than a limited liability company, that is  
8 organized and operated as a not-for-profit service enterprise  
9 for the benefit of persons 65 years of age or older if the  
10 personal property or taxable service was not purchased by the  
11 enterprise for the purpose of resale by the enterprise.

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

15 (3) Personal property or taxable services purchased by a  
16 not-for-profit arts or cultural organization that establishes,  
17 by proof required by the Department by rule, that it has  
18 received an exemption under Section 501(c)(3) of the Internal  
19 Revenue Code and that is organized and operated primarily for  
20 the presentation or support of arts or cultural programming,  
21 activities, or services. These organizations include, but are  
22 not limited to, music and dramatic arts organizations such as  
23 symphony orchestras and theatrical groups, arts and cultural  
24 service organizations, local arts councils, visual arts  
25 organizations, and media arts organizations. On and after the

1 effective date of this amendatory Act of the 92nd General  
2 Assembly, however, an entity otherwise eligible for this  
3 exemption shall not make tax-free purchases unless it has an  
4 active identification number issued by the Department.

5 (4) Personal property or taxable services purchased by a  
6 governmental body, by a corporation, society, association,  
7 foundation, or institution organized and operated exclusively  
8 for charitable, religious, or educational purposes, or by a  
9 not-for-profit corporation, society, association, foundation,  
10 institution, or organization that has no compensated officers  
11 or employees and that is organized and operated primarily for  
12 the recreation of persons 55 years of age or older. A limited  
13 liability company may qualify for the exemption under this  
14 paragraph only if the limited liability company is organized  
15 and operated exclusively for educational purposes. On and after  
16 July 1, 1987, however, no entity otherwise eligible for this  
17 exemption shall make tax-free purchases unless it has an active  
18 exemption identification number issued by the Department.

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

22 (6) 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,  
26 certified by the purchaser to be used primarily for graphic

1 arts production, and including machinery and equipment  
2 purchased for lease. Equipment includes chemicals or chemicals  
3 acting as catalysts but only if the chemicals or chemicals  
4 acting as catalysts effect a direct and immediate change upon a  
5 graphic arts product. Beginning on July 1, 2017, graphic arts  
6 machinery and equipment is included in the manufacturing and  
7 assembling machinery and equipment exemption under paragraph  
8 (18).

9 (7) Farm chemicals.

10 (8) Legal tender, currency, medallions, or gold or silver  
11 coinage issued by the State of Illinois, the government of the  
12 United States of America, or the government of any foreign  
13 country, and bullion.

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

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

20 (11) Farm machinery and equipment, both new and used,  
21 including that manufactured on special order, certified by the  
22 purchaser to be used primarily for production agriculture or  
23 State or federal agricultural programs, including individual  
24 replacement parts for the machinery and equipment, including  
25 machinery and equipment purchased for lease, and including  
26 implements of husbandry defined in Section 1-130 of the



1 Illinois Vehicle Code, farm machinery and agricultural  
2 chemical and fertilizer spreaders, and nurse wagons required to  
3 be registered under Section 3-809 of the Illinois Vehicle Code,  
4 but excluding other motor vehicles required to be registered  
5 under the Illinois Vehicle Code. Horticultural polyhouses or  
6 hoop houses used for propagating, growing, or overwintering  
7 plants shall be considered farm machinery and equipment under  
8 this item (11). Agricultural chemical tender tanks and dry  
9 boxes shall include units sold separately from a motor vehicle  
10 required to be licensed and units sold mounted on a motor  
11 vehicle required to be licensed if the selling price of the  
12 tender is separately stated.

13 Farm machinery and equipment shall include precision  
14 farming equipment that is installed or purchased to be  
15 installed on farm machinery and equipment including, but not  
16 limited to, tractors, harvesters, sprayers, planters, seeders,  
17 or spreaders. Precision farming equipment includes, but is not  
18 limited to, soil testing sensors, computers, monitors,  
19 software, global positioning and mapping systems, and other  
20 such equipment.

21 Farm machinery and equipment also includes computers,  
22 sensors, software, and related equipment used primarily in the  
23 computer-assisted operation of production agriculture  
24 facilities, equipment, and activities such as, but not limited  
25 to, the collection, monitoring, and correlation of animal and  
26 crop data for the purpose of formulating animal diets and

1 agricultural chemicals. This item (11) is exempt from the  
2 provisions of Section 3-90.

3 (12) Until June 30, 2013, fuel and petroleum products sold  
4 to or used by an air common carrier, certified by the carrier  
5 to be used for consumption, shipment, or storage in the conduct  
6 of its business as an air common carrier, for a flight destined  
7 for or returning from a location or locations outside the  
8 United States without regard to previous or subsequent domestic  
9 stopovers.

10 Beginning July 1, 2013, fuel and petroleum products sold to  
11 or used by an air carrier, certified by the carrier to be used  
12 for consumption, shipment, or storage in the conduct of its  
13 business as an air common carrier, for a flight that (i) is  
14 engaged in foreign trade or is engaged in trade between the  
15 United States and any of its possessions and (ii) transports at  
16 least one individual or package for hire from the city of  
17 origination to the city of final destination on the same  
18 aircraft, without regard to a change in the flight number of  
19 that aircraft.

20 (13) Proceeds of mandatory service charges separately  
21 stated on customers' bills for the purchase and consumption of  
22 food and beverages or taxable services purchased at retail from  
23 a retailer, to the extent that the proceeds of the service  
24 charge are in fact turned over as tips or as a substitute for  
25 tips to the employees who participate directly in preparing,  
26 serving, hosting or cleaning up the food or beverage function

1 with respect to which the service charge is imposed.

2 (14) Until July 1, 2003, oil field exploration, drilling,  
3 and production equipment, including (i) rigs and parts of rigs,  
4 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
5 tubular goods, including casing and drill strings, (iii) pumps  
6 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
7 individual replacement part for oil field exploration,  
8 drilling, and production equipment, and (vi) machinery and  
9 equipment purchased for lease; but excluding motor vehicles  
10 required to be registered under the Illinois Vehicle Code.

11 (15) Photoprocessing machinery and equipment, including  
12 repair and replacement parts, both new and used, including that  
13 manufactured on special order, certified by the purchaser to be  
14 used primarily for photoprocessing, and including  
15 photoprocessing machinery and equipment purchased for lease.

16 (16) Coal and aggregate exploration, mining, off-highway  
17 hauling, processing, maintenance, and reclamation equipment,  
18 including replacement parts and equipment, and including  
19 equipment purchased for lease, but excluding motor vehicles  
20 required to be registered under the Illinois Vehicle Code. The  
21 changes made to this Section by Public Act 97-767 apply on and  
22 after July 1, 2003, but no claim for credit or refund is  
23 allowed on or after August 16, 2013 (the effective date of  
24 Public Act 98-456) for such taxes paid during the period  
25 beginning July 1, 2003 and ending on August 16, 2013 (the  
26 effective date of Public Act 98-456).

1           (17) Until July 1, 2003, distillation machinery and  
2 equipment, sold as a unit or kit, assembled or installed by the  
3 retailer, certified by the user to be used only for the  
4 production of ethyl alcohol that will be used for consumption  
5 as motor fuel or as a component of motor fuel for the personal  
6 use of the user, and not subject to sale or resale.

7           (18) Manufacturing and assembling machinery and equipment  
8 used primarily in the process of manufacturing or assembling  
9 tangible personal property for wholesale or retail sale or  
10 lease, whether that sale or lease is made directly by the  
11 manufacturer or by some other person, whether the materials  
12 used in the process are owned by the manufacturer or some other  
13 person, or whether that sale or lease is made apart from or as  
14 an incident to the seller's engaging in the service occupation  
15 of producing machines, tools, dies, jigs, patterns, gauges, or  
16 other similar items of no commercial value on special order for  
17 a particular purchaser. The exemption provided by this  
18 paragraph (18) does not include machinery and equipment used in  
19 (i) the generation of electricity for wholesale or retail sale;  
20 (ii) the generation or treatment of natural or artificial gas  
21 for wholesale or retail sale that is delivered to customers  
22 through pipes, pipelines, or mains; or (iii) the treatment of  
23 water for wholesale or retail sale that is delivered to  
24 customers through pipes, pipelines, or mains. The provisions of  
25 Public Act 98-583 are declaratory of existing law as to the  
26 meaning and scope of this exemption. Beginning on July 1, 2017,

1 the exemption provided by this paragraph (18) includes, but is  
2 not limited to, graphic arts machinery and equipment, as  
3 defined in paragraph (6) of this Section. Beginning on July 1,  
4 2017, the exemption provided by this paragraph (18) includes,  
5 but is not limited to, production related tangible personal  
6 property, as defined in Section 3-50 of this Act. The exemption  
7 provided by this paragraph (18) is exempt from the provisions  
8 of Section 3-90.

9 (19) Personal property delivered to a purchaser or  
10 purchaser's donee inside Illinois when the purchase order for  
11 that personal property was received by a florist located  
12 outside Illinois who has a florist located inside Illinois  
13 deliver the personal property.

14 (20) Semen used for artificial insemination of livestock  
15 for direct agricultural production.

16 (21) Horses, or interests in horses, registered with and  
17 meeting the requirements of any of the Arabian Horse Club  
18 Registry of America, Appaloosa Horse Club, American Quarter  
19 Horse Association, United States Trotting Association, or  
20 Jockey Club, as appropriate, used for purposes of breeding or  
21 racing for prizes. This item (21) is exempt from the provisions  
22 of Section 3-90, and the exemption provided for under this item  
23 (21) applies for all periods beginning May 30, 1995, but no  
24 claim for credit or refund is allowed on or after January 1,  
25 2008 for such taxes paid during the period beginning May 30,  
26 2000 and ending on January 1, 2008.

1           (22) Computers and communications equipment utilized for  
2 any hospital purpose and equipment used in the diagnosis,  
3 analysis, or treatment of hospital patients purchased by a  
4 lessor who leases the equipment, under a lease of one year or  
5 longer executed or in effect at the time the lessor would  
6 otherwise be subject to the tax imposed by this Act, to a  
7 hospital that has been issued an active tax exemption  
8 identification number by the Department under Section 1g of the  
9 Retailers' Occupation Tax Act. If the equipment is leased in a  
10 manner that does not qualify for this exemption or is used in  
11 any other non-exempt manner, the lessor shall be liable for the  
12 tax imposed under this Act or the Service Use Tax Act, as the  
13 case may be, based on the fair market value of the property at  
14 the time the non-qualifying use occurs. No lessor shall collect  
15 or attempt to collect an amount (however designated) that  
16 purports to reimburse that lessor for the tax imposed by this  
17 Act or the Service Use Tax Act, as the case may be, if the tax  
18 has not been paid by the lessor. If a lessor improperly  
19 collects any such amount from the lessee, the lessee shall have  
20 a legal right to claim a refund of that amount from the lessor.  
21 If, however, that amount is not refunded to the lessee for any  
22 reason, the lessor is liable to pay that amount to the  
23 Department.

24           (23) Personal property purchased by a lessor who leases the  
25 property, under a lease of one year or longer executed or in  
26 effect at the time the lessor would otherwise be subject to the

1 tax imposed by this Act, to a governmental body that has been  
2 issued an active sales tax exemption identification number by  
3 the Department under Section 1g of the Retailers' Occupation  
4 Tax Act. If the property is leased in a manner that does not  
5 qualify for this exemption or used in any other non-exempt  
6 manner, the lessor shall be liable for the tax imposed under  
7 this Act or the Service Use Tax Act, as the case may be, based  
8 on the fair market value of the property at the time the  
9 non-qualifying use occurs. No lessor shall collect or attempt  
10 to collect an amount (however designated) that purports to  
11 reimburse that lessor for the tax imposed by this Act or the  
12 Service Use Tax Act, as the case may be, if the tax has not been  
13 paid by the lessor. If a lessor improperly collects any such  
14 amount from the lessee, the lessee shall have a legal right to  
15 claim a refund of that amount from the lessor. If, however,  
16 that amount is not refunded to the lessee for any reason, the  
17 lessor is liable to pay that amount to the Department.

18 (24) Beginning with taxable years ending on or after  
19 December 31, 1995 and ending with taxable years ending on or  
20 before December 31, 2004, personal property that is donated for  
21 disaster relief to be used in a State or federally declared  
22 disaster area in Illinois or bordering Illinois by a  
23 manufacturer or retailer that is registered in this State to a  
24 corporation, society, association, foundation, or institution  
25 that has been issued a sales tax exemption identification  
26 number by the Department that assists victims of the disaster

1 who reside within the declared disaster area.

2 (25) 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 used in the  
5 performance of infrastructure repairs in this State, including  
6 but not limited to municipal roads and streets, access roads,  
7 bridges, sidewalks, waste disposal systems, water and sewer  
8 line extensions, water distribution and purification  
9 facilities, storm water drainage and retention facilities, and  
10 sewage treatment facilities, resulting from a State or  
11 federally declared disaster in Illinois or bordering Illinois  
12 when such repairs are initiated on facilities located in the  
13 declared disaster area within 6 months after the disaster.

14 (26) Beginning July 1, 1999, game or game birds purchased  
15 at a "game breeding and hunting preserve area" as that term is  
16 used in the Wildlife Code. This paragraph is exempt from the  
17 provisions of Section 3-90.

18 (27) A motor vehicle, as that term is defined in Section  
19 1-146 of the Illinois Vehicle Code, that is donated to a  
20 corporation, limited liability company, society, association,  
21 foundation, or institution that is determined by the Department  
22 to be organized and operated exclusively for educational  
23 purposes. For purposes of this exemption, "a corporation,  
24 limited liability company, society, association, foundation,  
25 or institution organized and operated exclusively for  
26 educational purposes" means all tax-supported public schools,



1 private schools that offer systematic instruction in useful  
2 branches of learning by methods common to public schools and  
3 that compare favorably in their scope and intensity with the  
4 course of study presented in tax-supported schools, and  
5 vocational or technical schools or institutes organized and  
6 operated exclusively to provide a course of study of not less  
7 than 6 weeks duration and designed to prepare individuals to  
8 follow a trade or to pursue a manual, technical, mechanical,  
9 industrial, business, or commercial occupation.

10 (28) Beginning January 1, 2000, personal property,  
11 including food, purchased through fundraising events for the  
12 benefit of a public or private elementary or secondary school,  
13 a group of those schools, or one or more school districts if  
14 the events are sponsored by an entity recognized by the school  
15 district that consists primarily of volunteers and includes  
16 parents and teachers of the school children. This paragraph  
17 does not apply to fundraising events (i) for the benefit of  
18 private home instruction or (ii) for which the fundraising  
19 entity purchases the personal property sold at the events from  
20 another individual or entity that sold the property for the  
21 purpose of resale by the fundraising entity and that profits  
22 from the sale to the fundraising entity. This paragraph is  
23 exempt from the provisions of Section 3-90.

24 (29) Beginning January 1, 2000 and through December 31,  
25 2001, new or used automatic vending machines that prepare and  
26 serve hot food and beverages, including coffee, soup, and other

1 items, and replacement parts for these machines. Beginning  
2 January 1, 2002 and through June 30, 2003, machines and parts  
3 for machines used in commercial, coin-operated amusement and  
4 vending business if a use or occupation tax is paid on the  
5 gross receipts derived from the use of the commercial,  
6 coin-operated amusement and vending machines. This paragraph  
7 is exempt from the provisions of Section 3-90.

8 (30) Beginning January 1, 2001 and through June 30, 2016,  
9 food for human consumption that is to be consumed off the  
10 premises where it is sold (other than alcoholic beverages, soft  
11 drinks, and food that has been prepared for immediate  
12 consumption) and prescription and nonprescription medicines,  
13 drugs, medical appliances, and insulin, urine testing  
14 materials, syringes, and needles used by diabetics, for human  
15 use, when purchased for use by a person receiving medical  
16 assistance under Article V of the Illinois Public Aid Code who  
17 resides in a licensed long-term care facility, as defined in  
18 the Nursing Home Care Act, or in a licensed facility as defined  
19 in the ID/DD Community Care Act, the MC/DD Act, or the  
20 Specialized Mental Health Rehabilitation Act of 2013.

21 (31) Beginning on the effective date of this amendatory Act  
22 of the 92nd General Assembly, computers and communications  
23 equipment utilized for any hospital purpose and equipment used  
24 in the diagnosis, analysis, or treatment of hospital patients  
25 purchased by a lessor who leases the equipment, under a lease  
26 of one year or longer executed or in effect at the time the

1 lessor would otherwise be subject to the tax imposed by this  
2 Act, to a hospital that has been issued an active tax exemption  
3 identification number by the Department under Section 1g of the  
4 Retailers' Occupation Tax Act. If the equipment is leased in a  
5 manner that does not qualify for this exemption or is used in  
6 any other nonexempt manner, the lessor shall be liable for the  
7 tax imposed under this Act or the Service Use Tax Act, as the  
8 case may be, based on the fair market value of the property at  
9 the time the nonqualifying use occurs. No lessor shall collect  
10 or attempt to collect an amount (however designated) that  
11 purports to reimburse that lessor for the tax imposed by this  
12 Act or the Service Use Tax Act, as the case may be, if the tax  
13 has not been paid by the lessor. If a lessor improperly  
14 collects any such amount from the lessee, the lessee shall have  
15 a legal right to claim a refund of that amount from the lessor.  
16 If, however, that amount is not refunded to the lessee for any  
17 reason, the lessor is liable to pay that amount to the  
18 Department. This paragraph is exempt from the provisions of  
19 Section 3-90.

20 (32) Beginning on the effective date of this amendatory Act  
21 of the 92nd General Assembly, personal property purchased by a  
22 lessor who leases the property, under a lease of one year or  
23 longer executed or in effect at the time the lessor would  
24 otherwise be subject to the tax imposed by this Act, to a  
25 governmental body that has been issued an active sales tax  
26 exemption identification number by the Department under

1 Section 1g of the Retailers' Occupation Tax Act. If the  
2 property is leased in a manner that does not qualify for this  
3 exemption or used in any other nonexempt manner, the lessor  
4 shall be liable for the tax imposed under this Act or the  
5 Service Use Tax Act, as the case may be, based on the fair  
6 market value of the property at the time the nonqualifying use  
7 occurs. No lessor shall collect or attempt to collect an amount  
8 (however designated) that purports to reimburse that lessor for  
9 the tax imposed by this Act or the Service Use Tax Act, as the  
10 case may be, if the tax has not been paid by the lessor. If a  
11 lessor improperly collects any such amount from the lessee, the  
12 lessee shall have a legal right to claim a refund of that  
13 amount from the lessor. If, however, that amount is not  
14 refunded to the lessee for any reason, the lessor is liable to  
15 pay that amount to the Department. This paragraph is exempt  
16 from the provisions of Section 3-90.

17 (33) On and after July 1, 2003 and through June 30, 2004,  
18 the use in this State of motor vehicles of the second division  
19 with a gross vehicle weight in excess of 8,000 pounds and that  
20 are subject to the commercial distribution fee imposed under  
21 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July  
22 1, 2004 and through June 30, 2005, the use in this State of  
23 motor vehicles of the second division: (i) with a gross vehicle  
24 weight rating in excess of 8,000 pounds; (ii) that are subject  
25 to the commercial distribution fee imposed under Section  
26 3-815.1 of the Illinois Vehicle Code; and (iii) that are

1 primarily used for commercial purposes. Through June 30, 2005,  
2 this exemption applies to repair and replacement parts added  
3 after the initial purchase of such a motor vehicle if that  
4 motor vehicle is used in a manner that would qualify for the  
5 rolling stock exemption otherwise provided for in this Act. For  
6 purposes of this paragraph, the term "used for commercial  
7 purposes" means the transportation of persons or property in  
8 furtherance of any commercial or industrial enterprise,  
9 whether for-hire or not.

10 (34) Beginning January 1, 2008, tangible personal property  
11 used in the construction or maintenance of a community water  
12 supply, as defined under Section 3.145 of the Environmental  
13 Protection Act, that is operated by a not-for-profit  
14 corporation that holds a valid water supply permit issued under  
15 Title IV of the Environmental Protection Act. This paragraph is  
16 exempt from the provisions of Section 3-90.

17 (35) Beginning January 1, 2010, materials, parts,  
18 equipment, components, and furnishings incorporated into or  
19 upon an aircraft as part of the modification, refurbishment,  
20 completion, replacement, repair, or maintenance of the  
21 aircraft. This exemption includes consumable supplies used in  
22 the modification, refurbishment, completion, replacement,  
23 repair, and maintenance of aircraft, but excludes any  
24 materials, parts, equipment, components, and consumable  
25 supplies used in the modification, replacement, repair, and  
26 maintenance of aircraft engines or power plants, whether such

1 engines or power plants are installed or uninstalled upon any  
2 such aircraft. "Consumable supplies" include, but are not  
3 limited to, adhesive, tape, sandpaper, general purpose  
4 lubricants, cleaning solution, latex gloves, and protective  
5 films. This exemption applies only to the use of qualifying  
6 tangible personal property by persons who modify, refurbish,  
7 complete, repair, replace, or maintain aircraft and who (i)  
8 hold an Air Agency Certificate and are empowered to operate an  
9 approved repair station by the Federal Aviation  
10 Administration, (ii) have a Class IV Rating, and (iii) conduct  
11 operations in accordance with Part 145 of the Federal Aviation  
12 Regulations. The exemption does not include aircraft operated  
13 by a commercial air carrier providing scheduled passenger air  
14 service pursuant to authority issued under Part 121 or Part 129  
15 of the Federal Aviation Regulations. The changes made to this  
16 paragraph (35) by Public Act 98-534 are declarative of existing  
17 law.

18 (36) Tangible personal property purchased by a  
19 public-facilities corporation, as described in Section  
20 11-65-10 of the Illinois Municipal Code, for purposes of  
21 constructing or furnishing a municipal convention hall, but  
22 only if the legal title to the municipal convention hall is  
23 transferred to the municipality without any further  
24 consideration by or on behalf of the municipality at the time  
25 of the completion of the municipal convention hall or upon the  
26 retirement or redemption of any bonds or other debt instruments

1 issued by the public-facilities corporation in connection with  
2 the development of the municipal convention hall. This  
3 exemption includes existing public-facilities corporations as  
4 provided in Section 11-65-25 of the Illinois Municipal Code.  
5 This paragraph is exempt from the provisions of Section 3-90.

6 (37) Beginning January 1, 2017, menstrual pads, tampons,  
7 and menstrual cups.

8 (38) Beginning January 1, 2018, taxable services performed  
9 on or to tangible personal property the sale of which is exempt  
10 from taxation under this Act. This paragraph is exempt from the  
11 provisions of Section 2-70.

12 (39) Beginning January 1, 2018, taxable services performed  
13 in a transaction that would be exempt from taxation under this  
14 Act if it involved solely the sale of tangible personal  
15 property. Such exemption could be due to the nature of the  
16 seller or of the service provider, the purchaser or service  
17 recipient, or other features of the transaction, including but  
18 not limited to the location or sale-for-resale nature of the  
19 transaction. Any such exemption applies to transactions  
20 involving solely the sale of tangible personal property, solely  
21 the performance of taxable service, or some combination  
22 thereof. This paragraph is exempt from the provisions of  
23 Section 2-70.

24 (40) Beginning January 1, 2018, taxable services performed  
25 for or provided to businesses making purchases of service for  
26 the benefit of or in furtherance of the business. This

1 paragraph is exempt from the provisions of Section 2-70.

2 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
3 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
4 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
5 7-29-15; 99-855, eff. 8-19-16.)

6 (35 ILCS 105/3-10)

7 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
8 Section, the tax imposed by this Act is at the rate of 6.25% of  
9 either the selling price or the fair market value, if any, of  
10 the tangible personal property. Beginning on July 1, 2017, the  
11 tax is also imposed at the rate of 6.25% of either the selling  
12 price or the fair market value, if any, of taxable services. In  
13 all cases where property or service functionally used or  
14 consumed is the same as the property or service that was  
15 purchased at retail, then the tax is imposed on the selling  
16 price of the property or taxable service. In all cases where  
17 property functionally used or consumed is a by-product or waste  
18 product that has been refined, manufactured, or produced from  
19 property purchased at retail, then the tax is imposed on the  
20 lower of the fair market value, if any, of the specific  
21 property so used in this State or on the selling price of the  
22 property purchased at retail. For purposes of this Section  
23 "fair market value" means the price at which property or  
24 service would change hands between a willing buyer and a  
25 willing seller, neither being under any compulsion to buy or



1 sell and both having reasonable knowledge of the relevant  
2 facts. The fair market value shall be established by Illinois  
3 sales by the taxpayer of the same property or service as that  
4 functionally used or consumed, or if there are no such sales by  
5 the taxpayer, then comparable sales or purchases of property or  
6 service of like kind and character in Illinois.

7 Beginning on July 1, 2000 and through December 31, 2000,  
8 with respect to motor fuel, as defined in Section 1.1 of the  
9 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
10 the Use Tax Act, the tax is imposed at the rate of 1.25%.

11 Beginning on August 6, 2010 through August 15, 2010, with  
12 respect to sales tax holiday items as defined in Section 3-6 of  
13 this Act, the tax is imposed at the rate of 1.25%.

14 With respect to gasohol, the tax imposed by this Act  
15 applies to (i) 70% of the proceeds of sales made on or after  
16 January 1, 1990, and before July 1, 2003, (ii) 80% of the  
17 proceeds of sales made on or after July 1, 2003 and on or  
18 before December 31, 2018, and (iii) 100% of the proceeds of  
19 sales made thereafter. If, at any time, however, the tax under  
20 this Act on sales of gasohol is imposed at the rate of 1.25%,  
21 then the tax imposed by this Act applies to 100% of the  
22 proceeds of sales of gasohol made during that time.

23 With respect to majority blended ethanol fuel, the tax  
24 imposed by this Act does not apply to the proceeds of sales  
25 made on or after July 1, 2003 and on or before December 31,  
26 2018 but applies to 100% of the proceeds of sales made

1 thereafter.

2 With respect to biodiesel blends with no less than 1% and  
3 no more than 10% biodiesel, the tax imposed by this Act applies  
4 to (i) 80% of the proceeds of sales made on or after July 1,  
5 2003 and on or before December 31, 2018 and (ii) 100% of the  
6 proceeds of sales made thereafter. If, at any time, however,  
7 the tax under this Act on sales of biodiesel blends with no  
8 less than 1% and no more than 10% biodiesel is imposed at the  
9 rate of 1.25%, then the tax imposed by this Act applies to 100%  
10 of the proceeds of sales of biodiesel blends with no less than  
11 1% and no more than 10% biodiesel made during that time.

12 With respect to 100% biodiesel and biodiesel blends with  
13 more than 10% but no more than 99% biodiesel, the tax imposed  
14 by this Act does not apply to the proceeds of sales made on or  
15 after July 1, 2003 and on or before December 31, 2018 but  
16 applies to 100% of the proceeds of sales made thereafter.

17 With respect to food for human consumption that is to be  
18 consumed off the premises where it is sold (other than  
19 alcoholic beverages, soft drinks, and food that has been  
20 prepared for immediate consumption) and prescription and  
21 nonprescription medicines, drugs, medical appliances, products  
22 classified as Class III medical devices by the United States  
23 Food and Drug Administration that are used for cancer treatment  
24 pursuant to a prescription, as well as any accessories and  
25 components related to those devices, modifications to a motor  
26 vehicle for the purpose of rendering it usable by a person with

1 a disability, and insulin, urine testing materials, syringes,  
2 and needles used by diabetics, for human use, the tax is  
3 imposed at the rate of 1%. For the purposes of this Section,  
4 until September 1, 2009: the term "soft drinks" means any  
5 complete, finished, ready-to-use, non-alcoholic drink, whether  
6 carbonated or not, including but not limited to soda water,  
7 cola, fruit juice, vegetable juice, carbonated water, and all  
8 other preparations commonly known as soft drinks of whatever  
9 kind or description that are contained in any closed or sealed  
10 bottle, can, carton, or container, regardless of size; but  
11 "soft drinks" does not include coffee, tea, non-carbonated  
12 water, infant formula, milk or milk products as defined in the  
13 Grade A Pasteurized Milk and Milk Products Act, or drinks  
14 containing 50% or more natural fruit or vegetable juice.

15 Notwithstanding any other provisions of this Act,  
16 beginning September 1, 2009, "soft drinks" means non-alcoholic  
17 beverages that contain natural or artificial sweeteners. "Soft  
18 drinks" do not include beverages that contain milk or milk  
19 products, soy, rice or similar milk substitutes, or greater  
20 than 50% of vegetable or fruit juice by volume.

21 Until August 1, 2009, and notwithstanding any other  
22 provisions of this Act, "food for human consumption that is to  
23 be consumed off the premises where it is sold" includes all  
24 food sold through a vending machine, except soft drinks and  
25 food products that are dispensed hot from a vending machine,  
26 regardless of the location of the vending machine. Beginning

1 August 1, 2009, and notwithstanding any other provisions of  
2 this Act, "food for human consumption that is to be consumed  
3 off the premises where it is sold" includes all food sold  
4 through a vending machine, except soft drinks, candy, and food  
5 products that are dispensed hot from a vending machine,  
6 regardless of the location of the vending machine.

7 Notwithstanding any other provisions of this Act,  
8 beginning September 1, 2009, "food for human consumption that  
9 is to be consumed off the premises where it is sold" does not  
10 include candy. For purposes of this Section, "candy" means a  
11 preparation of sugar, honey, or other natural or artificial  
12 sweeteners in combination with chocolate, fruits, nuts or other  
13 ingredients or flavorings in the form of bars, drops, or  
14 pieces. "Candy" does not include any preparation that contains  
15 flour or requires refrigeration.

16 Notwithstanding any other provisions of this Act,  
17 beginning September 1, 2009, "nonprescription medicines and  
18 drugs" does not include grooming and hygiene products. For  
19 purposes of this Section, "grooming and hygiene products"  
20 includes, but is not limited to, soaps and cleaning solutions,  
21 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
22 lotions and screens, unless those products are available by  
23 prescription only, regardless of whether the products meet the  
24 definition of "over-the-counter-drugs". For the purposes of  
25 this paragraph, "over-the-counter-drug" means a drug for human  
26 use that contains a label that identifies the product as a drug

1 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
2 label includes:

3 (A) A "Drug Facts" panel; or

4 (B) A statement of the "active ingredient(s)" with a  
5 list of those ingredients contained in the compound,  
6 substance or preparation.

7 Beginning on the effective date of this amendatory Act of  
8 the 98th General Assembly, "prescription and nonprescription  
9 medicines and drugs" includes medical cannabis purchased from a  
10 registered dispensing organization under the Compassionate Use  
11 of Medical Cannabis Pilot Program Act.

12 If the property that is purchased at retail from a retailer  
13 is acquired outside Illinois and used outside Illinois before  
14 being brought to Illinois for use here and is taxable under  
15 this Act, the "selling price" on which the tax is computed  
16 shall be reduced by an amount that represents a reasonable  
17 allowance for depreciation for the period of prior out-of-state  
18 use.

19 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;  
20 99-858, eff. 8-19-16.)

21 (35 ILCS 105/3-10.5)

22 Sec. 3-10.5. Direct payment of retailers' occupation tax  
23 and applicable local retailers' occupation tax by purchaser;  
24 purchaser relieved of paying use tax and local retailers'  
25 occupation tax reimbursement liabilities to retailer.

1           (a) A retailer who makes a retail sale of tangible personal  
2 property or taxable service to a purchaser who provides the  
3 retailer with a copy of the purchaser's valid Direct Pay Permit  
4 issued under Section 2-10.5 of the Retailers' Occupation Tax  
5 Act is not required under Section 3-45 of this Act to collect  
6 the tax imposed by this Act on that sale.

7           (b) A purchaser who makes a purchase from a retailer who  
8 would otherwise incur retailers' occupation tax liability on  
9 the transaction and who provides the retailer with a copy of a  
10 valid Direct Pay Permit issued under Section 2-10.5 of the  
11 Retailers' Occupation Tax Act does not incur the tax imposed by  
12 this Act on the purchase. The purchaser assumes the retailer's  
13 obligation to pay the retailers' occupation tax directly to the  
14 Department, including all local retailers' occupation tax  
15 liabilities applicable to that retail sale.

16           (c) A purchaser who makes a purchase from a retailer who  
17 would not incur retailers' occupation tax liability on the  
18 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 incurs the tax imposed by this  
21 Act on the purchase. If, on any transaction, the retailer is  
22 entitled under this Act to a discount for collecting and  
23 remitting the tax imposed under this Act to the Department, the  
24 right to the discount provided in Section 9 of this Act shall  
25 be transferred to the Permit holder. If the retailer would not  
26 be entitled to a discount as provided in Section 9 of this Act,

1 then the Permit holder is not entitled to a discount.

2 (Source: P.A. 92-484, eff. 8-23-01.)

3 (35 ILCS 105/3-45) (from Ch. 120, par. 439.3-45)

4 Sec. 3-45. Collection. The tax imposed by this Act shall be  
5 collected from the purchaser by a retailer maintaining a place  
6 of business in this State or a retailer authorized by the  
7 Department under Section 6 of this Act, and shall be remitted  
8 to the Department as provided in Section 9 of this Act, except  
9 as provided in Section 3-10.5 of this Act.

10 The tax imposed by this Act that is not paid to a retailer  
11 under this Section shall be paid to the Department directly by  
12 any person using the property within this State as provided in  
13 Section 10 of this Act.

14 Retailers shall collect the tax from users by adding the  
15 tax to the selling price of tangible personal property or  
16 taxable service, when sold for use, in the manner prescribed by  
17 the Department. The Department may adopt and promulgate  
18 reasonable rules and regulations for the adding of the tax by  
19 retailers to selling prices by prescribing bracket systems for  
20 the purpose of enabling the retailers to add and collect, as  
21 far as practicable, the amount of the tax.

22 If a seller collects use tax measured by receipts that are  
23 not subject to use tax, or if a seller, in collecting use tax  
24 measured by receipts that are subject to tax under this Act,  
25 collects more from the purchaser than the required amount of

1 the use tax on the transaction, the purchaser shall have a  
2 legal right to claim a refund of that amount from the seller.  
3 If, however, that amount is not refunded to the purchaser for  
4 any reason, the seller is liable to pay that amount to the  
5 Department. This paragraph does not apply to an amount  
6 collected by the seller as use tax on receipts that are subject  
7 to tax under this Act as long as the collection is made in  
8 compliance with the tax collection brackets prescribed by the  
9 Department in its rules and regulations.

10 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

11 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

12 Sec. 3-50. Manufacturing and assembly exemption. The  
13 manufacturing and assembling machinery and equipment exemption  
14 includes machinery and equipment that replaces machinery and  
15 equipment in an existing manufacturing facility as well as  
16 machinery and equipment that are for use in an expanded or new  
17 manufacturing facility. The machinery and equipment exemption  
18 also includes machinery and equipment used in the general  
19 maintenance or repair of exempt machinery and equipment or for  
20 in-house manufacture of exempt machinery and equipment.  
21 Beginning on July 1, 2017, the manufacturing and assembling  
22 machinery and equipment exemption also includes graphic arts  
23 machinery and equipment, as defined in paragraph (6) of Section  
24 3-5. Beginning on July 1, 2017, the manufacturing and  
25 assembling machinery and equipment exemption also includes



1 production related tangible personal property, as defined in  
2 this Section. The machinery and equipment exemption does not  
3 include machinery and equipment used in (i) the generation of  
4 electricity for wholesale or retail sale; (ii) the generation  
5 or treatment of natural or artificial gas for wholesale or  
6 retail sale that is delivered to customers through pipes,  
7 pipelines, or mains; or (iii) the treatment of water for  
8 wholesale or retail sale that is delivered to customers through  
9 pipes, pipelines, or mains. The provisions of this amendatory  
10 Act of the 98th General Assembly are declaratory of existing  
11 law as to the meaning and scope of this exemption. For the  
12 purposes of this exemption, terms have the following meanings:

13 (1) "Manufacturing process" means the production of an  
14 article of tangible personal property, whether the article  
15 is a finished product or an article for use in the process  
16 of manufacturing or assembling a different article of  
17 tangible personal property, by a procedure commonly  
18 regarded as manufacturing, processing, fabricating, or  
19 refining that changes some existing material into a  
20 material with a different form, use, or name. In relation  
21 to a recognized integrated business composed of a series of  
22 operations that collectively constitute manufacturing, or  
23 individually constitute manufacturing operations, the  
24 manufacturing process commences with the first operation  
25 or stage of production in the series and does not end until  
26 the completion of the final product in the last operation

1 or stage of production in the series. For purposes of this  
2 exemption, photoprocessing is a manufacturing process of  
3 tangible personal property for wholesale or retail sale.

4 (2) "Assembling process" means the production of an  
5 article of tangible personal property, whether the article  
6 is a finished product or an article for use in the process  
7 of manufacturing or assembling a different article of  
8 tangible personal property, by the combination of existing  
9 materials in a manner commonly regarded as assembling that  
10 results in an article or material of a different form, use,  
11 or name.

12 (3) "Machinery" means major mechanical machines or  
13 major components of those machines contributing to a  
14 manufacturing or assembling process.

15 (4) "Equipment" includes an independent device or tool  
16 separate from machinery but essential to an integrated  
17 manufacturing or assembly process; including computers  
18 used primarily in a manufacturer's computer assisted  
19 design, computer assisted manufacturing (CAD/CAM) system;  
20 any subunit or assembly comprising a component of any  
21 machinery or auxiliary, adjunct, or attachment parts of  
22 machinery, such as tools, dies, jigs, fixtures, patterns,  
23 and molds; and any parts that require periodic replacement  
24 in the course of normal operation; but does not include  
25 hand tools. Equipment includes chemicals or chemicals  
26 acting as catalysts but only if the chemicals or chemicals

1 acting as catalysts effect a direct and immediate change  
2 upon a product being manufactured or assembled for  
3 wholesale or retail sale or lease.

4 (5) "Production related tangible personal property"  
5 means all tangible personal property that is used or  
6 consumed by the purchaser in a manufacturing facility in  
7 which a manufacturing process takes place and includes,  
8 without limitation, tangible personal property that is  
9 purchased for incorporation into real estate within a  
10 manufacturing facility and tangible personal property that  
11 is used or consumed in activities such as research and  
12 development, preproduction material handling, receiving,  
13 quality control, inventory control, storage, staging, and  
14 packaging for shipping and transportation purposes.  
15 "Production related tangible personal property" does not  
16 include (i) tangible personal property that is used, within  
17 or without a manufacturing facility, in sales, purchasing,  
18 accounting, fiscal management, marketing, personnel  
19 recruitment or selection, or landscaping or (ii) tangible  
20 personal property that is required to be titled or  
21 registered with a department, agency, or unit of federal,  
22 State, or local government.

23 The manufacturing and assembling machinery and equipment  
24 exemption includes production related tangible personal  
25 property that is purchased (i) on or after July 1, 2007 and on  
26 or before June 30, 2008 or (ii) on and after July 1, 2017. The

1 exemption for production related tangible personal property  
2 purchased on or after July 1, 2007 and on or before June 30,  
3 2008 is subject to both of the following limitations:

4 (1) The maximum amount of the exemption for any one  
5 taxpayer may not exceed 5% of the purchase price of  
6 production related tangible personal property that is  
7 purchased on or after July 1, 2007 and on or before June  
8 30, 2008. A credit under Section 3-85 of this Act may not  
9 be earned by the purchase of production related tangible  
10 personal property for which an exemption is received under  
11 this Section.

12 (2) The maximum aggregate amount of the exemptions for  
13 production related tangible personal property awarded  
14 under this Act and the Retailers' Occupation Tax Act to all  
15 taxpayers may not exceed \$10,000,000. If the claims for the  
16 exemption exceed \$10,000,000, then the Department shall  
17 reduce the amount of the exemption to each taxpayer on a  
18 pro rata basis.

19 The Department may adopt rules to implement and administer the  
20 exemption for production related tangible personal property.

21 The manufacturing and assembling machinery and equipment  
22 exemption includes the sale of materials to a purchaser who  
23 produces exempted types of machinery, equipment, or tools and  
24 who rents or leases that machinery, equipment, or tools to a  
25 manufacturer of tangible personal property. This exemption  
26 also includes the sale of materials to a purchaser who

1 manufactures those materials into an exempted type of  
2 machinery, equipment, or tools that the purchaser uses himself  
3 or herself in the manufacturing of tangible personal property.  
4 This exemption includes the sale of exempted types of machinery  
5 or equipment to a purchaser who is not the manufacturer, but  
6 who rents or leases the use of the property to a manufacturer.  
7 The purchaser of the machinery and equipment who has an active  
8 resale registration number shall furnish that number to the  
9 seller at the time of purchase. A user of the machinery,  
10 equipment, or tools without an active resale registration  
11 number shall prepare a certificate of exemption for each  
12 transaction stating facts establishing the exemption for that  
13 transaction, and that certificate shall be available to the  
14 Department for inspection or audit. The Department shall  
15 prescribe the form of the certificate. Informal rulings,  
16 opinions, or letters issued by the Department in response to an  
17 inquiry or request for an opinion from any person regarding the  
18 coverage and applicability of this exemption to specific  
19 devices shall be published, maintained as a public record, and  
20 made available for public inspection and copying. If the  
21 informal ruling, opinion, or letter contains trade secrets or  
22 other confidential information, where possible, the Department  
23 shall delete that information before publication. Whenever  
24 informal rulings, opinions, or letters contain a policy of  
25 general applicability, the Department shall formulate and  
26 adopt that policy as a rule in accordance with the Illinois

1 Administrative Procedure Act.

2 The manufacturing and assembling machinery and equipment  
3 exemption, including the addition of production related  
4 tangible personal property, is exempt from the provisions of  
5 Section 3-90.

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

7 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

8 Sec. 3-55. Multistate exemption. To prevent actual or  
9 likely multistate taxation, the tax imposed by this Act does  
10 not apply to the use of tangible personal property in this  
11 State under the following circumstances:

12 (a) The use, in this State, of tangible personal property  
13 acquired outside this State by a nonresident individual and  
14 brought into this State by the individual for his or her own  
15 use while temporarily within this State or while passing  
16 through this State.

17 (b) The use, in this State, of tangible personal property  
18 by an interstate carrier for hire as rolling stock moving in  
19 interstate commerce or by lessors under a lease of one year or  
20 longer executed or in effect at the time of purchase of  
21 tangible personal property by interstate carriers for-hire for  
22 use as rolling stock moving in interstate commerce as long as  
23 so used by the interstate carriers for-hire, and equipment  
24 operated by a telecommunications provider, licensed as a common  
25 carrier by the Federal Communications Commission, which is

1 permanently installed in or affixed to aircraft moving in  
2 interstate commerce.

3 (c) The use, in this State, by owners, lessors, or shippers  
4 of tangible personal property that is utilized by interstate  
5 carriers for hire for use as rolling stock moving in interstate  
6 commerce as long as so used by the interstate carriers for  
7 hire, and equipment operated by a telecommunications provider,  
8 licensed as a common carrier by the Federal Communications  
9 Commission, which is permanently installed in or affixed to  
10 aircraft moving in interstate commerce.

11 (d) The use, in this State, of tangible personal property  
12 or taxable service that is acquired outside this State and  
13 caused to be brought into or performed in this State by a  
14 person who has already paid a tax in another State in respect  
15 to the sale, purchase, or use of that property, to the extent  
16 of the amount of the tax properly due and paid in the other  
17 State.

18 (e) The temporary storage, in this State, of tangible  
19 personal property that is acquired outside this State and that,  
20 after being brought into this State and stored here  
21 temporarily, is used solely outside this State or is physically  
22 attached to or incorporated into other tangible personal  
23 property that is used solely outside this State, or is altered  
24 by converting, fabricating, manufacturing, printing,  
25 processing, or shaping, and, as altered, is used solely outside  
26 this State.

1           (f) The temporary storage in this State of building  
2 materials and fixtures that are acquired either in this State  
3 or outside this State by an Illinois registered combination  
4 retailer and construction contractor, and that the purchaser  
5 thereafter uses outside this State by incorporating that  
6 property into real estate located outside this State.

7           (g) The use or purchase of tangible personal property by a  
8 common carrier by rail or motor that receives the physical  
9 possession of the property in Illinois, and that transports the  
10 property, or shares with another common carrier in the  
11 transportation of the property, out of Illinois on a standard  
12 uniform bill of lading showing the seller of the property as  
13 the shipper or consignor of the property to a destination  
14 outside Illinois, for use outside Illinois.

15           (h) Except as provided in subsection (h-1), the use, in  
16 this State, of a motor vehicle that was sold in this State to a  
17 nonresident, even though the motor vehicle is delivered to the  
18 nonresident in this State, if the motor vehicle is not to be  
19 titled in this State, and if a drive-away permit is issued to  
20 the motor vehicle as provided in Section 3-603 of the Illinois  
21 Vehicle Code or if the nonresident purchaser has vehicle  
22 registration plates to transfer to the motor vehicle upon  
23 returning to his or her home state. The issuance of the  
24 drive-away permit or having the out-of-state registration  
25 plates to be transferred shall be prima facie evidence that the  
26 motor vehicle will not be titled in this State.



1           (h-1) The exemption under subsection (h) does not apply if  
2 the state in which the motor vehicle will be titled does not  
3 allow a reciprocal exemption for the use in that state of a  
4 motor vehicle sold and delivered in that state to an Illinois  
5 resident but titled in Illinois. The tax collected under this  
6 Act on the sale of a motor vehicle in this State to a resident  
7 of another state that does not allow a reciprocal exemption  
8 shall be imposed at a rate equal to the state's rate of tax on  
9 taxable property in the state in which the purchaser is a  
10 resident, except that the tax shall not exceed the tax that  
11 would otherwise be imposed under this Act. At the time of the  
12 sale, the purchaser shall execute a statement, signed under  
13 penalty of perjury, of his or her intent to title the vehicle  
14 in the state in which the purchaser is a resident within 30  
15 days after the sale and of the fact of the payment to the State  
16 of Illinois of tax in an amount equivalent to the state's rate  
17 of tax on taxable property in his or her state of residence and  
18 shall submit the statement to the appropriate tax collection  
19 agency in his or her state of residence. In addition, the  
20 retailer must retain a signed copy of the statement in his or  
21 her records. Nothing in this subsection shall be construed to  
22 require the removal of the vehicle from this state following  
23 the filing of an intent to title the vehicle in the purchaser's  
24 state of residence if the purchaser titles the vehicle in his  
25 or her state of residence within 30 days after the date of  
26 sale. The tax collected under this Act in accordance with this

1 subsection (h-1) shall be proportionately distributed as if the  
2 tax were collected at the 6.25% general rate imposed under this  
3 Act.

4 (h-2) The following exemptions apply with respect to  
5 certain aircraft:

6 (1) Beginning on July 1, 2007, no tax is imposed under  
7 this Act on the purchase of an aircraft, as defined in  
8 Section 3 of the Illinois Aeronautics Act, if all of the  
9 following conditions are met:

10 (A) the aircraft leaves this State within 15 days  
11 after the later of either the issuance of the final  
12 billing for the purchase of the aircraft or the  
13 authorized approval for return to service, completion  
14 of the maintenance record entry, and completion of the  
15 test flight and ground test for inspection, as required  
16 by 14 C.F.R. 91.407;

17 (B) the aircraft is not based or registered in this  
18 State after the purchase of the aircraft; and

19 (C) the purchaser provides the Department with a  
20 signed and dated certification, on a form prescribed by  
21 the Department, certifying that the requirements of  
22 this item (1) are met. The certificate must also  
23 include the name and address of the purchaser, the  
24 address of the location where the aircraft is to be  
25 titled or registered, the address of the primary  
26 physical location of the aircraft, and other

1 information that the Department may reasonably  
2 require.

3 (2) Beginning on July 1, 2007, no tax is imposed under  
4 this Act on the use of an aircraft, as defined in Section 3  
5 of the Illinois Aeronautics Act, that is temporarily  
6 located in this State for the purpose of a prepurchase  
7 evaluation if all of the following conditions are met:

8 (A) the aircraft is not based or registered in this  
9 State after the prepurchase evaluation; and

10 (B) the purchaser provides the Department with a  
11 signed and dated certification, on a form prescribed by  
12 the Department, certifying that the requirements of  
13 this item (2) are met. The certificate must also  
14 include the name and address of the purchaser, the  
15 address of the location where the aircraft is to be  
16 titled or registered, the address of the primary  
17 physical location of the aircraft, and other  
18 information that the Department may reasonably  
19 require.

20 (3) Beginning on July 1, 2007, no tax is imposed under  
21 this Act on the use of an aircraft, as defined in Section 3  
22 of the Illinois Aeronautics Act, that is temporarily  
23 located in this State for the purpose of a post-sale  
24 customization if all of the following conditions are met:

25 (A) the aircraft leaves this State within 15 days  
26 after the authorized approval for return to service,

1 completion of the maintenance record entry, and  
2 completion of the test flight and ground test for  
3 inspection, as required by 14 C.F.R. 91.407;

4 (B) the aircraft is not based or registered in this  
5 State either before or after the post-sale  
6 customization; and

7 (C) the purchaser provides the Department with a  
8 signed and dated certification, on a form prescribed by  
9 the Department, certifying that the requirements of  
10 this item (3) are met. The certificate must also  
11 include the name and address of the purchaser, the  
12 address of the location where the aircraft is to be  
13 titled or registered, the address of the primary  
14 physical location of the aircraft, and other  
15 information that the Department may reasonably  
16 require.

17 If tax becomes due under this subsection (h-2) because of  
18 the purchaser's use of the aircraft in this State, the  
19 purchaser shall file a return with the Department and pay the  
20 tax on the fair market value of the aircraft. This return and  
21 payment of the tax must be made no later than 30 days after the  
22 aircraft is used in a taxable manner in this State. The tax is  
23 based on the fair market value of the aircraft on the date that  
24 it is first used in a taxable manner in this State.

25 For purposes of this subsection (h-2):

26 "Based in this State" means hangared, stored, or otherwise

1 used, excluding post-sale customizations as defined in this  
2 Section, for 10 or more days in each 12-month period  
3 immediately following the date of the sale of the aircraft.

4 "Post-sale customization" means any improvement,  
5 maintenance, or repair that is performed on an aircraft  
6 following a transfer of ownership of the aircraft.

7 "Prepurchase evaluation" means an examination of an  
8 aircraft to provide a potential purchaser with information  
9 relevant to the potential purchase.

10 "Registered in this State" means an aircraft registered  
11 with the Department of Transportation, Aeronautics Division,  
12 or titled or registered with the Federal Aviation  
13 Administration to an address located in this State.

14 This subsection (h-2) is exempt from the provisions of  
15 Section 3-90.

16 (i) Beginning July 1, 1999, the use, in this State, of fuel  
17 acquired outside this State and brought into this State in the  
18 fuel supply tanks of locomotives engaged in freight hauling and  
19 passenger service for interstate commerce. This subsection is  
20 exempt from the provisions of Section 3-90.

21 (j) Beginning on January 1, 2002 and through June 30, 2016,  
22 the use of tangible personal property purchased from an  
23 Illinois retailer by a taxpayer engaged in centralized  
24 purchasing activities in Illinois who will, upon receipt of the  
25 property in Illinois, temporarily store the property in  
26 Illinois (i) for the purpose of subsequently transporting it

1 outside this State for use or consumption thereafter solely  
2 outside this State or (ii) for the purpose of being processed,  
3 fabricated, or manufactured into, attached to, or incorporated  
4 into other tangible personal property to be transported outside  
5 this State and thereafter used or consumed solely outside this  
6 State. The Director of Revenue shall, pursuant to rules adopted  
7 in accordance with the Illinois Administrative Procedure Act,  
8 issue a permit to any taxpayer in good standing with the  
9 Department who is eligible for the exemption under this  
10 subsection (j). The permit issued under this subsection (j)  
11 shall authorize the holder, to the extent and in the manner  
12 specified in the rules adopted under this Act, to purchase  
13 tangible personal property from a retailer exempt from the  
14 taxes imposed by this Act. Taxpayers shall maintain all  
15 necessary books and records to substantiate the use and  
16 consumption of all such tangible personal property outside of  
17 the State of Illinois.

18 (Source: P.A. 97-73, eff. 6-30-11.)

19 (35 ILCS 105/3-65) (from Ch. 120, par. 439.3-65)

20 Sec. 3-65. R.O.T. nontaxability. If the seller of tangible  
21 personal property or taxable service for use would not be  
22 taxable under the Retailers' Occupation Tax Act despite all  
23 elements of the sale occurring in Illinois, then the tax  
24 imposed by this Act does not apply to the use of the tangible  
25 personal property or taxable service in this State.

1 (Source: P.A. 91-51, eff. 6-30-99.)

2 (35 ILCS 105/3-75) (from Ch. 120, par. 439.3-75)

3 Sec. 3-75. Serviceman transfer. Tangible personal property  
4 purchased by a serviceman, as defined in Section 2 of the  
5 Service Occupation Tax Act, is subject to the tax imposed by  
6 this Act when purchased for transfer by the serviceman  
7 incidental to completion of a maintenance agreement. Effective  
8 January 1, 2018, purchases of tangible personal property  
9 purchased for transfer incidental to performance of a taxable  
10 service is not subject to the tax imposed by this Act.

11 (Source: P.A. 91-51, eff. 6-30-99.)

12 (35 ILCS 105/3a) (from Ch. 120, par. 439.3a)

13 Sec. 3a. The tax imposed by the Act shall when collected be  
14 stated as a distinct item separate and apart from the selling  
15 price of the tangible personal property or taxable service.  
16 However, where it is not possible to state the sales tax  
17 separately in situations such as sales from vending machines or  
18 sales of liquor by the drink the Department may by rule exempt  
19 such sales from this requirement so long as purchasers are  
20 notified by a sign that the tax is included in the selling  
21 price.

22 (Source: P.A. 84-229.)

23 (35 ILCS 105/4) (from Ch. 120, par. 439.4)

1           Sec. 4. Evidence that tangible personal property or taxable  
2 service was sold by any person for delivery to a person  
3 residing or engaged in business in this State shall be prima  
4 facie evidence that such tangible personal property or taxable  
5 service was sold for use in this State.

6           (Source: Laws 1955, p. 2027.)

7           (35 ILCS 105/5) (from Ch. 120, par. 439.5)

8           Sec. 5. Except as to motor vehicles and other items of  
9 tangible personal property that must be titled or registered  
10 under an Illinois law, but that cannot be so titled or  
11 registered without a use tax receipt or exemption determination  
12 from the Department, every retailer maintaining a place of  
13 business in this State and making sales of tangible personal  
14 property or taxable service for use in this State (whether  
15 those sales are made within or without this State) shall, when  
16 collecting the tax as provided in Section 3-45 of this Act from  
17 the purchaser, give to the purchaser (if demanded by the  
18 purchaser) a receipt for the tax in the manner and form  
19 prescribed by the Department. The receipt shall be sufficient  
20 to relieve the purchaser from further liability for the tax to  
21 which the receipt may refer. Each retailer shall list with the  
22 Department the names and addresses of all of his or her agents  
23 operating in this State and the location of any and all of his  
24 or her distribution or sales houses, offices, or other places  
25 of business in this State.



1 (Source: P.A. 86-1475.)

2 (35 ILCS 105/7) (from Ch. 120, par. 439.7)

3 Sec. 7.

4 It is unlawful for any retailer to advertise or hold out or  
5 state to the public or to any purchaser, consumer or user,  
6 directly or indirectly, that the tax or any part thereof  
7 imposed by Section 3 hereof will be assumed or absorbed by the  
8 retailer or that it will not be added to the selling price of  
9 the property or taxable service sold, or if added that it or  
10 any part thereof will be refunded other than when the retailer  
11 refunds the selling price and tax because of the merchandise's  
12 being returned to the retailer (or the taxable service  
13 transaction's being partially or wholly cancelled) or other  
14 than when the retailer credits or refunds the tax to the  
15 purchaser to support a claim filed with the Department under  
16 the Retailers' Occupation Tax Act or under this Act. Any person  
17 violating any of the provisions of this Section within this  
18 State shall be guilty of a Class A misdemeanor.

19 (Source: P.A. 77-2830.)

20 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

21 Sec. 9. Except as to motor vehicles, watercraft, aircraft,  
22 and trailers that are required to be registered with an agency  
23 of this State, each retailer required or authorized to collect  
24 the tax imposed by this Act shall pay to the Department the

1 amount of such tax (except as otherwise provided) at the time  
2 when he is required to file his return for the period during  
3 which such tax was collected, less a discount of 2.1% prior to  
4 January 1, 1990, and 1.75% on and after January 1, 1990, or \$5  
5 per calendar year, whichever is greater, which is allowed to  
6 reimburse the retailer for expenses incurred in collecting the  
7 tax, keeping records, preparing and filing returns, remitting  
8 the tax and supplying data to the Department on request. In the  
9 case of retailers who report and pay the tax on a transaction  
10 by transaction basis, as provided in this Section, such  
11 discount shall be taken with each such tax remittance instead  
12 of when such retailer files his periodic return. The Department  
13 may disallow the discount for retailers whose certificate of  
14 registration is revoked at the time the return is filed, but  
15 only if the Department's decision to revoke the certificate of  
16 registration has become final. A retailer need not remit that  
17 part of any tax collected by him to the extent that he is  
18 required to remit and does remit the tax imposed by the  
19 Retailers' Occupation Tax Act, with respect to the sale of the  
20 same property.

21 Where such tangible personal property or taxable service is  
22 sold under a conditional sales contract, or under any other  
23 form of sale wherein the payment of the principal sum, or a  
24 part thereof, is extended beyond the close of the period for  
25 which the return is filed, the retailer, in collecting the tax  
26 (except as to motor vehicles, watercraft, aircraft, and

1 trailers that are required to be registered with an agency of  
2 this State), may collect for each tax return period, only the  
3 tax applicable to that part of the selling price actually  
4 received during such tax return period.

5 Except as provided in this Section, on or before the  
6 twentieth day of each calendar month, such retailer shall file  
7 a return for the preceding calendar month. Such return shall be  
8 filed on forms prescribed by the Department and shall furnish  
9 such information as the Department may reasonably require.

10 The Department may require returns to be filed on a  
11 quarterly basis. If so required, a return for each calendar  
12 quarter shall be filed on or before the twentieth day of the  
13 calendar month following the end of such calendar quarter. The  
14 taxpayer shall also file a return with the Department for each  
15 of the first two months of each calendar quarter, on or before  
16 the twentieth day of the following calendar month, stating:

17 1. The name of the seller;

18 2. The address of the principal place of business from  
19 which he engages in the business of selling tangible  
20 personal property at retail in this State;

21 3. The total amount of taxable receipts received by him  
22 during the preceding calendar month from sales of tangible  
23 personal property by him during such preceding calendar  
24 month, including receipts from charge and time sales, but  
25 less all deductions allowed by law;

26 4. The amount of credit provided in Section 2d of this

1 Act;

2 5. The amount of tax due;

3 5-5. The signature of the taxpayer; and

4 6. Such other reasonable information as the Department  
5 may require.

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

10 Beginning October 1, 1993, a taxpayer who has an average  
11 monthly tax liability of \$150,000 or more shall make all  
12 payments required by rules of the Department by electronic  
13 funds transfer. Beginning October 1, 1994, a taxpayer who has  
14 an average monthly tax liability of \$100,000 or more shall make  
15 all payments required by rules of the Department by electronic  
16 funds transfer. Beginning October 1, 1995, a taxpayer who has  
17 an average monthly tax liability of \$50,000 or more shall make  
18 all payments required by rules of the Department by electronic  
19 funds transfer. Beginning October 1, 2000, a taxpayer who has  
20 an annual tax liability of \$200,000 or more shall make all  
21 payments required by rules of the Department by electronic  
22 funds transfer. The term "annual tax liability" shall be the  
23 sum of the taxpayer's liabilities under this Act, and under all  
24 other State and local occupation and use tax laws administered  
25 by the Department, for the immediately preceding calendar year.  
26 The term "average monthly tax liability" means the sum of the

1 taxpayer's liabilities under this Act, and under all other  
2 State and local occupation and use tax laws administered by the  
3 Department, for the immediately preceding calendar year  
4 divided by 12. Beginning on October 1, 2002, a taxpayer who has  
5 a tax liability in the amount set forth in subsection (b) of  
6 Section 2505-210 of the Department of Revenue Law shall make  
7 all payments required by rules of the Department by electronic  
8 funds transfer.

9 Before August 1 of each year beginning in 1993, the  
10 Department shall notify all taxpayers required to make payments  
11 by electronic funds transfer. All taxpayers required to make  
12 payments by electronic funds transfer shall make those payments  
13 for a minimum of one year beginning on October 1.

14 Any taxpayer not required to make payments by electronic  
15 funds transfer may make payments by electronic funds transfer  
16 with the permission of the Department.

17 All taxpayers required to make payment by electronic funds  
18 transfer and any taxpayers authorized to voluntarily make  
19 payments by electronic funds transfer shall make those payments  
20 in the manner authorized by the Department.

21 The Department shall adopt such rules as are necessary to  
22 effectuate a program of electronic funds transfer and the  
23 requirements of this Section.

24 Before October 1, 2000, if the taxpayer's average monthly  
25 tax liability to the Department under this Act, the Retailers'  
26 Occupation Tax Act, the Service Occupation Tax Act, the Service

1 Use Tax Act was \$10,000 or more during the preceding 4 complete  
2 calendar quarters, he shall file a return with the Department  
3 each month by the 20th day of the month next following the  
4 month during which such tax liability is incurred and shall  
5 make payments to the Department on or before the 7th, 15th,  
6 22nd and last day of the month during which such liability is  
7 incurred. On and after October 1, 2000, if the taxpayer's  
8 average monthly tax liability to the Department under this Act,  
9 the Retailers' Occupation Tax Act, the Service Occupation Tax  
10 Act, and the Service Use Tax Act was \$20,000 or more during the  
11 preceding 4 complete calendar quarters, he shall file a return  
12 with the Department each month by the 20th day of the month  
13 next following the month during which such tax liability is  
14 incurred and shall make payment to the Department on or before  
15 the 7th, 15th, 22nd and last day of the month during which such  
16 liability is incurred. If the month during which such tax  
17 liability is incurred began prior to January 1, 1985, each  
18 payment shall be in an amount equal to 1/4 of the taxpayer's  
19 actual liability for the month or an amount set by the  
20 Department not to exceed 1/4 of the average monthly liability  
21 of the taxpayer to the Department for the preceding 4 complete  
22 calendar quarters (excluding the month of highest liability and  
23 the month of lowest liability in such 4 quarter period). If the  
24 month during which such tax liability is incurred begins on or  
25 after January 1, 1985, and prior to January 1, 1987, each  
26 payment shall be in an amount equal to 22.5% of the taxpayer's

1 actual liability for the month or 27.5% of the taxpayer's  
2 liability for the same calendar month of the preceding year. If  
3 the month during which such tax liability is incurred begins on  
4 or after January 1, 1987, and prior to January 1, 1988, each  
5 payment shall be in an amount equal to 22.5% of the taxpayer's  
6 actual liability for the month or 26.25% of the taxpayer's  
7 liability for the same calendar month of the preceding year. If  
8 the month during which such tax liability is incurred begins on  
9 or after January 1, 1988, and prior to January 1, 1989, or  
10 begins on or after January 1, 1996, each payment shall be in an  
11 amount equal to 22.5% of the taxpayer's actual liability for  
12 the month or 25% of the taxpayer's liability for the same  
13 calendar month of the preceding year. If the month during which  
14 such tax liability is incurred begins on or after January 1,  
15 1989, and prior to January 1, 1996, each payment shall be in an  
16 amount equal to 22.5% of the taxpayer's actual liability for  
17 the month or 25% of the taxpayer's liability for the same  
18 calendar month of the preceding year or 100% of the taxpayer's  
19 actual liability for the quarter monthly reporting period. The  
20 amount of such quarter monthly payments shall be credited  
21 against the final tax liability of the taxpayer's return for  
22 that month. Before October 1, 2000, once applicable, the  
23 requirement of the making of quarter monthly payments to the  
24 Department shall continue until such taxpayer's average  
25 monthly liability to the Department during the preceding 4  
26 complete calendar quarters (excluding the month of highest

1 liability and the month of lowest liability) is less than  
2 \$9,000, or until such taxpayer's average monthly liability to  
3 the Department as computed for each calendar quarter of the 4  
4 preceding complete calendar quarter period is less than  
5 \$10,000. However, if a taxpayer can show the Department that a  
6 substantial change in the taxpayer's business has occurred  
7 which causes the taxpayer to anticipate that his average  
8 monthly tax liability for the reasonably foreseeable future  
9 will fall below the \$10,000 threshold stated above, then such  
10 taxpayer may petition the Department for change in such  
11 taxpayer's reporting status. On and after October 1, 2000, once  
12 applicable, the requirement of the making of quarter monthly  
13 payments to the Department shall continue until such taxpayer's  
14 average monthly liability to the Department during the  
15 preceding 4 complete calendar quarters (excluding the month of  
16 highest liability and the month of lowest liability) is less  
17 than \$19,000 or until such taxpayer's average monthly liability  
18 to the Department as computed for each calendar quarter of the  
19 4 preceding complete calendar quarter period is less than  
20 \$20,000. However, if a taxpayer can show the Department that a  
21 substantial change in the taxpayer's business has occurred  
22 which causes the taxpayer to anticipate that his average  
23 monthly tax liability for the reasonably foreseeable future  
24 will fall below the \$20,000 threshold stated above, then such  
25 taxpayer may petition the Department for a change in such  
26 taxpayer's reporting status. The Department shall change such



1 taxpayer's reporting status unless it finds that such change is  
2 seasonal in nature and not likely to be long term. If any such  
3 quarter monthly payment is not paid at the time or in the  
4 amount required by this Section, then the taxpayer shall be  
5 liable for penalties and interest on the difference between the  
6 minimum amount due and the amount of such quarter monthly  
7 payment actually and timely paid, except insofar as the  
8 taxpayer has previously made payments for that month to the  
9 Department in excess of the minimum payments previously due as  
10 provided in this Section. The Department shall make reasonable  
11 rules and regulations to govern the quarter monthly payment  
12 amount and quarter monthly payment dates for taxpayers who file  
13 on other than a calendar monthly basis.

14 If any such payment provided for in this Section exceeds  
15 the taxpayer's liabilities under this Act, the Retailers'  
16 Occupation Tax Act, the Service Occupation Tax Act and the  
17 Service Use Tax Act, as shown by an original monthly return,  
18 the Department shall issue to the taxpayer a credit memorandum  
19 no later than 30 days after the date of payment, which  
20 memorandum may be submitted by the taxpayer to the Department  
21 in payment of tax liability subsequently to be remitted by the  
22 taxpayer to the Department or be assigned by the taxpayer to a  
23 similar taxpayer under this Act, the Retailers' Occupation Tax  
24 Act, the Service Occupation Tax Act or the Service Use Tax Act,  
25 in accordance with reasonable rules and regulations to be  
26 prescribed by the Department, except that if such excess

1 payment is shown on an original monthly return and is made  
2 after December 31, 1986, no credit memorandum shall be issued,  
3 unless requested by the taxpayer. If no such request is made,  
4 the taxpayer may credit such excess payment against tax  
5 liability subsequently to be remitted by the taxpayer to the  
6 Department under this Act, the Retailers' Occupation Tax Act,  
7 the Service Occupation Tax Act or the Service Use Tax Act, in  
8 accordance with reasonable rules and regulations prescribed by  
9 the Department. If the Department subsequently determines that  
10 all or any part of the credit taken was not actually due to the  
11 taxpayer, the taxpayer's 2.1% or 1.75% vendor's discount shall  
12 be reduced by 2.1% or 1.75% of the difference between the  
13 credit taken and that actually due, and the taxpayer shall be  
14 liable for penalties and interest on such difference.

15 If the retailer is otherwise required to file a monthly  
16 return and if the retailer's average monthly tax liability to  
17 the Department does not exceed \$200, the Department may  
18 authorize his returns to be filed on a quarter annual basis,  
19 with the return for January, February, and March of a given  
20 year being due by April 20 of such year; with the return for  
21 April, May and June of a given year being due by July 20 of such  
22 year; with the return for July, August and September of a given  
23 year being due by October 20 of such year, and with the return  
24 for October, November and December of a given year being due by  
25 January 20 of the following year.

26 If the retailer is otherwise required to file a monthly or

1 quarterly return and if the retailer's average monthly tax  
2 liability to the Department does not exceed \$50, the Department  
3 may authorize his returns to be filed on an annual basis, with  
4 the return for a given year being due by January 20 of the  
5 following year.

6 Such quarter annual and annual returns, as to form and  
7 substance, shall be subject to the same requirements as monthly  
8 returns.

9 Notwithstanding any other provision in this Act concerning  
10 the time within which a retailer may file his return, in the  
11 case of any retailer who ceases to engage in a kind of business  
12 which makes him responsible for filing returns under this Act,  
13 such retailer shall file a final return under this Act with the  
14 Department not more than one month after discontinuing such  
15 business.

16 In addition, with respect to motor vehicles, watercraft,  
17 aircraft, and trailers that are required to be registered with  
18 an agency of this State, every retailer selling this kind of  
19 tangible personal property shall file, with the Department,  
20 upon a form to be prescribed and supplied by the Department, a  
21 separate return for each such item of tangible personal  
22 property which the retailer sells, except that if, in the same  
23 transaction, (i) a retailer of aircraft, watercraft, motor  
24 vehicles or trailers transfers more than one aircraft,  
25 watercraft, motor vehicle or trailer to another aircraft,  
26 watercraft, motor vehicle or trailer retailer for the purpose

1 of resale or (ii) a retailer of aircraft, watercraft, motor  
2 vehicles, or trailers transfers more than one aircraft,  
3 watercraft, motor vehicle, or trailer to a purchaser for use as  
4 a qualifying rolling stock as provided in Section 3-55 of this  
5 Act, then that seller may report the transfer of all the  
6 aircraft, watercraft, motor vehicles or trailers involved in  
7 that transaction to the Department on the same uniform  
8 invoice-transaction reporting return form. For purposes of  
9 this Section, "watercraft" means a Class 2, Class 3, or Class 4  
10 watercraft as defined in Section 3-2 of the Boat Registration  
11 and Safety Act, a personal watercraft, or any boat equipped  
12 with an inboard motor.

13 The transaction reporting return in the case of motor  
14 vehicles or trailers that are required to be registered with an  
15 agency of this State, shall be the same document as the Uniform  
16 Invoice referred to in Section 5-402 of the Illinois Vehicle  
17 Code and must show the name and address of the seller; the name  
18 and address of the purchaser; the amount of the selling price  
19 including the amount allowed by the retailer for traded-in  
20 property, if any; the amount allowed by the retailer for the  
21 traded-in tangible personal property, if any, to the extent to  
22 which Section 2 of this Act allows an exemption for the value  
23 of traded-in property; the balance payable after deducting such  
24 trade-in allowance from the total selling price; the amount of  
25 tax due from the retailer with respect to such transaction; the  
26 amount of tax collected from the purchaser by the retailer on

1 such transaction (or satisfactory evidence that such tax is not  
2 due in that particular instance, if that is claimed to be the  
3 fact); the place and date of the sale; a sufficient  
4 identification of the property sold; such other information as  
5 is required in Section 5-402 of the Illinois Vehicle Code, and  
6 such other information as the Department may reasonably  
7 require.

8 The transaction reporting return in the case of watercraft  
9 and aircraft must show the name and address of the seller; the  
10 name and address of the purchaser; the amount of the selling  
11 price including the amount allowed by the retailer for  
12 traded-in property, if any; the amount allowed by the retailer  
13 for the traded-in tangible personal property, if any, to the  
14 extent to which Section 2 of this Act allows an exemption for  
15 the value of traded-in property; the balance payable after  
16 deducting such trade-in allowance from the total selling price;  
17 the amount of tax due from the retailer with respect to such  
18 transaction; the amount of tax collected from the purchaser by  
19 the retailer on such transaction (or satisfactory evidence that  
20 such tax is not due in that particular instance, if that is  
21 claimed to be the fact); the place and date of the sale, a  
22 sufficient identification of the property sold, and such other  
23 information as the Department may reasonably require.

24 Such transaction reporting return shall be filed not later  
25 than 20 days after the date of delivery of the item that is  
26 being sold, but may be filed by the retailer at any time sooner

1 than that if he chooses to do so. The transaction reporting  
2 return and tax remittance or proof of exemption from the tax  
3 that is imposed by this Act may be transmitted to the  
4 Department by way of the State agency with which, or State  
5 officer with whom, the tangible personal property must be  
6 titled or registered (if titling or registration is required)  
7 if the Department and such agency or State officer determine  
8 that this procedure will expedite the processing of  
9 applications for title or registration.

10 With each such transaction reporting return, the retailer  
11 shall remit the proper amount of tax due (or shall submit  
12 satisfactory evidence that the sale is not taxable if that is  
13 the case), to the Department or its agents, whereupon the  
14 Department shall issue, in the purchaser's name, a tax receipt  
15 (or a certificate of exemption if the Department is satisfied  
16 that the particular sale is tax exempt) which such purchaser  
17 may submit to the agency with which, or State officer with  
18 whom, he must title or register the tangible personal property  
19 that is involved (if titling or registration is required) in  
20 support of such purchaser's application for an Illinois  
21 certificate or other evidence of title or registration to such  
22 tangible personal property.

23 No retailer's failure or refusal to remit tax under this  
24 Act precludes a user, who has paid the proper tax to the  
25 retailer, from obtaining his certificate of title or other  
26 evidence of title or registration (if titling or registration

1 is required) upon satisfying the Department that such user has  
2 paid the proper tax (if tax is due) to the retailer. The  
3 Department shall adopt appropriate rules to carry out the  
4 mandate of this paragraph.

5 If the user who would otherwise pay tax to the retailer  
6 wants the transaction reporting return filed and the payment of  
7 tax or proof of exemption made to the Department before the  
8 retailer is willing to take these actions and such user has not  
9 paid the tax to the retailer, such user may certify to the fact  
10 of such delay by the retailer, and may (upon the Department  
11 being satisfied of the truth of such certification) transmit  
12 the information required by the transaction reporting return  
13 and the remittance for tax or proof of exemption directly to  
14 the Department and obtain his tax receipt or exemption  
15 determination, in which event the transaction reporting return  
16 and tax remittance (if a tax payment was required) shall be  
17 credited by the Department to the proper retailer's account  
18 with the Department, but without the 2.1% or 1.75% discount  
19 provided for in this Section being allowed. When the user pays  
20 the tax directly to the Department, he shall pay the tax in the  
21 same amount and in the same form in which it would be remitted  
22 if the tax had been remitted to the Department by the retailer.

23 Where a retailer collects the tax with respect to the  
24 selling price of tangible personal property or taxable service  
25 which he sells and the purchaser thereafter returns such  
26 tangible personal property or cancels the providing of taxable

1 service and the retailer refunds the selling price thereof to  
2 the purchaser, such retailer shall also refund, to the  
3 purchaser, the tax so collected from the purchaser. When filing  
4 his return for the period in which he refunds such tax to the  
5 purchaser, the retailer may deduct the amount of the tax so  
6 refunded by him to the purchaser from any other use tax which  
7 such retailer may be required to pay or remit to the  
8 Department, as shown by such return, if the amount of the tax  
9 to be deducted was previously remitted to the Department by  
10 such retailer. If the retailer has not previously remitted the  
11 amount of such tax to the Department, he is entitled to no  
12 deduction under this Act upon refunding such tax to the  
13 purchaser.

14 Any retailer filing a return under this Section shall also  
15 include (for the purpose of paying tax thereon) the total tax  
16 covered by such return upon the selling price of tangible  
17 personal property or taxable service purchased by him at retail  
18 from a retailer, but as to which the tax imposed by this Act  
19 was not collected from the retailer filing such return, and  
20 such retailer shall remit the amount of such tax to the  
21 Department when filing such return.

22 If experience indicates such action to be practicable, the  
23 Department may prescribe and furnish a combination or joint  
24 return which will enable retailers, who are required to file  
25 returns hereunder and also under the Retailers' Occupation Tax  
26 Act, to furnish all the return information required by both



1 Acts on the one form.

2 Where the retailer has more than one business registered  
3 with the Department under separate registration under this Act,  
4 such retailer may not file each return that is due as a single  
5 return covering all such registered businesses, but shall file  
6 separate returns for each such registered business.

7 Beginning January 1, 1990, each month the Department shall  
8 pay into the State and Local Sales Tax Reform Fund, a special  
9 fund in the State Treasury which is hereby created, the net  
10 revenue realized for the preceding month from the 1% tax on  
11 sales of food for human consumption which is to be consumed off  
12 the premises where it is sold (other than alcoholic beverages,  
13 soft drinks and food which has been prepared for immediate  
14 consumption) and prescription and nonprescription medicines,  
15 drugs, medical appliances, products classified as Class III  
16 medical devices by the United States Food and Drug  
17 Administration that are used for cancer treatment pursuant to a  
18 prescription, as well as any accessories and components related  
19 to those devices, and insulin, urine testing materials,  
20 syringes and needles used by diabetics.

21 Beginning January 1, 1990, each month the Department shall  
22 pay into the County and Mass Transit District Fund 4% of the  
23 net revenue realized for the preceding month from the 6.25%  
24 general rate on the selling price of tangible personal property  
25 which is purchased outside Illinois at retail from a retailer  
26 and which is titled or registered by an agency of this State's

1 government.

2 Beginning January 1, 1990, each month the Department shall  
3 pay into the State and Local Sales Tax Reform Fund, a special  
4 fund in the State Treasury, 20% of the net revenue realized for  
5 the preceding month from the 6.25% general rate on the selling  
6 price of tangible personal property, other than tangible  
7 personal property which is purchased outside Illinois at retail  
8 from a retailer and which is titled or registered by an agency  
9 of this State's government.

10 From July 1, 2017 through June 30, 2018, no deposits shall  
11 be made into the State and Local Sales Tax Reform Fund from the  
12 net revenue realized from the 6.25% general rate on taxable  
13 services. Beginning July 1, 2018 and through June 30, 2019,  
14 each month the Department shall pay into the State and Local  
15 Sales Tax Reform Fund 7% of the net revenue realized for the  
16 preceding month from the 6.25% general rate on the selling  
17 price of taxable services. Beginning July 1, 2019 and through  
18 June 30, 2020, each month the Department shall pay into the  
19 State and Local Sales Tax Reform Fund 13% of the net revenue  
20 realized for the preceding month from the 6.25% general rate on  
21 the selling price of taxable services. Beginning July 1, 2020,  
22 each month the Department shall pay into the State and Local  
23 Sales Tax Reform Fund 20% of the net revenue realized for the  
24 preceding month from the 6.25% general rate on the selling  
25 price of taxable services.

26 Beginning August 1, 2000, each month the Department shall

1 pay into the State and Local Sales Tax Reform Fund 100% 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. Beginning  
4 September 1, 2010, each month the Department shall pay into the  
5 State and Local Sales Tax Reform Fund 100% of the net revenue  
6 realized for the preceding month from the 1.25% rate on the  
7 selling price of sales tax holiday items.

8 Beginning January 1, 1990, each month the Department shall  
9 pay into the Local Government Tax Fund 16% of the net revenue  
10 realized for the preceding month from the 6.25% general rate on  
11 the selling price of tangible personal property which is  
12 purchased outside Illinois at retail from a retailer and which  
13 is titled or registered by an agency of this State's  
14 government.

15 Beginning October 1, 2009, each month the Department shall  
16 pay into the Capital Projects Fund an amount that is equal to  
17 an amount estimated by the Department to represent 80% of the  
18 net revenue realized for the preceding month from the sale of  
19 candy, grooming and hygiene products, and soft drinks that had  
20 been taxed at a rate of 1% prior to September 1, 2009 but that  
21 are now taxed at 6.25%.

22 Beginning July 1, 2011, each month the Department shall pay  
23 into the Clean Air Act Permit Fund 80% of the net revenue  
24 realized for the preceding month from the 6.25% general rate on  
25 the selling price of sorbents used in Illinois in the process  
26 of sorbent injection as used to comply with the Environmental

1 Protection Act or the federal Clean Air Act, but the total  
2 payment into the Clean Air Act Permit Fund under this Act and  
3 the Retailers' Occupation Tax Act shall not exceed \$2,000,000  
4 in any fiscal year.

5 Beginning July 1, 2013, each month the Department shall pay  
6 into the Underground Storage Tank Fund from the proceeds  
7 collected under this Act, the Service Use Tax Act, the Service  
8 Occupation Tax Act, and the Retailers' Occupation Tax Act an  
9 amount equal to the average monthly deficit in the Underground  
10 Storage Tank Fund during the prior year, as certified annually  
11 by the Illinois Environmental Protection Agency, but the total  
12 payment into the Underground Storage Tank Fund under this Act,  
13 the Service Use Tax Act, the Service Occupation Tax Act, and  
14 the Retailers' Occupation Tax Act shall not exceed \$18,000,000  
15 in any State fiscal year. As used in this paragraph, the  
16 "average monthly deficit" shall be equal to the difference  
17 between the average monthly claims for payment by the fund and  
18 the average monthly revenues deposited into the fund, excluding  
19 payments made pursuant to this paragraph.

20 Beginning July 1, 2015, of the remainder of the moneys  
21 received by the Department under this Act, the Service Use Tax  
22 Act, the Service Occupation Tax Act, and the Retailers'  
23 Occupation Tax Act, each month the Department shall deposit  
24 \$500,000 into the State Crime Laboratory Fund.

25 Of the remainder of the moneys received by the Department  
26 pursuant to this Act, (a) 1.75% thereof shall be paid into the

1 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
2 and after July 1, 1989, 3.8% thereof shall be paid into the  
3 Build Illinois Fund; provided, however, that if in any fiscal  
4 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
5 may be, of the moneys received by the Department and required  
6 to be paid into the Build Illinois Fund pursuant to Section 3  
7 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax  
8 Act, Section 9 of the Service Use Tax Act, and Section 9 of the  
9 Service Occupation Tax Act, such Acts being hereinafter called  
10 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case  
11 may be, of moneys being hereinafter called the "Tax Act  
12 Amount", and (2) the amount transferred to the Build Illinois  
13 Fund from the State and Local Sales Tax Reform Fund shall be  
14 less than the Annual Specified Amount (as defined in Section 3  
15 of the Retailers' Occupation Tax Act), an amount equal to the  
16 difference shall be immediately paid into the Build Illinois  
17 Fund from other moneys received by the Department pursuant to  
18 the Tax Acts; and further provided, that if on the last  
19 business day of any month the sum of (1) the Tax Act Amount  
20 required to be deposited into the Build Illinois Bond Account  
21 in the Build Illinois Fund during such month and (2) the amount  
22 transferred during such month to the Build Illinois Fund from  
23 the State and Local Sales Tax Reform Fund shall have been less  
24 than 1/12 of the Annual Specified Amount, an amount equal to  
25 the difference shall be immediately paid into the Build  
26 Illinois Fund from other moneys received by the Department

1 pursuant to the Tax Acts; and, further provided, that in no  
2 event shall the payments required under the preceding proviso  
3 result in aggregate payments into the Build Illinois Fund  
4 pursuant to this clause (b) for any fiscal year in excess of  
5 the greater of (i) the Tax Act Amount or (ii) the Annual  
6 Specified Amount for such fiscal year; and, further provided,  
7 that the amounts payable into the Build Illinois Fund under  
8 this clause (b) shall be payable only until such time as the  
9 aggregate amount on deposit under each trust indenture securing  
10 Bonds issued and outstanding pursuant to the Build Illinois  
11 Bond Act is sufficient, taking into account any future  
12 investment income, to fully provide, in accordance with such  
13 indenture, for the defeasance of or the payment of the  
14 principal of, premium, if any, and interest on the Bonds  
15 secured by such indenture and on any Bonds expected to be  
16 issued thereafter and all fees and costs payable with respect  
17 thereto, all as certified by the Director of the Bureau of the  
18 Budget (now Governor's Office of Management and Budget). If on  
19 the last business day of any month in which Bonds are  
20 outstanding pursuant to the Build Illinois Bond Act, the  
21 aggregate of the moneys deposited in the Build Illinois Bond  
22 Account in the Build Illinois Fund in such month shall be less  
23 than the amount required to be transferred in such month from  
24 the Build Illinois Bond Account to the Build Illinois Bond  
25 Retirement and Interest Fund pursuant to Section 13 of the  
26 Build Illinois Bond Act, an amount equal to such deficiency

1 shall be immediately paid from other moneys received by the  
2 Department pursuant to the Tax Acts to the Build Illinois Fund;  
3 provided, however, that any amounts paid to the Build Illinois  
4 Fund in any fiscal year pursuant to this sentence shall be  
5 deemed to constitute payments pursuant to clause (b) of the  
6 preceding sentence and shall reduce the amount otherwise  
7 payable for such fiscal year pursuant to clause (b) of the  
8 preceding sentence. The moneys received by the Department  
9 pursuant to this Act and required to be deposited into the  
10 Build Illinois Fund are subject to the pledge, claim and charge  
11 set forth in Section 12 of the Build Illinois Bond Act.

12 Subject to payment of amounts into the Build Illinois Fund  
13 as provided in the preceding paragraph or in any amendment  
14 thereto hereafter enacted, the following specified monthly  
15 installment of the amount requested in the certificate of the  
16 Chairman of the Metropolitan Pier and Exposition Authority  
17 provided under Section 8.25f of the State Finance Act, but not  
18 in excess of the sums designated as "Total Deposit", shall be  
19 deposited in the aggregate from collections under Section 9 of  
20 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
21 9 of the Service Occupation Tax Act, and Section 3 of the  
22 Retailers' Occupation Tax Act into the McCormick Place  
23 Expansion Project Fund in the specified fiscal years.

24	Fiscal Year	Total Deposit
25	1993	\$0
26	1994	53,000,000

1	1995	58,000,000
2	1996	61,000,000
3	1997	64,000,000
4	1998	68,000,000
5	1999	71,000,000
6	2000	75,000,000
7	2001	80,000,000
8	2002	93,000,000
9	2003	99,000,000
10	2004	103,000,000
11	2005	108,000,000
12	2006	113,000,000
13	2007	119,000,000
14	2008	126,000,000
15	2009	132,000,000
16	2010	139,000,000
17	2011	146,000,000
18	2012	153,000,000
19	2013	161,000,000
20	2014	170,000,000
21	2015	179,000,000
22	2016	189,000,000
23	2017	199,000,000
24	2018	210,000,000
25	2019	221,000,000
26	2020	233,000,000



1	2021	246,000,000
2	2022	260,000,000
3	2023	275,000,000
4	2024	275,000,000
5	2025	275,000,000
6	2026	279,000,000
7	2027	292,000,000
8	2028	307,000,000
9	2029	322,000,000
10	2030	338,000,000
11	2031	350,000,000
12	2032	350,000,000

13                   and  
14                   each fiscal year  
15                   thereafter that bonds  
16                   are outstanding under  
17                   Section 13.2 of the  
18                   Metropolitan Pier and  
19                   Exposition Authority Act,  
20                   but not after fiscal year 2060.

21                   Beginning July 20, 1993 and in each month of each fiscal  
22                   year thereafter, one-eighth of the amount requested in the  
23                   certificate of the Chairman of the Metropolitan Pier and  
24                   Exposition Authority for that fiscal year, less the amount  
25                   deposited into the McCormick Place Expansion Project Fund by  
26                   the State Treasurer in the respective month under subsection

1 (g) of Section 13 of the Metropolitan Pier and Exposition  
2 Authority Act, plus cumulative deficiencies in the deposits  
3 required under this Section for previous months and years,  
4 shall be deposited into the McCormick Place Expansion Project  
5 Fund, until the full amount requested for the fiscal year, but  
6 not in excess of the amount specified above as "Total Deposit",  
7 has been deposited.

8 Subject to payment of amounts into the Build Illinois Fund  
9 and the McCormick Place Expansion Project Fund pursuant to the  
10 preceding paragraphs or in any amendments thereto hereafter  
11 enacted, beginning July 1, 1993 and ending on September 30,  
12 2013, the Department shall each month pay into the Illinois Tax  
13 Increment Fund 0.27% of 80% of the net revenue realized for the  
14 preceding month from the 6.25% general rate on the selling  
15 price of tangible personal property.

16 Subject to payment of amounts into the Build Illinois Fund  
17 and the McCormick Place Expansion Project Fund pursuant to the  
18 preceding paragraphs or in any amendments thereto hereafter  
19 enacted, beginning with the receipt of the first report of  
20 taxes paid by an eligible business and continuing for a 25-year  
21 period, the Department shall each month pay into the Energy  
22 Infrastructure Fund 80% of the net revenue realized from the  
23 6.25% general rate on the selling price of Illinois-mined coal  
24 that was sold to an eligible business. For purposes of this  
25 paragraph, the term "eligible business" means a new electric  
26 generating facility certified pursuant to Section 605-332 of

1 the Department of Commerce and Economic Opportunity Law of the  
2 Civil Administrative Code of Illinois.

3 Subject to payment of amounts into the Build Illinois Fund,  
4 the McCormick Place Expansion Project Fund, the Illinois Tax  
5 Increment Fund, and the Energy Infrastructure Fund pursuant to  
6 the preceding paragraphs or in any amendments to this Section  
7 hereafter enacted, beginning on the first day of the first  
8 calendar month to occur on or after August 26, 2014 (the  
9 effective date of Public Act 98-1098) ~~this amendatory Act of~~  
10 ~~the 98th General Assembly~~, each month, from the collections  
11 made under Section 9 of the Use Tax Act, Section 9 of the  
12 Service Use Tax Act, Section 9 of the Service Occupation Tax  
13 Act, and Section 3 of the Retailers' Occupation Tax Act, the  
14 Department shall pay into the Tax Compliance and Administration  
15 Fund, to be used, subject to appropriation, to fund additional  
16 auditors and compliance personnel at the Department of Revenue,  
17 an amount equal to 1/12 of 5% of 80% of the cash receipts  
18 collected during the preceding fiscal year by the Audit Bureau  
19 of the Department under the Use Tax Act, the Service Use Tax  
20 Act, the Service Occupation Tax Act, the Retailers' Occupation  
21 Tax Act, and associated local occupation and use taxes  
22 administered by the Department.

23 Of the remainder of the moneys received by the Department  
24 pursuant to this Act, 75% thereof shall be paid into the State  
25 Treasury and 25% shall be reserved in a special account and  
26 used only for the transfer to the Common School Fund as part of

1 the monthly transfer from the General Revenue Fund in  
2 accordance with Section 8a of the State Finance Act.

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 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;  
22 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.  
23 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,  
24 eff. 1-27-17; revised 2-3-17.)

1           Sec. 10. Except as to motor vehicles, aircraft, watercraft,  
2 and trailers, and except as to cigarettes as defined in the  
3 Cigarette Use Tax Act, when tangible personal property or  
4 (beginning January 1, 2018 a taxable service) is purchased from  
5 a retailer for use in this State by a purchaser who did not pay  
6 the tax imposed by this Act to the retailer, and who does not  
7 file returns with the Department as a retailer under Section 9  
8 of this Act, such purchaser (by the last day of the month  
9 following the calendar month in which such purchaser makes any  
10 payment upon the selling price of such property) shall, except  
11 as otherwise provided in this Section, file a return with the  
12 Department and pay the tax upon that portion of the selling  
13 price so paid by the purchaser during the preceding calendar  
14 month. When tangible personal property, including but not  
15 limited to motor vehicles and aircraft, is purchased by a  
16 lessor, under a lease for one year or longer, executed or in  
17 effect at the time of purchase to an interstate carrier for  
18 hire, who did not pay the tax imposed by this Act to the  
19 retailer, such lessor (by the last day of the month following  
20 the calendar month in which such property reverts to the use of  
21 such lessor) shall file a return with the Department and pay  
22 the tax upon the fair market value of such property on the date  
23 of such reversion. However, in determining the fair market  
24 value at the time of reversion, the fair market value of such  
25 property shall not exceed the original purchase price of the  
26 property that was paid by the lessor at the time of purchase.

1 Such return shall be filed on a form prescribed by the  
2 Department and shall contain such information as the Department  
3 may reasonably require. Such return and payment from the  
4 purchaser shall be submitted to the Department sooner than the  
5 last day of the month after the month in which the purchase is  
6 made to the extent that that may be necessary in order to  
7 secure the title to a motor vehicle or the certificate of  
8 registration for an aircraft. However, except as to motor  
9 vehicles and aircraft, and except as to cigarettes as defined  
10 in the Cigarette Use Tax Act, if the purchaser's annual use tax  
11 liability does not exceed \$600, the purchaser may file the  
12 return on an annual basis on or before April 15th of the year  
13 following the year use tax liability was incurred. Individual  
14 purchasers with an annual use tax liability that does not  
15 exceed \$600 may, in lieu of the filing and payment requirements  
16 in this Section, file and pay in compliance with Section 502.1  
17 of the Illinois Income Tax Act.

18 If cigarettes, as defined in the Cigarette Use Tax Act, are  
19 purchased from a retailer for use in this State by a purchaser  
20 who did not pay the tax imposed by this Act to the retailer,  
21 and who does not file returns with the Department as a retailer  
22 under Section 9 of this Act, such purchaser must, within 30  
23 days after acquiring the cigarettes, file a return with the  
24 Department and pay the tax upon that portion of the selling  
25 price so paid by the purchaser for the cigarettes.

26 In addition with respect to motor vehicles, aircraft,

1 watercraft, and trailers, a purchaser of such tangible personal  
2 property for use in this State, who purchases such tangible  
3 personal property from an out-of-state retailer, shall file  
4 with the Department, upon a form to be prescribed and supplied  
5 by the Department, a return for each such item of tangible  
6 personal property purchased, except that if, in the same  
7 transaction, (i) a purchaser of motor vehicles, aircraft,  
8 watercraft, or trailers who is a retailer of motor vehicles,  
9 aircraft, watercraft, or trailers purchases more than one motor  
10 vehicle, aircraft, watercraft, or trailer for the purpose of  
11 resale or (ii) a purchaser of motor vehicles, aircraft,  
12 watercraft, or trailers purchases more than one motor vehicle,  
13 aircraft, watercraft, or trailer for use as qualifying rolling  
14 stock as provided in Section 3-55 of this Act, then the  
15 purchaser may report the purchase of all motor vehicles,  
16 aircraft, watercraft, or trailers involved in that transaction  
17 to the Department on a single return prescribed by the  
18 Department. Such return in the case of motor vehicles and  
19 aircraft must show the name and address of the seller, the  
20 name, address of purchaser, the amount of the selling price  
21 including the amount allowed by the retailer for traded in  
22 property, if any; the amount allowed by the retailer for the  
23 traded-in tangible personal property, if any, to the extent to  
24 which Section 2 of this Act allows an exemption for the value  
25 of traded-in property; the balance payable after deducting such  
26 trade-in allowance from the total selling price; the amount of

1 tax due from the purchaser with respect to such transaction;  
2 the amount of tax collected from the purchaser by the retailer  
3 on such transaction (or satisfactory evidence that such tax is  
4 not due in that particular instance if that is claimed to be  
5 the fact); the place and date of the sale, a sufficient  
6 identification of the property sold, and such other information  
7 as the Department may reasonably require.

8 Such return shall be filed not later than 30 days after  
9 such motor vehicle or aircraft is brought into this State for  
10 use.

11 For purposes of this Section, "watercraft" means a Class 2,  
12 Class 3, or Class 4 watercraft as defined in Section 3-2 of the  
13 Boat Registration and Safety Act, a personal watercraft, or any  
14 boat equipped with an inboard motor.

15 The return and tax remittance or proof of exemption from  
16 the tax that is imposed by this Act may be transmitted to the  
17 Department by way of the State agency with which, or State  
18 officer with whom, the tangible personal property must be  
19 titled or registered (if titling or registration is required)  
20 if the Department and such agency or State officer determine  
21 that this procedure will expedite the processing of  
22 applications for title or registration.

23 With each such return, the purchaser shall remit the proper  
24 amount of tax due (or shall submit satisfactory evidence that  
25 the sale is not taxable if that is the case), to the Department  
26 or its agents, whereupon the Department shall issue, in the



1 purchaser's name, a tax receipt (or a certificate of exemption  
2 if the Department is satisfied that the particular sale is tax  
3 exempt) which such purchaser may submit to the agency with  
4 which, or State officer with whom, he must title or register  
5 the tangible personal property that is involved (if titling or  
6 registration is required) in support of such purchaser's  
7 application for an Illinois certificate or other evidence of  
8 title or registration to such tangible personal property.

9 When a purchaser pays a tax imposed by this Act directly to  
10 the Department, the Department (upon request therefor from such  
11 purchaser) shall issue an appropriate receipt to such purchaser  
12 showing that he has paid such tax to the Department. Such  
13 receipt shall be sufficient to relieve the purchaser from  
14 further liability for the tax to which such receipt may refer.

15 A user who is liable to pay use tax directly to the  
16 Department only occasionally and not on a frequently recurring  
17 basis, and who is not required to file returns with the  
18 Department as a retailer under Section 9 of this Act, or under  
19 the "Retailers' Occupation Tax Act", or as a registrant with  
20 the Department under the "Service Occupation Tax Act" or the  
21 "Service Use Tax Act", need not register with the Department.  
22 However, if such a user has a frequently recurring direct use  
23 tax liability to pay to the Department, such user shall be  
24 required to register with the Department on forms prescribed by  
25 the Department and to obtain and display a certificate of  
26 registration from the Department. In that event, all of the

1 provisions of Section 9 of this Act concerning the filing of  
2 regular monthly, quarterly or annual tax returns and all of the  
3 provisions of Section 2a of the "Retailers' Occupation Tax Act"  
4 concerning the requirements for registrants to post bond or  
5 other security with the Department, as the provisions of such  
6 sections now exist or may hereafter be amended, shall apply to  
7 such users to the same extent as if such provisions were  
8 included herein.

9 (Source: P.A. 96-520, eff. 8-14-09; 96-1000, eff. 7-2-10;  
10 96-1388, eff. 7-29-10.)

11 (35 ILCS 105/11) (from Ch. 120, par. 439.11)

12 Sec. 11. Every retailer required or authorized to collect  
13 taxes hereunder and every person using in this State tangible  
14 personal property or taxable service purchased at retail from a  
15 retailer on or after the effective date hereof shall keep such  
16 records, receipts, invoices and other pertinent books,  
17 documents, memoranda and papers as the Department shall  
18 require, in such form as the Department shall require. The  
19 Department may adopt rules that establish requirements,  
20 including record forms and formats, for records required to be  
21 kept and maintained by taxpayers. For purposes of this Section,  
22 "records" means all data maintained by the taxpayer, including  
23 data on paper, microfilm, microfiche or any type of  
24 machine-sensible data compilation. For the purpose of  
25 administering and enforcing the provisions hereof, the

1 Department, or any officer or employee of the Department  
2 designated, in writing, by the Director thereof, may hold  
3 investigations and hearings concerning any matters covered  
4 herein and may examine any books, papers, records, documents or  
5 memoranda of any retailer or purchaser bearing upon the sales  
6 or purchases of tangible personal property, the privilege of  
7 using which is taxed hereunder, and may require the attendance  
8 of such person or any officer or employee of such person, or of  
9 any person having knowledge of the facts, and may take  
10 testimony and require proof for its information.

11 (Source: P.A. 88-480.)

12 Section 30-25. The Service Use Tax Act is amended by  
13 changing Sections 2 and 3-5 as follows:

14 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

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, but does not include the sale or use for  
19 demonstration by him of that property in any form as tangible  
20 personal property in the regular course of business. "Use" does  
21 not mean the interim use of tangible personal property nor the  
22 physical incorporation of tangible personal property, as an  
23 ingredient or constituent, into other tangible personal  
24 property, (a) which is sold in the regular course of business

1 or (b) which the person incorporating such ingredient or  
2 constituent therein has undertaken at the time of such purchase  
3 to cause to be transported in interstate commerce to  
4 destinations outside the State of Illinois.

5 "Purchased from a serviceman" means the acquisition of the  
6 ownership of, or title to, tangible personal property through a  
7 sale of service.

8 "Purchaser" means any person who, through a sale of  
9 service, acquires the ownership of, or title to, any tangible  
10 personal property.

11 "Cost price" means the consideration paid by the serviceman  
12 for a purchase valued in money, whether paid in money or  
13 otherwise, including cash, credits and services, and shall be  
14 determined without any deduction on account of the supplier's  
15 cost of the property sold or on account of any other expense  
16 incurred by the supplier. When a serviceman contracts out part  
17 or all of the services required in his sale of service, it  
18 shall be presumed that the cost price to the serviceman of the  
19 property transferred to him or her by his or her subcontractor  
20 is equal to 50% of the subcontractor's charges to the  
21 serviceman in the absence of proof of the consideration paid by  
22 the subcontractor for the purchase of such property.

23 "Selling price" means the consideration for a sale valued  
24 in money whether received in money or otherwise, including  
25 cash, credits and service, and shall be determined without any  
26 deduction on account of the serviceman's cost of the property

1 sold, the cost of materials used, labor or service cost or any  
2 other expense whatsoever, but does not include interest or  
3 finance charges which appear as separate items on the bill of  
4 sale or sales contract nor charges that are added to prices by  
5 sellers on account of the seller's duty to collect, from the  
6 purchaser, the tax that is imposed by this Act.

7 "Department" means the Department of Revenue.

8 "Person" means any natural individual, firm, partnership,  
9 association, joint stock company, joint venture, public or  
10 private corporation, limited liability company, and any  
11 receiver, executor, trustee, guardian or other representative  
12 appointed by order of any court.

13 "Sale of service" means any transaction except:

14 (1) a retail sale of tangible personal property taxable  
15 under the Retailers' Occupation Tax Act or under the Use  
16 Tax Act.

17 (2) a sale of tangible personal property for the  
18 purpose of resale made in compliance with Section 2c of the  
19 Retailers' Occupation Tax Act.

20 (3) except as hereinafter provided, a sale or transfer  
21 of tangible personal property as an incident to the  
22 rendering of service for or by any governmental body, or  
23 for or by any corporation, society, association,  
24 foundation or institution organized and operated  
25 exclusively for charitable, religious or educational  
26 purposes or any not-for-profit corporation, society,

1 association, foundation, institution or organization which  
2 has no compensated officers or employees and which is  
3 organized and operated primarily for the recreation of  
4 persons 55 years of age or older. A limited liability  
5 company may qualify for the exemption under this paragraph  
6 only if the limited liability company is organized and  
7 operated exclusively for educational purposes.

8 (4) a sale or transfer of tangible personal property as  
9 an incident to the rendering of service for interstate  
10 carriers for hire for use as rolling stock moving in  
11 interstate commerce or by lessors under a lease of one year  
12 or longer, executed or in effect at the time of purchase of  
13 personal property, to interstate carriers for hire for use  
14 as rolling stock moving in interstate commerce so long as  
15 so used by such interstate carriers for hire, and equipment  
16 operated by a telecommunications provider, licensed as a  
17 common carrier by the Federal Communications Commission,  
18 which is permanently installed in or affixed to aircraft  
19 moving in interstate commerce.

20 (4a) a sale or transfer of tangible personal property  
21 as an incident to the rendering of service for owners,  
22 lessors, or shippers of tangible personal property which is  
23 utilized by interstate carriers for hire for use as rolling  
24 stock moving in interstate commerce so long as so used by  
25 interstate carriers for hire, and equipment operated by a  
26 telecommunications provider, licensed as a common carrier

1 by the Federal Communications Commission, which is  
2 permanently installed in or affixed to aircraft moving in  
3 interstate commerce.

4 (4a-5) on and after July 1, 2003 and through June 30,  
5 2004, a sale or transfer of a motor vehicle of the second  
6 division with a gross vehicle weight in excess of 8,000  
7 pounds as an incident to the rendering of service if that  
8 motor vehicle is subject to the commercial distribution fee  
9 imposed under Section 3-815.1 of the Illinois Vehicle Code.

10 Beginning on July 1, 2004 and through June 30, 2005, the

11 use in this State of motor vehicles of the second division:

12 (i) with a gross vehicle weight rating in excess of 8,000  
13 pounds; (ii) that are subject to the commercial  
14 distribution fee imposed under Section 3-815.1 of the  
15 Illinois Vehicle Code; and (iii) that are primarily used  
16 for commercial purposes. Through June 30, 2005, this  
17 exemption applies to repair and replacement parts added  
18 after the initial purchase of such a motor vehicle if that  
19 motor vehicle is used in a manner that would qualify for  
20 the rolling stock exemption otherwise provided for in this  
21 Act. For purposes of this paragraph, "used for commercial  
22 purposes" means the transportation of persons or property  
23 in furtherance of any commercial or industrial enterprise  
24 whether for-hire or not.

25 (5) a sale or transfer of machinery and equipment used  
26 primarily in the process of the manufacturing or

1 assembling, either in an existing, an expanded or a new  
2 manufacturing facility, of tangible personal property for  
3 wholesale or retail sale or lease, whether such sale or  
4 lease is made directly by the manufacturer or by some other  
5 person, whether the materials used in the process are owned  
6 by the manufacturer or some other person, or whether such  
7 sale or lease is made apart from or as an incident to the  
8 seller's engaging in a service occupation and the  
9 applicable tax is a Service Use Tax or Service Occupation  
10 Tax, rather than Use Tax or Retailers' Occupation Tax. The  
11 exemption provided by this paragraph (5) does not include  
12 machinery and equipment used in (i) the generation of  
13 electricity for wholesale or retail sale; (ii) the  
14 generation or treatment of natural or artificial gas for  
15 wholesale or retail sale that is delivered to customers  
16 through pipes, pipelines, or mains; or (iii) the treatment  
17 of water for wholesale or retail sale that is delivered to  
18 customers through pipes, pipelines, or mains. The  
19 provisions of this amendatory Act of the 98th General  
20 Assembly are declaratory of existing law as to the meaning  
21 and scope of this exemption. The exemption under this  
22 paragraph (5) is exempt from the provisions of Section  
23 3-75.

24 (5a) the repairing, reconditioning or remodeling, for  
25 a common carrier by rail, of tangible personal property  
26 which belongs to such carrier for hire, and as to which



1       such carrier receives the physical possession of the  
2       repaired, reconditioned or remodeled item of tangible  
3       personal property in Illinois, and which such carrier  
4       transports, or shares with another common carrier in the  
5       transportation of such property, out of Illinois on a  
6       standard uniform bill of lading showing the person who  
7       repaired, reconditioned or remodeled the property to a  
8       destination outside Illinois, for use outside Illinois.

9           (5b) a sale or transfer of tangible personal property  
10       which is produced by the seller thereof on special order in  
11       such a way as to have made the applicable tax the Service  
12       Occupation Tax or the Service Use Tax, rather than the  
13       Retailers' Occupation Tax or the Use Tax, for an interstate  
14       carrier by rail which receives the physical possession of  
15       such property in Illinois, and which transports such  
16       property, 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 seller of the  
19       property as the shipper or consignor of such property to a  
20       destination outside Illinois, for use outside Illinois.

21           (6) until July 1, 2003, a sale or transfer of  
22       distillation machinery and equipment, sold as a unit or kit  
23       and assembled or installed by the retailer, which machinery  
24       and equipment is certified by the user to be used only for  
25       the production of ethyl alcohol that will be used for  
26       consumption as motor fuel or as a component of motor fuel

1 for the personal use of such user and not subject to sale  
2 or resale.

3 (7) at the election of any serviceman not required to  
4 be otherwise registered as a retailer under Section 2a of  
5 the Retailers' Occupation Tax Act, made for each fiscal  
6 year sales of service in which the aggregate annual cost  
7 price of tangible personal property transferred as an  
8 incident to the sales of service is less than 35%, or 75%  
9 in the case of servicemen transferring prescription drugs  
10 or servicemen engaged in graphic arts production, of the  
11 aggregate annual total gross receipts from all sales of  
12 service. The purchase of such tangible personal property by  
13 the serviceman shall be subject to tax under the Retailers'  
14 Occupation Tax Act and the Use Tax Act. However, if a  
15 primary serviceman who has made the election described in  
16 this paragraph subcontracts service work to a secondary  
17 serviceman who has also made the election described in this  
18 paragraph, the primary serviceman does not incur a Use Tax  
19 liability if the secondary serviceman (i) has paid or will  
20 pay Use Tax on his or her cost price of any tangible  
21 personal property transferred to the primary serviceman  
22 and (ii) certifies that fact in writing to the primary  
23 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 (5) 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 (5) also  
5 includes production related tangible personal property, as  
6 defined in Section 3-50 of the Use Tax Act. On and after July  
7 1, 2017, exemption (5) also includes graphic arts machinery and  
8 equipment, as defined in paragraph (5) of Section 3-5. The  
9 machinery and equipment exemption does not include machinery  
10 and equipment used in (i) the generation of electricity for  
11 wholesale or retail sale; (ii) the generation or treatment of  
12 natural or artificial gas for wholesale or retail sale that is  
13 delivered to customers through pipes, pipelines, or mains; or  
14 (iii) the treatment of water for wholesale or retail sale that  
15 is delivered to customers through pipes, pipelines, or mains.  
16 The provisions of this amendatory Act of the 98th General  
17 Assembly are declaratory of existing law as to the meaning and  
18 scope of this exemption. For the purposes of exemption (5),  
19 each of these terms shall have the following meanings: (1)  
20 "manufacturing process" shall mean the production of any  
21 article of tangible personal property, whether such article is  
22 a finished product or an article for use in the process of  
23 manufacturing or assembling a different article of tangible  
24 personal property, by procedures commonly regarded as  
25 manufacturing, processing, fabricating, or refining which  
26 changes some existing material or materials into a material

1 with a different form, use or name. In relation to a recognized  
2 integrated business composed of a series of operations which  
3 collectively constitute manufacturing, or individually  
4 constitute manufacturing operations, the manufacturing process  
5 shall be deemed to commence with the first operation or stage  
6 of production in the series, and shall not be deemed to end  
7 until the completion of the final product in the last operation  
8 or stage of production in the series; and further, for purposes  
9 of exemption (5), photoprocessing is deemed to be a  
10 manufacturing process of tangible personal property for  
11 wholesale or retail sale; (2) "assembling process" shall mean  
12 the production of any article of tangible personal property,  
13 whether such article is a finished product or an article for  
14 use in the process of manufacturing or assembling a different  
15 article of tangible personal property, by the combination of  
16 existing materials in a manner commonly regarded as assembling  
17 which results in a material of a different form, use or name;  
18 (3) "machinery" shall mean major mechanical machines or major  
19 components of such machines contributing to a manufacturing or  
20 assembling process; and (4) "equipment" shall include any  
21 independent device or tool separate from any machinery but  
22 essential to an integrated manufacturing or assembly process;  
23 including computers used primarily in a manufacturer's  
24 computer assisted design, computer assisted manufacturing  
25 (CAD/CAM) system; or any subunit or assembly comprising a  
26 component of any machinery or auxiliary, adjunct or attachment

1 parts of machinery, such as tools, dies, jigs, fixtures,  
2 patterns and molds; or any parts which require periodic  
3 replacement in the course of normal operation; but shall not  
4 include hand tools. Equipment includes chemicals or chemicals  
5 acting as catalysts but only if the chemicals or chemicals  
6 acting as catalysts effect a direct and immediate change upon a  
7 product being manufactured or assembled for wholesale or retail  
8 sale or lease. The purchaser of such machinery and equipment  
9 who has an active resale registration number shall furnish such  
10 number to the seller at the time of purchase. The user of such  
11 machinery and equipment and tools without an active resale  
12 registration number shall prepare a certificate of exemption  
13 for each transaction stating facts establishing the exemption  
14 for that transaction, which certificate shall be available to  
15 the Department for inspection or audit. The Department shall  
16 prescribe the form of the certificate.

17 Any informal rulings, opinions or letters issued by the  
18 Department in response to an inquiry or request for any opinion  
19 from any person regarding the coverage and applicability of  
20 exemption (5) to specific devices shall be published,  
21 maintained as a public record, and made available for public  
22 inspection and copying. If the informal ruling, opinion or  
23 letter contains trade secrets or other confidential  
24 information, where possible the Department shall delete such  
25 information prior to publication. Whenever such informal  
26 rulings, opinions, or letters contain any policy of general

1 applicability, the Department shall formulate and adopt such  
2 policy as a rule in accordance with the provisions of the  
3 Illinois Administrative Procedure Act.

4 On and after July 1, 1987, no entity otherwise eligible  
5 under exemption (3) of this Section shall make tax free  
6 purchases unless it has an active exemption identification  
7 number issued by the Department.

8 The purchase, employment and transfer of such tangible  
9 personal property as newsprint and ink for the primary purpose  
10 of conveying news (with or without other information) is not a  
11 purchase, use or sale of service or of tangible personal  
12 property within the meaning of this Act.

13 "Serviceman" means any person who is engaged in the  
14 occupation of making sales of service.

15 "Sale at retail" means "sale at retail" as defined in the  
16 Retailers' Occupation Tax Act.

17 "Supplier" means any person who makes sales of tangible  
18 personal property to servicemen for the purpose of resale as an  
19 incident to a sale of service.

20 "Serviceman maintaining a place of business in this State",  
21 or any like term, means and includes any serviceman:

22 1. having or maintaining within this State, directly or  
23 by a subsidiary, an office, distribution house, sales  
24 house, warehouse or other place of business, or any agent  
25 or other representative operating within this State under  
26 the authority of the serviceman or its subsidiary,

1           irrespective of whether such place of business or agent or  
2           other representative is located here permanently or  
3           temporarily, or whether such serviceman or subsidiary is  
4           licensed to do business in this State;

5           1.1. having a contract with a person located in this  
6           State under which the person, for a commission or other  
7           consideration based on the sale of service by the  
8           serviceman, directly or indirectly refers potential  
9           customers to the serviceman by providing to the potential  
10          customers a promotional code or other mechanism that allows  
11          the serviceman to track purchases referred by such persons.  
12          Examples of mechanisms that allow the serviceman to track  
13          purchases referred by such persons include but are not  
14          limited to the use of a link on the person's Internet  
15          website, promotional codes distributed through the  
16          person's hand-delivered or mailed material, and  
17          promotional codes distributed by the person through radio  
18          or other broadcast media. The provisions of this paragraph  
19          1.1 shall apply only if the cumulative gross receipts from  
20          sales of service by the serviceman to customers who are  
21          referred to the serviceman by all persons in this State  
22          under such contracts exceed \$10,000 during the preceding 4  
23          quarterly periods ending on the last day of March, June,  
24          September, and December; a serviceman meeting the  
25          requirements of this paragraph 1.1 shall be presumed to be  
26          maintaining a place of business in this State but may rebut

1 this presumption by submitting proof that the referrals or  
2 other activities pursued within this State by such persons  
3 were not sufficient to meet the nexus standards of the  
4 United States Constitution during the preceding 4  
5 quarterly periods;

6 1.2. beginning July 1, 2011, having a contract with a  
7 person located in this State under which:

8 A. the serviceman sells the same or substantially  
9 similar line of services as the person located in this  
10 State and does so using an identical or substantially  
11 similar name, trade name, or trademark as the person  
12 located in this State; and

13 B. the serviceman provides a commission or other  
14 consideration to the person located in this State based  
15 upon the sale of services by the serviceman.

16 The provisions of this paragraph 1.2 shall apply only if  
17 the cumulative gross receipts from sales of service by the  
18 serviceman to customers in this State under all such  
19 contracts exceed \$10,000 during the preceding 4 quarterly  
20 periods ending on the last day of March, June, September,  
21 and December;

22 2. soliciting orders for tangible personal property by  
23 means of a telecommunication or television shopping system  
24 (which utilizes toll free numbers) which is intended by the  
25 retailer to be broadcast by cable television or other means  
26 of broadcasting, to consumers located in this State;



1           3. pursuant to a contract with a broadcaster or  
2 publisher located in this State, soliciting orders for  
3 tangible personal property by means of advertising which is  
4 disseminated primarily to consumers located in this State  
5 and only secondarily to bordering jurisdictions;

6           4. soliciting orders for tangible personal property by  
7 mail if the solicitations are substantial and recurring and  
8 if the retailer benefits from any banking, financing, debt  
9 collection, telecommunication, or marketing activities  
10 occurring in this State or benefits from the location in  
11 this State of authorized installation, servicing, or  
12 repair facilities;

13           5. being owned or controlled by the same interests  
14 which own or control any retailer engaging in business in  
15 the same or similar line of business in this State;

16           6. having a franchisee or licensee operating under its  
17 trade name if the franchisee or licensee is required to  
18 collect the tax under this Section;

19           7. pursuant to a contract with a cable television  
20 operator located in this State, soliciting orders for  
21 tangible personal property by means of advertising which is  
22 transmitted or distributed over a cable television system  
23 in this State; or

24           8. engaging in activities in Illinois, which  
25 activities in the state in which the supply business  
26 engaging in such activities is located would constitute

1 maintaining a place of business in that state.

2 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

3 (35 ILCS 110/3-5)

4 Sec. 3-5. Exemptions. Use of the following tangible  
5 personal property is exempt from the tax imposed by this Act:

6 (1) Personal property purchased from a corporation,  
7 society, association, foundation, institution, or  
8 organization, other than a limited liability company, that is  
9 organized and operated as a not-for-profit service enterprise  
10 for the benefit of persons 65 years of age or older if the  
11 personal property was not purchased by the enterprise for the  
12 purpose of resale by the enterprise.

13 (2) Personal property purchased by a non-profit Illinois  
14 county fair association for use in conducting, operating, or  
15 promoting the county fair.

16 (3) Personal property purchased by a not-for-profit arts or  
17 cultural organization that establishes, by proof required by  
18 the Department by rule, that it has received an exemption under  
19 Section 501(c)(3) of the Internal Revenue Code and that is  
20 organized and operated primarily for the presentation or  
21 support of arts or cultural programming, activities, or  
22 services. These organizations include, but are not limited to,  
23 music and dramatic arts organizations such as symphony  
24 orchestras and theatrical groups, arts and cultural service  
25 organizations, local arts councils, visual arts organizations,

1 and media arts organizations. On and after the effective date  
2 of this amendatory Act of the 92nd General Assembly, however,  
3 an entity otherwise eligible for this exemption shall not make  
4 tax-free purchases unless it has an active identification  
5 number issued by the Department.

6 (4) Legal tender, currency, medallions, or gold or silver  
7 coinage issued by the State of Illinois, the government of the  
8 United States of America, or the government of any foreign  
9 country, and bullion.

10 (5) Until July 1, 2003 and beginning again on September 1,  
11 2004 through August 30, 2014, graphic arts machinery and  
12 equipment, including repair and replacement parts, both new and  
13 used, and including that manufactured on special order or  
14 purchased for lease, certified by the purchaser to be used  
15 primarily for graphic arts production. Equipment includes  
16 chemicals or chemicals acting as catalysts but only if the  
17 chemicals or chemicals acting as catalysts effect a direct and  
18 immediate change upon a graphic arts product. Beginning on July  
19 1, 2017, graphic arts machinery and equipment is included in  
20 the manufacturing and assembling machinery and equipment  
21 exemption under Section 2 of this Act.

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

25 (7) Farm machinery and equipment, both new and used,  
26 including that manufactured on special order, certified by the

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

18 Farm machinery and equipment shall include precision  
19 farming equipment that is installed or purchased to be  
20 installed on farm machinery and equipment including, but not  
21 limited to, tractors, harvesters, sprayers, planters, seeders,  
22 or spreaders. Precision farming equipment includes, but is not  
23 limited to, soil testing sensors, computers, monitors,  
24 software, global positioning and mapping systems, and other  
25 such equipment.

26 Farm machinery and equipment also includes computers,

1 sensors, software, and related equipment used primarily in the  
2 computer-assisted operation of production agriculture  
3 facilities, equipment, and activities such as, but not limited  
4 to, the collection, monitoring, and correlation of animal and  
5 crop data for the purpose of formulating animal diets and  
6 agricultural chemicals. This item (7) is exempt from the  
7 provisions of Section 3-75.

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

15 Beginning July 1, 2013, fuel and petroleum products sold to  
16 or used by an air carrier, certified by the carrier to be used  
17 for consumption, shipment, or storage in the conduct of its  
18 business as an air common carrier, for a flight that (i) is  
19 engaged in foreign trade or is engaged in trade between the  
20 United States and any of its possessions and (ii) transports at  
21 least one individual or package for hire from the city of  
22 origination to the city of final destination on the same  
23 aircraft, without regard to a change in the flight number of  
24 that aircraft.

25 (9) Proceeds of mandatory service charges separately  
26 stated on customers' bills for the purchase and consumption of

1 food and beverages acquired as an incident to the purchase of a  
2 service from a serviceman, to the extent that the proceeds of  
3 the service charge are in fact turned over as tips or as a  
4 substitute for tips to the employees who participate directly  
5 in preparing, serving, hosting or cleaning up the food or  
6 beverage function with respect to which the service charge is  
7 imposed.

8 (10) Until July 1, 2003, oil field exploration, drilling,  
9 and production equipment, including (i) rigs and parts of rigs,  
10 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
11 tubular goods, including casing and drill strings, (iii) pumps  
12 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
13 individual replacement part for oil field exploration,  
14 drilling, and production equipment, and (vi) machinery and  
15 equipment purchased for lease; but excluding motor vehicles  
16 required to be registered under the Illinois Vehicle Code.

17 (11) Proceeds from the sale of photoprocessing machinery  
18 and equipment, including repair and replacement parts, both new  
19 and used, including that manufactured on special order,  
20 certified by the purchaser to be used primarily for  
21 photoprocessing, and including photoprocessing machinery and  
22 equipment purchased for lease.

23 (12) Coal and aggregate exploration, mining, off-highway  
24 hauling, processing, maintenance, and reclamation equipment,  
25 including replacement parts and equipment, and including  
26 equipment purchased for lease, but excluding motor vehicles

1 required to be registered under the Illinois Vehicle Code. The  
2 changes made to this Section by Public Act 97-767 apply on and  
3 after July 1, 2003, but no claim for credit or refund is  
4 allowed on or after August 16, 2013 (the effective date of  
5 Public Act 98-456) for such taxes paid during the period  
6 beginning July 1, 2003 and ending on August 16, 2013 (the  
7 effective date of Public Act 98-456).

8 (13) Semen used for artificial insemination of livestock  
9 for direct agricultural production.

10 (14) Horses, or interests in horses, registered with and  
11 meeting the requirements of any of the Arabian Horse Club  
12 Registry of America, Appaloosa Horse Club, American Quarter  
13 Horse Association, United States Trotting Association, or  
14 Jockey Club, as appropriate, used for purposes of breeding or  
15 racing for prizes. This item (14) is exempt from the provisions  
16 of Section 3-75, and the exemption provided for under this item  
17 (14) applies for all periods beginning May 30, 1995, but no  
18 claim for credit or refund is allowed on or after the effective  
19 date of this amendatory Act of the 95th General Assembly for  
20 such taxes paid during the period beginning May 30, 2000 and  
21 ending on the effective date of this amendatory Act of the 95th  
22 General Assembly.

23 (15) Computers and communications equipment utilized for  
24 any hospital purpose and equipment used in the diagnosis,  
25 analysis, or treatment of hospital patients purchased by a  
26 lessor who leases the equipment, under a lease of one year or

1 longer executed or in effect at the time the lessor would  
2 otherwise be subject to the tax imposed by this Act, to a  
3 hospital that has been issued an active tax exemption  
4 identification number by the Department under Section 1g of the  
5 Retailers' Occupation Tax Act. If the equipment is leased in a  
6 manner that does not qualify for this exemption or is used in  
7 any other non-exempt manner, the lessor shall be liable for the  
8 tax imposed under this Act or the Use Tax Act, as the case may  
9 be, based on the fair market value of the property at the time  
10 the non-qualifying use occurs. No lessor shall collect or  
11 attempt to collect an amount (however designated) that purports  
12 to reimburse that lessor for the tax imposed by this Act or the  
13 Use Tax Act, as the case may be, if the tax has not been paid by  
14 the lessor. If a lessor improperly collects any such amount  
15 from the lessee, the lessee shall have a legal right to claim a  
16 refund of that amount from the lessor. If, however, that amount  
17 is not refunded to the lessee for any reason, the lessor is  
18 liable to pay that amount to the Department.

19 (16) Personal property purchased by a lessor who leases the  
20 property, under a lease of one year or longer executed or in  
21 effect at the time the lessor would otherwise be subject to the  
22 tax imposed by this Act, to a governmental body that has been  
23 issued an active tax exemption identification number by the  
24 Department under Section 1g of the Retailers' Occupation Tax  
25 Act. If the property is leased in a manner that does not  
26 qualify for this exemption or is used in any other non-exempt



1 manner, the lessor shall be liable for the tax imposed under  
2 this Act or the Use Tax Act, as the case may be, based on the  
3 fair market value of the property at the time the  
4 non-qualifying use occurs. No lessor shall collect or attempt  
5 to collect an amount (however designated) that purports to  
6 reimburse that lessor for the tax imposed by this Act or the  
7 Use Tax Act, as the case may be, if the tax has not been paid by  
8 the lessor. If a lessor improperly collects any such amount  
9 from the lessee, the lessee shall have a legal right to claim a  
10 refund of that amount from the lessor. If, however, that amount  
11 is not refunded to the lessee for any reason, the lessor is  
12 liable to pay that amount to the Department.

13 (17) Beginning with taxable years ending on or after  
14 December 31, 1995 and ending with taxable years ending on or  
15 before December 31, 2004, personal property that is donated for  
16 disaster relief to be used in a State or federally declared  
17 disaster area in Illinois or bordering Illinois by a  
18 manufacturer or retailer that is registered in this State to a  
19 corporation, society, association, foundation, or institution  
20 that has been issued a sales tax exemption identification  
21 number by the Department that assists victims of the disaster  
22 who reside within the declared disaster area.

23 (18) Beginning with taxable years ending on or after  
24 December 31, 1995 and ending with taxable years ending on or  
25 before December 31, 2004, personal property that is used in the  
26 performance of infrastructure repairs in this State, including

1 but not limited to municipal roads and streets, access roads,  
2 bridges, sidewalks, waste disposal systems, water and sewer  
3 line extensions, water distribution and purification  
4 facilities, storm water drainage and retention facilities, and  
5 sewage treatment facilities, resulting from a State or  
6 federally declared disaster in Illinois or bordering Illinois  
7 when such repairs are initiated on facilities located in the  
8 declared disaster area within 6 months after the disaster.

9 (19) Beginning July 1, 1999, game or game birds purchased  
10 at a "game breeding and hunting preserve area" as that term is  
11 used in the Wildlife Code. This paragraph is exempt from the  
12 provisions of Section 3-75.

13 (20) A motor vehicle, as that term is defined in Section  
14 1-146 of the Illinois Vehicle Code, that is donated to a  
15 corporation, limited liability company, society, association,  
16 foundation, or institution that is determined by the Department  
17 to be organized and operated exclusively for educational  
18 purposes. For purposes of this exemption, "a corporation,  
19 limited liability company, society, association, foundation,  
20 or institution organized and operated exclusively for  
21 educational purposes" means all tax-supported public schools,  
22 private schools that offer systematic instruction in useful  
23 branches of learning by methods common to public schools and  
24 that compare favorably in their scope and intensity with the  
25 course of study presented in tax-supported schools, and  
26 vocational or technical schools or institutes organized and

1 operated exclusively to provide a course of study of not less  
2 than 6 weeks duration and designed to prepare individuals to  
3 follow a trade or to pursue a manual, technical, mechanical,  
4 industrial, business, or commercial occupation.

5 (21) Beginning January 1, 2000, personal property,  
6 including food, purchased through fundraising events for the  
7 benefit of a public or private elementary or secondary school,  
8 a group of those schools, or one or more school districts if  
9 the events are sponsored by an entity recognized by the school  
10 district that consists primarily of volunteers and includes  
11 parents and teachers of the school children. This paragraph  
12 does not apply to fundraising events (i) for the benefit of  
13 private home instruction or (ii) for which the fundraising  
14 entity purchases the personal property sold at the events from  
15 another individual or entity that sold the property for the  
16 purpose of resale by the fundraising entity and that profits  
17 from the sale to the fundraising entity. This paragraph is  
18 exempt from the provisions of Section 3-75.

19 (22) Beginning January 1, 2000 and through December 31,  
20 2001, new or used automatic vending machines that prepare and  
21 serve hot food and beverages, including coffee, soup, and other  
22 items, and replacement parts for these machines. Beginning  
23 January 1, 2002 and through June 30, 2003, machines and parts  
24 for machines used in commercial, coin-operated amusement and  
25 vending business if a use or occupation tax is paid on the  
26 gross receipts derived from the use of the commercial,

1 coin-operated amusement and vending machines. This paragraph  
2 is exempt from the provisions of Section 3-75.

3 (23) Beginning August 23, 2001 and through June 30, 2016,  
4 food for human consumption that is to be consumed off the  
5 premises where it is sold (other than alcoholic beverages, soft  
6 drinks, and food that has been prepared for immediate  
7 consumption) and prescription and nonprescription medicines,  
8 drugs, medical appliances, and insulin, urine testing  
9 materials, syringes, and needles used by diabetics, for human  
10 use, when purchased for use by a person receiving medical  
11 assistance under Article V of the Illinois Public Aid Code who  
12 resides in a licensed long-term care facility, as defined in  
13 the Nursing Home Care Act, or in a licensed facility as defined  
14 in the ID/DD Community Care Act, the MC/DD Act, or the  
15 Specialized Mental Health Rehabilitation Act of 2013.

16 (24) Beginning on the effective date of this amendatory Act  
17 of the 92nd General Assembly, computers and communications  
18 equipment utilized for any hospital purpose and equipment used  
19 in the diagnosis, analysis, or treatment of hospital patients  
20 purchased by a lessor who leases the equipment, under a lease  
21 of one year or longer executed or in effect at the time the  
22 lessor would otherwise be subject to the tax imposed by this  
23 Act, to a hospital that has been issued an active tax exemption  
24 identification number by the Department under Section 1g of the  
25 Retailers' Occupation Tax Act. If the equipment is leased in a  
26 manner that does not qualify for this exemption or is used in

1 any other nonexempt manner, the lessor shall be liable for the  
2 tax imposed under this Act or the Use Tax Act, as the case may  
3 be, based on the fair market value of the property at the time  
4 the nonqualifying use occurs. No lessor shall collect or  
5 attempt to collect an amount (however designated) that purports  
6 to reimburse that lessor for the tax imposed by this Act or the  
7 Use Tax Act, as the case may be, if the tax has not been paid by  
8 the lessor. If a lessor improperly collects any such amount  
9 from the lessee, the lessee shall have a legal right to claim a  
10 refund of that amount from the lessor. If, however, that amount  
11 is not refunded to the lessee for any reason, the lessor is  
12 liable to pay that amount to the Department. This paragraph is  
13 exempt from the provisions of Section 3-75.

14 (25) Beginning on the effective date of this amendatory Act  
15 of the 92nd General Assembly, personal property purchased by a  
16 lessor who leases the property, under a lease of one year or  
17 longer executed or in effect at the time the lessor would  
18 otherwise be subject to the tax imposed by this Act, to a  
19 governmental body that has been issued an active tax exemption  
20 identification number by the Department under Section 1g of the  
21 Retailers' Occupation Tax Act. If the property is leased in a  
22 manner that does not qualify for this exemption or is used in  
23 any other nonexempt manner, the lessor shall be liable for the  
24 tax imposed under this Act or the Use Tax Act, as the case may  
25 be, based on the fair market value of the property at the time  
26 the nonqualifying use occurs. No lessor shall collect or

1 attempt to collect an amount (however designated) that purports  
2 to reimburse that lessor for the tax imposed by this Act or the  
3 Use Tax Act, as the case may be, if the tax has not been paid by  
4 the lessor. If a lessor improperly collects any such amount  
5 from the lessee, the lessee shall have a legal right to claim a  
6 refund of that amount from the lessor. If, however, that amount  
7 is not refunded to the lessee for any reason, the lessor is  
8 liable to pay that amount to the Department. This paragraph is  
9 exempt from the provisions of Section 3-75.

10 (26) Beginning January 1, 2008, tangible personal property  
11 used in the construction or maintenance of a community water  
12 supply, as defined under Section 3.145 of the Environmental  
13 Protection Act, that is operated by a not-for-profit  
14 corporation that holds a valid water supply permit issued under  
15 Title IV of the Environmental Protection Act. This paragraph is  
16 exempt from the provisions of Section 3-75.

17 (27) Beginning January 1, 2010, materials, parts,  
18 equipment, components, and furnishings incorporated into or  
19 upon an aircraft as part of the modification, refurbishment,  
20 completion, replacement, repair, or maintenance of the  
21 aircraft. This exemption includes consumable supplies used in  
22 the modification, refurbishment, completion, replacement,  
23 repair, and maintenance of aircraft, but excludes any  
24 materials, parts, equipment, components, and consumable  
25 supplies used in the modification, replacement, repair, and  
26 maintenance of aircraft engines or power plants, whether such

1 engines or power plants are installed or uninstalled upon any  
2 such aircraft. "Consumable supplies" include, but are not  
3 limited to, adhesive, tape, sandpaper, general purpose  
4 lubricants, cleaning solution, latex gloves, and protective  
5 films. This exemption applies only to the use of qualifying  
6 tangible personal property transferred incident to the  
7 modification, refurbishment, completion, replacement, repair,  
8 or maintenance of aircraft by persons who (i) hold an Air  
9 Agency Certificate and are empowered to operate an approved  
10 repair station by the Federal Aviation Administration, (ii)  
11 have a Class IV Rating, and (iii) conduct operations in  
12 accordance with Part 145 of the Federal Aviation Regulations.  
13 The exemption does not include aircraft operated by a  
14 commercial air carrier providing scheduled passenger air  
15 service pursuant to authority issued under Part 121 or Part 129  
16 of the Federal Aviation Regulations. The changes made to this  
17 paragraph (27) by Public Act 98-534 are declarative of existing  
18 law.

19 (28) Tangible personal property purchased by a  
20 public-facilities corporation, as described in Section  
21 11-65-10 of the Illinois Municipal Code, for purposes of  
22 constructing or furnishing a municipal convention hall, but  
23 only if the legal title to the municipal convention hall is  
24 transferred to the municipality without any further  
25 consideration by or on behalf of the municipality at the time  
26 of the completion of the municipal convention hall or upon the

1 retirement or redemption of any bonds or other debt instruments  
2 issued by the public-facilities corporation in connection with  
3 the development of the municipal convention hall. This  
4 exemption includes existing public-facilities corporations as  
5 provided in Section 11-65-25 of the Illinois Municipal Code.  
6 This paragraph is exempt from the provisions of Section 3-75.

7 (29) Beginning January 1, 2017, menstrual pads, tampons,  
8 and menstrual cups.

9 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
10 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.  
11 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

12 Section 30-30. The Service Occupation Tax Act is amended by  
13 changing Sections 2 and 3-5 as follows:

14 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

15 Sec. 2. "Transfer" means any transfer of the title to  
16 property or of the ownership of property whether or not the  
17 transferor retains title as security for the payment of amounts  
18 due him from the transferee.

19 "Cost Price" means the consideration paid by the serviceman  
20 for a purchase valued in money, whether paid in money or  
21 otherwise, including cash, credits and services, and shall be  
22 determined without any deduction on account of the supplier's  
23 cost of the property sold or on account of any other expense  
24 incurred by the supplier. When a serviceman contracts out part



1 or all of the services required in his sale of service, it  
2 shall be presumed that the cost price to the serviceman of the  
3 property transferred to him by his or her subcontractor is  
4 equal to 50% of the subcontractor's charges to the serviceman  
5 in the absence of proof of the consideration paid by the  
6 subcontractor for the purchase of such property.

7 "Department" means the Department of Revenue.

8 "Person" means any natural individual, firm, partnership,  
9 association, joint stock company, joint venture, public or  
10 private corporation, limited liability company, and any  
11 receiver, executor, trustee, guardian or other representative  
12 appointed by order of any court.

13 "Sale of Service" means any transaction except:

14 (a) A retail sale of tangible personal property taxable  
15 under the Retailers' Occupation Tax Act or under the Use Tax  
16 Act.

17 (b) A sale of tangible personal property for the purpose of  
18 resale made in compliance with Section 2c of the Retailers'  
19 Occupation Tax Act.

20 (c) Except as hereinafter provided, a sale or transfer of  
21 tangible personal property as an incident to the rendering of  
22 service for or by any governmental body or for or by any  
23 corporation, society, association, foundation or institution  
24 organized and operated exclusively for charitable, religious  
25 or educational purposes or any not-for-profit corporation,  
26 society, association, foundation, institution or organization

1 which has no compensated officers or employees and which is  
2 organized and operated primarily for the recreation of persons  
3 55 years of age or older. A limited liability company may  
4 qualify for the exemption under this paragraph only if the  
5 limited liability company is organized and operated  
6 exclusively for educational purposes.

7 (d) A sale or transfer of tangible personal property as an  
8 incident to the rendering of service for interstate carriers  
9 for hire for use as rolling stock moving in interstate commerce  
10 or lessors under leases of one year or longer, executed or in  
11 effect at the time of purchase, to interstate carriers for hire  
12 for use as rolling stock moving in interstate commerce, and  
13 equipment operated by a telecommunications provider, licensed  
14 as a common carrier by the Federal Communications Commission,  
15 which is permanently installed in or affixed to aircraft moving  
16 in interstate commerce.

17 (d-1) A sale or transfer of tangible personal property as  
18 an incident to the rendering of service for owners, lessors or  
19 shippers of tangible personal property which is utilized by  
20 interstate carriers for hire for use as rolling stock moving in  
21 interstate commerce, and equipment operated by a  
22 telecommunications provider, licensed as a common carrier by  
23 the Federal Communications Commission, which is permanently  
24 installed in or affixed to aircraft moving in interstate  
25 commerce.

26 (d-1.1) On and after July 1, 2003 and through June 30,

1 2004, a sale or transfer of a motor vehicle of the second  
2 division with a gross vehicle weight in excess of 8,000 pounds  
3 as an incident to the rendering of service if that motor  
4 vehicle is subject to the commercial distribution fee imposed  
5 under Section 3-815.1 of the Illinois Vehicle Code. Beginning  
6 on July 1, 2004 and through June 30, 2005, the use in this  
7 State of motor vehicles of the second division: (i) with a  
8 gross vehicle weight rating in excess of 8,000 pounds; (ii)  
9 that are subject to the commercial distribution fee imposed  
10 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)  
11 that are primarily used for commercial purposes. Through June  
12 30, 2005, this exemption applies to repair and replacement  
13 parts added after the initial purchase of such a motor vehicle  
14 if that motor vehicle is used in a manner that would qualify  
15 for the rolling stock exemption otherwise provided for in this  
16 Act. For purposes of this paragraph, "used for commercial  
17 purposes" means the transportation of persons or property in  
18 furtherance of any commercial or industrial enterprise whether  
19 for-hire or not.

20 (d-2) The repairing, reconditioning or remodeling, for a  
21 common carrier by rail, of tangible personal property which  
22 belongs to such carrier for hire, and as to which such carrier  
23 receives the physical possession of the repaired,  
24 reconditioned or remodeled item of tangible personal property  
25 in Illinois, and which such carrier transports, or shares with  
26 another common carrier in the transportation of such property,

1 out of Illinois on a standard uniform bill of lading showing  
2 the person who repaired, reconditioned or remodeled the  
3 property as the shipper or consignor of such property to a  
4 destination outside Illinois, for use outside Illinois.

5 (d-3) A sale or transfer of tangible personal property  
6 which is produced by the seller thereof on special order in  
7 such a way as to have made the applicable tax the Service  
8 Occupation Tax or the Service Use Tax, rather than the  
9 Retailers' Occupation Tax or the Use Tax, for an interstate  
10 carrier by rail which receives the physical possession of such  
11 property in Illinois, and which transports such property, or  
12 shares with another common carrier in the transportation of  
13 such property, out of Illinois on a standard uniform bill of  
14 lading showing the seller of the property as the shipper or  
15 consignor of such property to a destination outside Illinois,  
16 for use outside Illinois.

17 (d-4) Until January 1, 1997, a sale, by a registered  
18 serviceman paying tax under this Act to the Department, of  
19 special order printed materials delivered outside Illinois and  
20 which are not returned to this State, if delivery is made by  
21 the seller or agent of the seller, including an agent who  
22 causes the product to be delivered outside Illinois by a common  
23 carrier or the U.S. postal service.

24 (e) A sale or transfer of machinery and equipment used  
25 primarily in the process of the manufacturing or assembling,  
26 either in an existing, an expanded or a new manufacturing

1 facility, of tangible personal property for wholesale or retail  
2 sale or lease, whether such sale or lease is made directly by  
3 the manufacturer or by some other person, whether the materials  
4 used in the process are owned by the manufacturer or some other  
5 person, or whether such sale or lease is made apart from or as  
6 an incident to the seller's engaging in a service occupation  
7 and the applicable tax is a Service Occupation Tax or Service  
8 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The  
9 exemption provided by this paragraph (e) does not include  
10 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. The  
19 exemption under this subsection (e) is exempt from the  
20 provisions of Section 3-75.

21 (f) Until July 1, 2003, the sale or transfer of  
22 distillation machinery and equipment, sold as a unit or kit and  
23 assembled or installed by the retailer, which machinery and  
24 equipment is certified by the user to be used only for the  
25 production of ethyl alcohol that will be used for consumption  
26 as motor fuel or as a component of motor fuel for the personal

1 use of such user and not subject to sale or resale.

2 (g) At the election of any serviceman not required to be  
3 otherwise registered as a retailer under Section 2a of the  
4 Retailers' Occupation Tax Act, made for each fiscal year sales  
5 of service in which the aggregate annual cost price of tangible  
6 personal property transferred as an incident to the sales of  
7 service is less than 35% (75% in the case of servicemen  
8 transferring prescription drugs or servicemen engaged in  
9 graphic arts production) of the aggregate annual total gross  
10 receipts from all sales of service. The purchase of such  
11 tangible personal property by the serviceman shall be subject  
12 to tax under the Retailers' Occupation Tax Act and the Use Tax  
13 Act. However, if a primary serviceman who has made the election  
14 described in this paragraph subcontracts service work to a  
15 secondary serviceman who has also made the election described  
16 in this paragraph, the primary serviceman does not incur a Use  
17 Tax liability if the secondary serviceman (i) has paid or will  
18 pay Use Tax on his or her cost price of any tangible personal  
19 property transferred to the primary serviceman and (ii)  
20 certifies that fact in writing to the primary serviceman.

21 Tangible personal property transferred incident to the  
22 completion of a maintenance agreement is exempt from the tax  
23 imposed pursuant to this Act.

24 Exemption (e) also includes machinery and equipment used in  
25 the general maintenance or repair of such exempt machinery and  
26 equipment or for in-house manufacture of exempt machinery and

1 equipment. On and after July 1, 2017, exemption (e) also  
2 includes production related tangible personal property, as  
3 defined in Section 2-45 of the Retailers' Occupation Tax Act.  
4 On and after July 1, 2017, exemption (e) also includes graphic  
5 arts machinery and equipment, as defined in paragraph (5) of  
6 Section 3-5. The machinery and equipment exemption does not  
7 include machinery and equipment used in (i) the generation of  
8 electricity for wholesale or retail sale; (ii) the generation  
9 or treatment of natural or artificial gas for wholesale or  
10 retail sale that is delivered to customers through pipes,  
11 pipelines, or mains; or (iii) the treatment of water for  
12 wholesale or retail sale that is delivered to customers through  
13 pipes, pipelines, or mains. The provisions of this amendatory  
14 Act of the 98th General Assembly are declaratory of existing  
15 law as to the meaning and scope of this exemption. For the  
16 purposes of exemption (e), each of these terms shall have the  
17 following meanings: (1) "manufacturing process" shall mean the  
18 production of any article of tangible personal property,  
19 whether such article is a finished product or an article for  
20 use in the process of manufacturing or assembling a different  
21 article of tangible personal property, by procedures commonly  
22 regarded as manufacturing, processing, fabricating, or  
23 refining which changes some existing material or materials into  
24 a material with a different form, use or name. In relation to a  
25 recognized integrated business composed of a series of  
26 operations which collectively constitute manufacturing, or

1 individually constitute manufacturing operations, the  
2 manufacturing process shall be deemed to commence with the  
3 first operation or stage of production in the series, and shall  
4 not be deemed to end until the completion of the final product  
5 in the last operation or stage of production in the series; and  
6 further for purposes of exemption (e), photoprocessing is  
7 deemed to be a manufacturing process of tangible personal  
8 property for wholesale or retail sale; (2) "assembling process"  
9 shall mean the production of any article of tangible personal  
10 property, whether such article is a finished product or an  
11 article for use in the process of manufacturing or assembling a  
12 different article of tangible personal property, by the  
13 combination of existing materials in a manner commonly regarded  
14 as assembling which results in a material of a different form,  
15 use or name; (3) "machinery" shall mean major mechanical  
16 machines or major components of such machines contributing to a  
17 manufacturing or assembling process; and (4) "equipment" shall  
18 include any independent device or tool separate from any  
19 machinery but essential to an integrated manufacturing or  
20 assembly process; including computers used primarily in a  
21 manufacturer's computer assisted design, computer assisted  
22 manufacturing (CAD/CAM) system; or any subunit or assembly  
23 comprising a component of any machinery or auxiliary, adjunct  
24 or attachment parts of machinery, such as tools, dies, jigs,  
25 fixtures, patterns and molds; or any parts which require  
26 periodic replacement in the course of normal operation; but



1 shall not include hand tools. Equipment includes chemicals or  
2 chemicals acting as catalysts but only if the chemicals or  
3 chemicals acting as catalysts effect a direct and immediate  
4 change upon a product being manufactured or assembled for  
5 wholesale or retail sale or lease. The purchaser of such  
6 machinery and equipment who has an active resale registration  
7 number shall furnish such number to the seller at the time of  
8 purchase. The purchaser of such machinery and equipment and  
9 tools without an active resale registration number shall  
10 furnish to the seller a certificate of exemption for each  
11 transaction stating facts establishing the exemption for that  
12 transaction, which certificate shall be available to the  
13 Department for inspection or audit.

14 Except as provided in Section 2d of this Act, the rolling  
15 stock exemption applies to rolling stock used by an interstate  
16 carrier for hire, even just between points in Illinois, if such  
17 rolling stock transports, for hire, persons whose journeys or  
18 property whose shipments originate or terminate outside  
19 Illinois.

20 Any informal rulings, opinions or letters issued by the  
21 Department in response to an inquiry or request for any opinion  
22 from any person regarding the coverage and applicability of  
23 exemption (e) to specific devices shall be published,  
24 maintained as a public record, and made available for public  
25 inspection and copying. If the informal ruling, opinion or  
26 letter contains trade secrets or other confidential

1 information, where possible the Department shall delete such  
2 information prior to publication. Whenever such informal  
3 rulings, opinions, or letters contain any policy of general  
4 applicability, the Department shall formulate and adopt such  
5 policy as a rule in accordance with the provisions of the  
6 Illinois Administrative Procedure Act.

7 On and after July 1, 1987, no entity otherwise eligible  
8 under exemption (c) of this Section shall make tax free  
9 purchases unless it has an active exemption identification  
10 number issued by the Department.

11 "Serviceman" means any person who is engaged in the  
12 occupation of making sales of service.

13 "Sale at Retail" means "sale at retail" as defined in the  
14 Retailers' Occupation Tax Act.

15 "Supplier" means any person who makes sales of tangible  
16 personal property to servicemen for the purpose of resale as an  
17 incident to a sale of service.

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

19 (35 ILCS 115/3-5)

20 Sec. 3-5. Exemptions. The following tangible personal  
21 property is exempt from the tax imposed by this Act:

22 (1) Personal property sold by a corporation, society,  
23 association, foundation, institution, or organization, other  
24 than a limited liability company, that is organized and  
25 operated as a not-for-profit service enterprise for the benefit

1 of persons 65 years of age or older if the personal property  
2 was not purchased by the enterprise for the purpose of resale  
3 by the enterprise.

4 (2) Personal property purchased by a not-for-profit  
5 Illinois county fair association for use in conducting,  
6 operating, or promoting the county fair.

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

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

26 (5) Until July 1, 2003 and beginning again on September 1,

1 2004 through August 30, 2014, graphic arts machinery and  
2 equipment, including repair and replacement parts, both new and  
3 used, and including that manufactured on special order or  
4 purchased for lease, certified by the purchaser to be used  
5 primarily for graphic arts production. Equipment includes  
6 chemicals or chemicals acting as catalysts but only if the  
7 chemicals or chemicals acting as catalysts effect a direct and  
8 immediate change upon a graphic arts product. Beginning on July  
9 1, 2017, graphic arts machinery and equipment is included in  
10 the manufacturing and assembling machinery and equipment  
11 exemption under Section 2 of this Act.

12 (6) Personal property sold by a teacher-sponsored student  
13 organization affiliated with an elementary or secondary school  
14 located in Illinois.

15 (7) Farm machinery and equipment, both new and used,  
16 including that manufactured on special order, certified by the  
17 purchaser to be used primarily for production agriculture or  
18 State or federal agricultural programs, including individual  
19 replacement parts for the machinery and equipment, including  
20 machinery and equipment purchased for lease, and including  
21 implements of husbandry defined in Section 1-130 of the  
22 Illinois Vehicle Code, farm machinery and agricultural  
23 chemical and fertilizer spreaders, and nurse wagons required to  
24 be registered under Section 3-809 of the Illinois Vehicle Code,  
25 but excluding other motor vehicles required to be registered  
26 under the Illinois Vehicle Code. Horticultural polyhouses or

1 hoop houses used for propagating, growing, or overwintering  
2 plants shall be considered farm machinery and equipment under  
3 this item (7). Agricultural chemical tender tanks and dry boxes  
4 shall include units sold separately from a motor vehicle  
5 required to be licensed and units sold mounted on a motor  
6 vehicle required to be licensed if the selling price of the  
7 tender is separately stated.

8 Farm machinery and equipment shall include precision  
9 farming equipment that is installed or purchased to be  
10 installed on farm machinery and equipment including, but not  
11 limited to, tractors, harvesters, sprayers, planters, seeders,  
12 or spreaders. Precision farming equipment includes, but is not  
13 limited to, soil testing sensors, computers, monitors,  
14 software, global positioning and mapping systems, and other  
15 such equipment.

16 Farm machinery and equipment also includes computers,  
17 sensors, software, and related equipment used primarily in the  
18 computer-assisted operation of production agriculture  
19 facilities, equipment, and activities such as, but not limited  
20 to, the collection, monitoring, and correlation of animal and  
21 crop data for the purpose of formulating animal diets and  
22 agricultural chemicals. This item (7) is exempt from the  
23 provisions of Section 3-55.

24 (8) Until June 30, 2013, fuel and petroleum products sold  
25 to or used by an air common carrier, certified by the carrier  
26 to be used for consumption, shipment, or storage in the conduct

1 of its business as an air common carrier, for a flight destined  
2 for or returning from a location or locations outside the  
3 United States without regard to previous or subsequent domestic  
4 stopovers.

5 Beginning July 1, 2013, fuel and petroleum products sold to  
6 or used by an air carrier, certified by the carrier to be used  
7 for consumption, shipment, or storage in the conduct of its  
8 business as an air common carrier, for a flight that (i) is  
9 engaged in foreign trade or is engaged in trade between the  
10 United States and any of its possessions and (ii) transports at  
11 least one individual or package for hire from the city of  
12 origination to the city of final destination on the same  
13 aircraft, without regard to a change in the flight number of  
14 that aircraft.

15 (9) Proceeds of mandatory service charges separately  
16 stated on customers' bills for the purchase and consumption of  
17 food and beverages, to the extent that the proceeds of the  
18 service charge are in fact turned over as tips or as a  
19 substitute for tips to the employees who participate directly  
20 in preparing, serving, hosting or cleaning up the food or  
21 beverage function with respect to which the service charge is  
22 imposed.

23 (10) Until July 1, 2003, oil field exploration, drilling,  
24 and production equipment, including (i) rigs and parts of rigs,  
25 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
26 tubular goods, including casing and drill strings, (iii) pumps

1 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
2 individual replacement part for oil field exploration,  
3 drilling, and production equipment, and (vi) machinery and  
4 equipment purchased for lease; but excluding motor vehicles  
5 required to be registered under the Illinois Vehicle Code.

6 (11) Photoprocessing machinery and equipment, including  
7 repair and replacement parts, both new and used, including that  
8 manufactured on special order, certified by the purchaser to be  
9 used primarily for photoprocessing, and including  
10 photoprocessing machinery and equipment purchased for lease.

11 (12) Coal and aggregate exploration, mining, off-highway  
12 hauling, processing, maintenance, and reclamation equipment,  
13 including replacement parts and equipment, and including  
14 equipment purchased for lease, but excluding motor vehicles  
15 required to be registered under the Illinois Vehicle Code. The  
16 changes made to this Section by Public Act 97-767 apply on and  
17 after July 1, 2003, but no claim for credit or refund is  
18 allowed on or after August 16, 2013 (the effective date of  
19 Public Act 98-456) for such taxes paid during the period  
20 beginning July 1, 2003 and ending on August 16, 2013 (the  
21 effective date of Public Act 98-456).

22 (13) Beginning January 1, 1992 and through June 30, 2016,  
23 food for human consumption that is to be consumed off the  
24 premises where it is sold (other than alcoholic beverages, soft  
25 drinks and food that has been prepared for immediate  
26 consumption) and prescription and non-prescription medicines,

1 drugs, medical appliances, and insulin, urine testing  
2 materials, syringes, and needles used by diabetics, for human  
3 use, when purchased for use by a person receiving medical  
4 assistance under Article V of the Illinois Public Aid Code who  
5 resides in a licensed long-term care facility, as defined in  
6 the Nursing Home Care Act, or in a licensed facility as defined  
7 in the ID/DD Community Care Act, the MC/DD Act, or the  
8 Specialized Mental Health Rehabilitation Act of 2013.

9 (14) Semen used for artificial insemination of livestock  
10 for direct agricultural production.

11 (15) Horses, or interests in horses, registered with and  
12 meeting the requirements of any of the Arabian Horse Club  
13 Registry of America, Appaloosa Horse Club, American Quarter  
14 Horse Association, United States Trotting Association, or  
15 Jockey Club, as appropriate, used for purposes of breeding or  
16 racing for prizes. This item (15) is exempt from the provisions  
17 of Section 3-55, and the exemption provided for under this item  
18 (15) applies for all periods beginning May 30, 1995, but no  
19 claim for credit or refund is allowed on or after January 1,  
20 2008 (the effective date of Public Act 95-88) for such taxes  
21 paid during the period beginning May 30, 2000 and ending on  
22 January 1, 2008 (the effective date of Public Act 95-88).

23 (16) Computers and communications equipment utilized for  
24 any hospital purpose and equipment used in the diagnosis,  
25 analysis, or treatment of hospital patients sold to a lessor  
26 who leases the equipment, under a lease of one year or longer



1 executed or in effect at the time of the purchase, to a  
2 hospital that has been issued an active tax exemption  
3 identification number by the Department under Section 1g of the  
4 Retailers' Occupation Tax Act.

5 (17) Personal property sold to a lessor who leases the  
6 property, under a lease of one year or longer executed or in  
7 effect at the time of the purchase, to a governmental body that  
8 has been issued an active tax exemption identification number  
9 by the Department under Section 1g of the Retailers' Occupation  
10 Tax Act.

11 (18) Beginning with taxable years ending on or after  
12 December 31, 1995 and ending with taxable years ending on or  
13 before December 31, 2004, personal property that is donated for  
14 disaster relief to be used in a State or federally declared  
15 disaster area in Illinois or bordering Illinois by a  
16 manufacturer or retailer that is registered in this State to a  
17 corporation, society, association, foundation, or institution  
18 that has been issued a sales tax exemption identification  
19 number by the Department that assists victims of the disaster  
20 who reside within the declared disaster area.

21 (19) Beginning with taxable years ending on or after  
22 December 31, 1995 and ending with taxable years ending on or  
23 before December 31, 2004, personal property that is used in the  
24 performance of infrastructure repairs in this State, including  
25 but not limited to municipal roads and streets, access roads,  
26 bridges, sidewalks, waste disposal systems, water and sewer

1 line extensions, water distribution and purification  
2 facilities, storm water drainage and retention facilities, and  
3 sewage treatment facilities, resulting from a State or  
4 federally declared disaster in Illinois or bordering Illinois  
5 when such repairs are initiated on facilities located in the  
6 declared disaster area within 6 months after the disaster.

7 (20) Beginning July 1, 1999, game or game birds sold at a  
8 "game breeding and hunting preserve area" as that term is used  
9 in the Wildlife Code. This paragraph is exempt from the  
10 provisions of Section 3-55.

11 (21) A motor vehicle, as that term is defined in Section  
12 1-146 of the Illinois Vehicle Code, that is donated to a  
13 corporation, limited liability company, society, association,  
14 foundation, or institution that is determined by the Department  
15 to be organized and operated exclusively for educational  
16 purposes. For purposes of this exemption, "a corporation,  
17 limited liability company, society, association, foundation,  
18 or institution organized and operated exclusively for  
19 educational purposes" means all tax-supported public schools,  
20 private schools that offer systematic instruction in useful  
21 branches of learning by methods common to public schools and  
22 that compare favorably in their scope and intensity with the  
23 course of study presented in tax-supported schools, and  
24 vocational or technical schools or institutes organized and  
25 operated exclusively to provide a course of study of not less  
26 than 6 weeks duration and designed to prepare individuals to

1 follow a trade or to pursue a manual, technical, mechanical,  
2 industrial, business, or commercial occupation.

3 (22) Beginning January 1, 2000, personal property,  
4 including food, purchased through fundraising events for the  
5 benefit of a public or private elementary or secondary school,  
6 a group of those schools, or one or more school districts if  
7 the events are sponsored by an entity recognized by the school  
8 district that consists primarily of volunteers and includes  
9 parents and teachers of the school children. This paragraph  
10 does not apply to fundraising events (i) for the benefit of  
11 private home instruction or (ii) for which the fundraising  
12 entity purchases the personal property sold at the events from  
13 another individual or entity that sold the property for the  
14 purpose of resale by the fundraising entity and that profits  
15 from the sale to the fundraising entity. This paragraph is  
16 exempt from the provisions of Section 3-55.

17 (23) Beginning January 1, 2000 and through December 31,  
18 2001, new or used automatic vending machines that prepare and  
19 serve hot food and beverages, including coffee, soup, and other  
20 items, and replacement parts for these machines. Beginning  
21 January 1, 2002 and through June 30, 2003, machines and parts  
22 for machines used in commercial, coin-operated amusement and  
23 vending business if a use or occupation tax is paid on the  
24 gross receipts derived from the use of the commercial,  
25 coin-operated amusement and vending machines. This paragraph  
26 is exempt from the provisions of Section 3-55.

1           (24) Beginning on the effective date of this amendatory Act  
2 of the 92nd General Assembly, computers and communications  
3 equipment utilized for any hospital purpose and equipment used  
4 in the diagnosis, analysis, or treatment of hospital patients  
5 sold to a lessor who leases the equipment, under a lease of one  
6 year or longer executed or in effect at the time of the  
7 purchase, to a hospital that has been issued an active tax  
8 exemption identification number by the Department under  
9 Section 1g of the Retailers' Occupation Tax Act. This paragraph  
10 is exempt from the provisions of Section 3-55.

11           (25) Beginning on the effective date of this amendatory Act  
12 of the 92nd General Assembly, personal property sold to a  
13 lessor who leases the property, under a lease of one year or  
14 longer executed or in effect at the time of the purchase, to a  
15 governmental body that has been issued an active tax exemption  
16 identification number by the Department under Section 1g of the  
17 Retailers' Occupation Tax Act. This paragraph is exempt from  
18 the provisions of Section 3-55.

19           (26) Beginning on January 1, 2002 and through June 30,  
20 2016, tangible personal property purchased from an Illinois  
21 retailer by a taxpayer engaged in centralized purchasing  
22 activities in Illinois who will, upon receipt of the property  
23 in Illinois, temporarily store the property in Illinois (i) for  
24 the purpose of subsequently transporting it outside this State  
25 for use or consumption thereafter solely outside this State or  
26 (ii) for the purpose of being processed, fabricated, or

1 manufactured into, attached to, or incorporated into other  
2 tangible personal property to be transported outside this State  
3 and thereafter used or consumed solely outside this State. The  
4 Director of Revenue shall, pursuant to rules adopted in  
5 accordance with the Illinois Administrative Procedure Act,  
6 issue a permit to any taxpayer in good standing with the  
7 Department who is eligible for the exemption under this  
8 paragraph (26). The permit issued under this paragraph (26)  
9 shall authorize the holder, to the extent and in the manner  
10 specified in the rules adopted under this Act, to purchase  
11 tangible personal property from a retailer exempt from the  
12 taxes imposed by this Act. Taxpayers shall maintain all  
13 necessary books and records to substantiate the use and  
14 consumption of all such tangible personal property outside of  
15 the State of Illinois.

16 (27) Beginning January 1, 2008, tangible personal property  
17 used in the construction or maintenance of a community water  
18 supply, as defined under Section 3.145 of the Environmental  
19 Protection Act, that is operated by a not-for-profit  
20 corporation that holds a valid water supply permit issued under  
21 Title IV of the Environmental Protection Act. This paragraph is  
22 exempt from the provisions of Section 3-55.

23 (28) Tangible personal property sold to a  
24 public-facilities corporation, as described in Section  
25 11-65-10 of the Illinois Municipal Code, for purposes of  
26 constructing or furnishing a municipal convention hall, but

1 only if the legal title to the municipal convention hall is  
2 transferred to the municipality without any further  
3 consideration by or on behalf of the municipality at the time  
4 of the completion of the municipal convention hall or upon the  
5 retirement or redemption of any bonds or other debt instruments  
6 issued by the public-facilities corporation in connection with  
7 the development of the municipal convention hall. This  
8 exemption includes existing public-facilities corporations as  
9 provided in Section 11-65-25 of the Illinois Municipal Code.  
10 This paragraph is exempt from the provisions of Section 3-55.

11 (29) Beginning January 1, 2010, materials, parts,  
12 equipment, components, and furnishings incorporated into or  
13 upon an aircraft as part of the modification, refurbishment,  
14 completion, replacement, repair, or maintenance of the  
15 aircraft. This exemption includes consumable supplies used in  
16 the modification, refurbishment, completion, replacement,  
17 repair, and maintenance of aircraft, but excludes any  
18 materials, parts, equipment, components, and consumable  
19 supplies used in the modification, replacement, repair, and  
20 maintenance of aircraft engines or power plants, whether such  
21 engines or power plants are installed or uninstalled upon any  
22 such aircraft. "Consumable supplies" include, but are not  
23 limited to, adhesive, tape, sandpaper, general purpose  
24 lubricants, cleaning solution, latex gloves, and protective  
25 films. This exemption applies only to the transfer of  
26 qualifying tangible personal property incident to the

1 modification, refurbishment, completion, replacement, repair,  
2 or maintenance of an aircraft by persons who (i) hold an Air  
3 Agency Certificate and are empowered to operate an approved  
4 repair station by the Federal Aviation Administration, (ii)  
5 have a Class IV Rating, and (iii) conduct operations in  
6 accordance with Part 145 of the Federal Aviation Regulations.  
7 The exemption does not include aircraft operated by a  
8 commercial air carrier providing scheduled passenger air  
9 service pursuant to authority issued under Part 121 or Part 129  
10 of the Federal Aviation Regulations. The changes made to this  
11 paragraph (29) by Public Act 98-534 are declarative of existing  
12 law.

13 (30) Beginning January 1, 2017, menstrual pads, tampons,  
14 and menstrual cups.

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; 98-756, eff.  
17 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

18 Section 30-35. The Retailers' Occupation Tax Act is amended  
19 by changing Sections 1, 2, 2-5, 2-10, 2-10.5, 2-12, 2-45, 2-55,  
20 2a, 2b, 2c, 3, 7, and 13 and by adding Section 1b as follows:

21 (35 ILCS 120/1) (from Ch. 120, par. 440)

22 Sec. 1. Definitions. "Sale at retail" means any transfer of  
23 the ownership of or title to tangible personal property to a  
24 purchaser or the performance of a taxable service for a

1 purchaser, for the purpose of use or consumption, and not for  
2 the purpose of resale in any form as tangible personal property  
3 or taxable service to the extent not first subjected to a use  
4 for which it was purchased, for a valuable consideration:  
5 Provided that the property or service purchased is deemed to be  
6 purchased for the purpose of resale, despite first being used,  
7 to the extent to which it is resold as an ingredient of an  
8 intentionally produced product or byproduct of manufacturing  
9 or otherwise transferred to the purchaser of tangible personal  
10 property or taxable service. For this purpose, slag produced as  
11 an incident to manufacturing pig iron or steel and sold is  
12 considered to be an intentionally produced byproduct of  
13 manufacturing. Transactions whereby the possession of the  
14 property is transferred but the seller retains the title as  
15 security for payment of the selling price shall be deemed to be  
16 sales.

17 "Sale at retail" shall be construed to include any transfer  
18 of the ownership of or title to tangible personal property to a  
19 purchaser or the performance of a taxable service for a  
20 purchaser, for use or consumption by any other person to whom  
21 such purchaser may transfer the tangible personal property or  
22 taxable service without a valuable consideration, and to  
23 include any transfer, whether made for or without a valuable  
24 consideration, for resale in any form as tangible personal  
25 property or taxable service unless made in compliance with  
26 Section 2c of this Act.



1 Sales of tangible personal property, which property, to the  
2 extent not first subjected to a use for which it was purchased,  
3 as an ingredient or constituent, goes into and forms a part of  
4 tangible personal property subsequently the subject of a "Sale  
5 at retail", or transferred to a purchaser of a taxable service  
6 that is a "sale at retail" are not sales at retail as defined  
7 in this Act: Provided that the property purchased is deemed to  
8 be purchased for the purpose of resale, despite first being  
9 used, to the extent to which it is resold as an ingredient of  
10 an intentionally produced product or byproduct of  
11 manufacturing.

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

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

1 containers, utensils, straws, placemats, napkins, doggie bags,  
2 and wrapping or packaging materials that are transferred to  
3 customers as part of the sale of food or beverages in the  
4 ordinary course of business.

5 The purchase, employment and transfer of such tangible  
6 personal property as newsprint and ink for the primary purpose  
7 of conveying news (with or without other information) is not a  
8 purchase, use or sale of tangible personal property.

9 A person whose activities are organized and conducted  
10 primarily as a not-for-profit service enterprise, and who  
11 engages in selling tangible personal property or taxable  
12 service at retail (whether to the public or merely to members  
13 and their guests) is engaged in the business of selling  
14 tangible personal property or taxable service at retail with  
15 respect to such transactions, excepting only a person organized  
16 and operated exclusively for charitable, religious or  
17 educational purposes either (1), to the extent of sales by such  
18 person to its members, students, patients or inmates of  
19 tangible personal property or taxable service to be used  
20 primarily for the purposes of such person, or (2), to the  
21 extent of sales by such person of tangible personal property or  
22 taxable service which is not sold or offered for sale by  
23 persons organized for profit. The selling of school books and  
24 school supplies by schools at retail to students is not  
25 "primarily for the purposes of" the school which does such  
26 selling. The provisions of this paragraph shall not apply to

1 nor subject to taxation occasional dinners, socials or similar  
2 activities of a person organized and operated exclusively for  
3 charitable, religious or educational purposes, whether or not  
4 such activities are open to the public.

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

13 "Purchaser" means anyone who, through a sale at retail,  
14 acquires the ownership of or title to tangible personal  
15 property or taxable service for a valuable consideration.

16 "Reseller of motor fuel" means any person engaged in the  
17 business of selling or delivering or transferring title of  
18 motor fuel to another person other than for use or consumption.  
19 No person shall act as a reseller of motor fuel within this  
20 State without first being registered as a reseller pursuant to  
21 Section 2c or a retailer pursuant to Section 2a.

22 "Selling price" or the "amount of sale" means the  
23 consideration for a sale valued in money whether received in  
24 money or otherwise, including cash, credits, property, other  
25 than as hereinafter provided, and services, but not including  
26 the value of or credit given for traded-in tangible personal

1 property where the item that is traded-in is of like kind and  
2 character as that which is being sold, and shall be determined  
3 without any deduction on account of the cost of the property  
4 sold, the cost of materials used, labor or service cost or any  
5 other expense whatsoever, but does not include charges that are  
6 added to prices by sellers on account of the seller's tax  
7 liability under this Act, or on account of the seller's duty to  
8 collect, from the purchaser, the tax that is imposed by the Use  
9 Tax Act, or, except as otherwise provided with respect to any  
10 cigarette tax imposed by a home rule unit, on account of the  
11 seller's tax liability under any local occupation tax  
12 administered by the Department, or, except as otherwise  
13 provided with respect to any cigarette tax imposed by a home  
14 rule unit on account of the seller's duty to collect, from the  
15 purchasers, the tax that is imposed under any local use tax  
16 administered by the Department. Effective December 1, 1985,  
17 "selling price" shall include charges that are added to prices  
18 by sellers on account of the seller's tax liability under the  
19 Cigarette Tax Act, on account of the sellers' duty to collect,  
20 from the purchaser, the tax imposed under the Cigarette Use Tax  
21 Act, and on account of the seller's duty to collect, from the  
22 purchaser, any cigarette tax imposed by a home rule unit.

23 Notwithstanding any law to the contrary, for any motor  
24 vehicle, as defined in Section 1-146 of the Vehicle Code, that  
25 is sold on or after January 1, 2015 for the purpose of leasing  
26 the vehicle for a defined period that is longer than one year

1 and (1) is a motor vehicle of the second division that: (A) is  
2 a self-contained motor vehicle designed or permanently  
3 converted to provide living quarters for recreational,  
4 camping, or travel use, with direct walk through access to the  
5 living quarters from the driver's seat; (B) is of the van  
6 configuration designed for the transportation of not less than  
7 nor more than 16 passengers; or (C) has a gross vehicle  
8 weight rating of 8,000 pounds or less or (2) is a motor vehicle  
9 of the first division, "selling price" or "amount of sale"  
10 means the consideration received by the lessor pursuant to the  
11 lease contract, including amounts due at lease signing and all  
12 monthly or other regular payments charged over the term of the  
13 lease. Also included in the selling price is any amount  
14 received by the lessor from the lessee for the leased vehicle  
15 that is not calculated at the time the lease is executed,  
16 including, but not limited to, excess mileage charges and  
17 charges for excess wear and tear. For sales that occur in  
18 Illinois, with respect to any amount received by the lessor  
19 from the lessee for the leased vehicle that is not calculated  
20 at the time the lease is executed, the lessor who purchased the  
21 motor vehicle does not incur the tax imposed by the Use Tax Act  
22 on those amounts, and the retailer who makes the retail sale of  
23 the motor vehicle to the lessor is not required to collect the  
24 tax imposed by the Use Tax Act or to pay the tax imposed by this  
25 Act on those amounts. However, the lessor who purchased the  
26 motor vehicle assumes the liability for reporting and paying

1 the tax on those amounts directly to the Department in the same  
2 form (Illinois Retailers' Occupation Tax, and local retailers'  
3 occupation taxes, if applicable) in which the retailer would  
4 have reported and paid such tax if the retailer had accounted  
5 for the tax to the Department. For amounts received by the  
6 lessor from the lessee that are not calculated at the time the  
7 lease is executed, the lessor must file the return and pay the  
8 tax to the Department by the due date otherwise required by  
9 this Act for returns other than transaction returns. If the  
10 retailer is entitled under this Act to a discount for  
11 collecting and remitting the tax imposed under this Act to the  
12 Department with respect to the sale of the motor vehicle to the  
13 lessor, then the right to the discount provided in this Act  
14 shall be transferred to the lessor with respect to the tax paid  
15 by the lessor for any amount received by the lessor from the  
16 lessee for the leased vehicle that is not calculated at the  
17 time the lease is executed; provided that the discount is only  
18 allowed if the return is timely filed and for amounts timely  
19 paid. The "selling price" of a motor vehicle that is sold on or  
20 after January 1, 2015 for the purpose of leasing for a defined  
21 period of longer than one year shall not be reduced by the  
22 value of or credit given for traded-in tangible personal  
23 property owned by the lessor, nor shall it be reduced by the  
24 value of or credit given for traded-in tangible personal  
25 property owned by the lessee, regardless of whether the  
26 trade-in value thereof is assigned by the lessee to the lessor.

1 In the case of a motor vehicle that is sold for the purpose of  
2 leasing for a defined period of longer than one year, the sale  
3 occurs at the time of the delivery of the vehicle, regardless  
4 of the due date of any lease payments. A lessor who incurs a  
5 Retailers' Occupation Tax liability on the sale of a motor  
6 vehicle coming off lease may not take a credit against that  
7 liability for the Use Tax the lessor paid upon the purchase of  
8 the motor vehicle (or for any tax the lessor paid with respect  
9 to any amount received by the lessor from the lessee for the  
10 leased vehicle that was not calculated at the time the lease  
11 was executed) if the selling price of the motor vehicle at the  
12 time of purchase was calculated using the definition of  
13 "selling price" as defined in this paragraph. Notwithstanding  
14 any other provision of this Act to the contrary, lessors shall  
15 file all returns and make all payments required under this  
16 paragraph to the Department by electronic means in the manner  
17 and form as required by the Department. This paragraph does not  
18 apply to leases of motor vehicles for which, at the time the  
19 lease is entered into, the term of the lease is not a defined  
20 period, including leases with a defined initial period with the  
21 option to continue the lease on a month-to-month or other basis  
22 beyond the initial defined period.

23 The phrase "like kind and character" shall be liberally  
24 construed (including but not limited to any form of motor  
25 vehicle for any form of motor vehicle, or any kind of farm or  
26 agricultural implement for any other kind of farm or

1 agricultural implement), while not including a kind of item  
2 which, if sold at retail by that retailer, would be exempt from  
3 retailers' occupation tax and use tax as an isolated or  
4 occasional sale.

5 "Gross receipts" from the sales of tangible personal  
6 property or taxable service at retail means the total selling  
7 price or the amount of such sales, as hereinbefore defined. In  
8 the case of charge and time sales, the amount thereof shall be  
9 included only as and when payments are received by the seller.  
10 Receipts or other consideration derived by a seller from the  
11 sale, transfer or assignment of accounts receivable to a wholly  
12 owned subsidiary will not be deemed payments prior to the time  
13 the purchaser makes payment on such accounts.

14 "Department" means the Department of Revenue.

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

20 The isolated or occasional sale of tangible personal  
21 property or taxable service at retail by a person who does not  
22 hold himself out as being engaged (or who does not habitually  
23 engage) in selling such tangible personal property or taxable  
24 service at retail, or a sale through a bulk vending machine,  
25 does not constitute engaging in a business of selling such  
26 tangible personal property or taxable service at retail within



1 the meaning of this Act; provided that any person who is  
2 engaged in a business which is not subject to the tax imposed  
3 by this Act because of involving the sale of or a contract to  
4 sell real estate or a construction contract to improve real  
5 estate or a construction contract to engineer, install, and  
6 maintain an integrated system of products, but who, in the  
7 course of conducting such business, transfers tangible  
8 personal property to users or consumers in the finished form in  
9 which it was purchased, and which does not become real estate  
10 or was not engineered and installed, under any provision of a  
11 construction contract or real estate sale or real estate sales  
12 agreement entered into with some other person arising out of or  
13 because of such nontaxable business, is engaged in the business  
14 of selling tangible personal property at retail to the extent  
15 of the value of the tangible personal property so transferred.  
16 If, in such a transaction, a separate charge is made for the  
17 tangible personal property so transferred, the value of such  
18 property, for the purpose of this Act, shall be the amount so  
19 separately charged, but not less than the cost of such property  
20 to the transferor; if no separate charge is made, the value of  
21 such property, for the purposes of this Act, is the cost to the  
22 transferor of such tangible personal property. Construction  
23 contracts for the improvement of real estate consisting of  
24 engineering, installation, and maintenance of voice, data,  
25 video, security, and all telecommunication systems do not  
26 constitute engaging in a business of selling tangible personal

1 property or taxable service at retail within the meaning of  
2 this Act if they are sold at one specified contract price.

3 A person who holds himself or herself out as being engaged  
4 (or who habitually engages) in selling tangible personal  
5 property or taxable service at retail is a person engaged in  
6 the business of selling tangible personal property or taxable  
7 service at retail hereunder with respect to such sales (and not  
8 primarily in a nontaxable service occupation) notwithstanding  
9 the fact that such person designs and produces such tangible  
10 personal property or taxable service on special order for the  
11 purchaser and in such a way as to render the property or  
12 service of value only to such purchaser, if such tangible  
13 personal property or taxable service so produced on special  
14 order serves substantially the same function as stock or  
15 standard items of tangible personal property or taxable service  
16 that are sold at retail.

17 Persons who engage in the business of transferring tangible  
18 personal property or taxable service upon the redemption of  
19 trading stamps are engaged in the business of selling such  
20 property or service at retail and shall be liable for and shall  
21 pay the tax imposed by this Act on the basis of the retail  
22 value of the property or service transferred upon redemption of  
23 such stamps.

24 "Bulk vending machine" means a vending machine, containing  
25 unsorted confections, nuts, toys, or other items designed  
26 primarily to be used or played with by children which, when a

1 coin or coins of a denomination not larger than \$0.50 are  
2 inserted, are dispensed in equal portions, at random and  
3 without selection by the customer.

4 (Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14.)

5 (35 ILCS 120/1b new)

6 Sec. 1b. Taxable service. Beginning January 1, 2018,  
7 "taxable service" has the meaning provided in Section 2a-2 of  
8 the Use Tax Act.

9 (35 ILCS 120/2) (from Ch. 120, par. 441)

10 Sec. 2. Tax imposed. A tax is imposed upon persons engaged  
11 in the business of selling at retail taxable service or  
12 tangible personal property, or both, including computer  
13 software, and including photographs, negatives, and positives  
14 that are the product of photoprocessing, but not including  
15 products of photoprocessing produced for use in motion pictures  
16 for public commercial exhibition. Beginning January 1, 2001,  
17 prepaid telephone calling arrangements shall be considered  
18 tangible personal property subject to the tax imposed under  
19 this Act regardless of the form in which those arrangements may  
20 be embodied, transmitted, or fixed by any method now known or  
21 hereafter developed. Sales of (1) electricity delivered to  
22 customers by wire; (2) natural or artificial gas that is  
23 delivered to customers through pipes, pipelines, or mains; and  
24 (3) water that is delivered to customers through pipes,

1 pipelines, or mains are not subject to tax under this Act. The  
2 provisions of this amendatory Act of the 98th General Assembly  
3 are declaratory of existing law as to the meaning and scope of  
4 this Act.

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

6 (35 ILCS 120/2-5)

7 Sec. 2-5. Exemptions. Gross receipts from proceeds from the  
8 sale of the following tangible personal property and taxable  
9 services are exempt from the tax imposed by this Act:

10 (1) Farm chemicals.

11 (2) 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 (2). Agricultural chemical tender tanks and dry boxes

1 shall include units sold separately from a motor vehicle  
2 required to be licensed and units sold mounted on a motor  
3 vehicle required to be licensed, if the selling price of the  
4 tender is separately stated.

5 Farm machinery and equipment shall include precision  
6 farming equipment that is installed or purchased to be  
7 installed on farm machinery and equipment including, but not  
8 limited to, tractors, harvesters, sprayers, planters, seeders,  
9 or spreaders. Precision farming equipment includes, but is not  
10 limited to, soil testing sensors, computers, monitors,  
11 software, global positioning and mapping systems, and other  
12 such equipment.

13 Farm machinery and equipment also includes computers,  
14 sensors, software, and related equipment used primarily in the  
15 computer-assisted operation of production agriculture  
16 facilities, equipment, and activities such as, but not limited  
17 to, the collection, monitoring, and correlation of animal and  
18 crop data for the purpose of formulating animal diets and  
19 agricultural chemicals. This item (2) is exempt from the  
20 provisions of Section 2-70.

21 (3) Until July 1, 2003, distillation machinery and  
22 equipment, sold as a unit or kit, assembled or installed by the  
23 retailer, certified by the user to be used only for the  
24 production of ethyl alcohol that will be used for consumption  
25 as motor fuel or as a component of motor fuel for the personal  
26 use of the user, and not subject to sale or resale.

1 (4) Until July 1, 2003 and beginning again September 1,  
2 2004 through August 30, 2014, graphic arts machinery and  
3 equipment, including repair and replacement parts, both new and  
4 used, and including that manufactured on special order or  
5 purchased for lease, certified by the purchaser to be used  
6 primarily for graphic arts production. Equipment includes  
7 chemicals or chemicals acting as catalysts but only if the  
8 chemicals or chemicals acting as catalysts effect a direct and  
9 immediate change upon a graphic arts product. Beginning on July  
10 1, 2017, graphic arts machinery and equipment is included in  
11 the manufacturing and assembling machinery and equipment  
12 exemption under paragraph (14).

13 (5) A motor vehicle that is used for automobile renting, as  
14 defined in the Automobile Renting Occupation and Use Tax Act.  
15 This paragraph is exempt from the provisions of Section 2-70.

16 (6) Personal property sold by a teacher-sponsored student  
17 organization affiliated with an elementary or secondary school  
18 located in Illinois.

19 (7) Until July 1, 2003, proceeds of that portion of the  
20 selling price of a passenger car the sale of which is subject  
21 to the Replacement Vehicle Tax.

22 (8) Personal property sold to an Illinois county fair  
23 association for use in conducting, operating, or promoting the  
24 county fair.

25 (9) Personal property sold to or taxable service performed  
26 for a not-for-profit arts or cultural organization that

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

15 (10) Personal property sold or taxable service performed by  
16 a corporation, society, association, foundation, institution,  
17 or organization, other than a limited liability company, that  
18 is organized and operated as a not-for-profit service  
19 enterprise for the benefit of persons 65 years of age or older  
20 if the personal property was not purchased by the enterprise  
21 for the purpose of resale by the enterprise.

22 (11) Personal property or taxable service sold to a  
23 governmental body, to a corporation, society, association,  
24 foundation, or institution organized and operated exclusively  
25 for charitable, religious, or educational purposes, or to a  
26 not-for-profit corporation, society, association, foundation,

1 institution, or organization that has no compensated officers  
2 or employees and that is organized and operated primarily for  
3 the recreation of persons 55 years of age or older. A limited  
4 liability company may qualify for the exemption under this  
5 paragraph only if the limited liability company is organized  
6 and operated exclusively for educational purposes. On and after  
7 July 1, 1987, however, no entity otherwise eligible for this  
8 exemption shall make tax-free purchases unless it has an active  
9 identification number issued by the Department.

10 (12) Tangible personal property sold to interstate  
11 carriers for hire for use as rolling stock moving in interstate  
12 commerce or to lessors under leases of one year or longer  
13 executed or in effect at the time of purchase by interstate  
14 carriers for hire for use as rolling stock moving in interstate  
15 commerce and equipment operated by a telecommunications  
16 provider, licensed as a common carrier by the Federal  
17 Communications Commission, which is permanently installed in  
18 or affixed to aircraft moving in interstate commerce.

19 (12-5) On and after July 1, 2003 and through June 30, 2004,  
20 motor vehicles of the second division with a gross vehicle  
21 weight in excess of 8,000 pounds that are subject to the  
22 commercial distribution fee imposed under Section 3-815.1 of  
23 the Illinois Vehicle Code. Beginning on July 1, 2004 and  
24 through June 30, 2005, the use in this State of motor vehicles  
25 of the second division: (i) with a gross vehicle weight rating  
26 in excess of 8,000 pounds; (ii) that are subject to the



1 commercial distribution fee imposed under Section 3-815.1 of  
2 the Illinois Vehicle Code; and (iii) that are primarily used  
3 for commercial purposes. Through June 30, 2005, this exemption  
4 applies to repair and replacement parts added after the initial  
5 purchase of such a motor vehicle if that motor vehicle is used  
6 in a manner that would qualify for the rolling stock exemption  
7 otherwise provided for in this Act. For purposes of this  
8 paragraph, "used for commercial purposes" means the  
9 transportation of persons or property in furtherance of any  
10 commercial or industrial enterprise whether for-hire or not.

11 (13) Proceeds from sales to owners, lessors, or shippers of  
12 tangible personal property that is utilized by interstate  
13 carriers for hire for use as rolling stock moving in interstate  
14 commerce and equipment operated by a telecommunications  
15 provider, licensed as a common carrier by the Federal  
16 Communications Commission, which is permanently installed in  
17 or affixed to aircraft moving in interstate commerce.

18 (14) Machinery and equipment that will be used by the  
19 purchaser, or a lessee of the purchaser, primarily in the  
20 process of manufacturing or assembling tangible personal  
21 property for wholesale or retail sale or lease, whether the  
22 sale or lease is made directly by the manufacturer or by some  
23 other person, whether the materials used in the process are  
24 owned by the manufacturer or some other person, or whether the  
25 sale or lease is made apart from or as an incident to the  
26 seller's engaging in the service occupation of producing

1 machines, tools, dies, jigs, patterns, gauges, or other similar  
2 items of no commercial value on special order for a particular  
3 purchaser. The exemption provided by this paragraph (14) does  
4 not include machinery and equipment used in (i) the generation  
5 of electricity for wholesale or retail sale; (ii) the  
6 generation or treatment of natural or artificial gas for  
7 wholesale or retail sale that is delivered to customers through  
8 pipes, pipelines, or mains; or (iii) the treatment of water for  
9 wholesale or retail sale that is delivered to customers through  
10 pipes, pipelines, or mains. The provisions of Public Act 98-583  
11 are declaratory of existing law as to the meaning and scope of  
12 this exemption. Beginning on July 1, 2017, the exemption  
13 provided by this paragraph (14) includes, but is not limited  
14 to, graphic arts machinery and equipment, as defined in  
15 paragraph (4) of this Section. Beginning on July 1, 2017, the  
16 exemption provided by this paragraph (14) includes, but is not  
17 limited to, production related tangible personal property, as  
18 defined in Section 2-45 of this Act. The exemption provided by  
19 this paragraph (14) is exempt from the provisions of Section  
20 2-70.

21 (15) Proceeds of mandatory service charges separately  
22 stated on customers' bills for purchase and consumption of food  
23 and beverages or of taxable service, to the extent that the  
24 proceeds of the service charge are in fact turned over as tips  
25 or as a substitute for tips to the employees who participate  
26 directly in preparing, serving, hosting or cleaning up the food

1 or beverage function with respect to which the service charge  
2 is imposed.

3 (16) Petroleum products sold to a purchaser if the seller  
4 is prohibited by federal law from charging tax to the  
5 purchaser.

6 (17) Tangible personal property sold to a common carrier by  
7 rail or motor that receives the physical possession of the  
8 property in Illinois and that transports the property, or  
9 shares with another common carrier in the transportation of the  
10 property, out of Illinois on a standard uniform bill of lading  
11 showing the seller of the property as the shipper or consignor  
12 of the property to a destination outside Illinois, for use  
13 outside Illinois.

14 (18) Legal tender, currency, medallions, or gold or silver  
15 coinage issued by the State of Illinois, the government of the  
16 United States of America, or the government of any foreign  
17 country, and bullion.

18 (19) Until July 1 2003, oil field exploration, drilling,  
19 and production equipment, including (i) rigs and parts of rigs,  
20 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
21 tubular goods, including casing and drill strings, (iii) pumps  
22 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
23 individual replacement part for oil field exploration,  
24 drilling, and production equipment, and (vi) machinery and  
25 equipment purchased for lease; but excluding motor vehicles  
26 required to be registered under the Illinois Vehicle Code.

1           (20) Photoprocessing machinery and equipment, including  
2 repair and replacement parts, both new and used, including that  
3 manufactured on special order, certified by the purchaser to be  
4 used primarily for photoprocessing, and including  
5 photoprocessing machinery and equipment purchased for lease.

6           (21) Coal and aggregate exploration, mining, off-highway  
7 hauling, processing, maintenance, and reclamation equipment,  
8 including replacement parts and equipment, and including  
9 equipment purchased for lease, but excluding motor vehicles  
10 required to be registered under the Illinois Vehicle Code. The  
11 changes made to this Section by Public Act 97-767 apply on and  
12 after July 1, 2003, but no claim for credit or refund is  
13 allowed on or after August 16, 2013 (the effective date of  
14 Public Act 98-456) for such taxes paid during the period  
15 beginning July 1, 2003 and ending on August 16, 2013 (the  
16 effective date of Public Act 98-456).

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

24           Beginning July 1, 2013, fuel and petroleum products sold to  
25 or used by an air carrier, certified by the carrier to be used  
26 for consumption, shipment, or storage in the conduct of its

1 business as an air common carrier, for a flight that (i) is  
2 engaged in foreign trade or is engaged in trade between the  
3 United States and any of its possessions and (ii) transports at  
4 least one individual or package for hire from the city of  
5 origination to the city of final destination on the same  
6 aircraft, without regard to a change in the flight number of  
7 that aircraft.

8 (23) A transaction in which the purchase order is received  
9 by a florist who is located outside Illinois, but who has a  
10 florist located in Illinois deliver the property to the  
11 purchaser or the purchaser's donee in Illinois.

12 (24) Fuel consumed or used in the operation of ships,  
13 barges, or vessels that are used primarily in or for the  
14 transportation of property or the conveyance of persons for  
15 hire on rivers bordering on this State if the fuel is delivered  
16 by the seller to the purchaser's barge, ship, or vessel while  
17 it is afloat upon that bordering river.

18 (25) Except as provided in item (25-5) of this Section, a  
19 motor vehicle sold in this State to a nonresident even though  
20 the motor vehicle is delivered to the nonresident in this  
21 State, if the motor vehicle is not to be titled in this State,  
22 and if a drive-away permit is issued to the motor vehicle as  
23 provided in Section 3-603 of the Illinois Vehicle Code or if  
24 the nonresident purchaser has vehicle registration plates to  
25 transfer to the motor vehicle upon returning to his or her home  
26 state. The issuance of the drive-away permit or having the

1 out-of-state registration plates to be transferred is prima  
2 facie evidence that the motor vehicle will not be titled in  
3 this State.

4 (25-5) The exemption under item (25) does not apply if the  
5 state in which the motor vehicle will be titled does not allow  
6 a reciprocal exemption for a motor vehicle sold and delivered  
7 in that state to an Illinois resident but titled in Illinois.  
8 The tax collected under this Act on the sale of a motor vehicle  
9 in this State to a resident of another state that does not  
10 allow a reciprocal exemption shall be imposed at a rate equal  
11 to the state's rate of tax on taxable property in the state in  
12 which the purchaser is a resident, except that the tax shall  
13 not exceed the tax that would otherwise be imposed under this  
14 Act. At the time of the sale, the purchaser shall execute a  
15 statement, signed under penalty of perjury, of his or her  
16 intent to title the vehicle in the state in which the purchaser  
17 is a resident within 30 days after the sale and of the fact of  
18 the payment to the State of Illinois of tax in an amount  
19 equivalent to the state's rate of tax on taxable property in  
20 his or her state of residence and shall submit the statement to  
21 the appropriate tax collection agency in his or her state of  
22 residence. In addition, the retailer must retain a signed copy  
23 of the statement in his or her records. Nothing in this item  
24 shall be construed to require the removal of the vehicle from  
25 this state following the filing of an intent to title the  
26 vehicle in the purchaser's state of residence if the purchaser

1 titles the vehicle in his or her state of residence within 30  
2 days after the date of sale. The tax collected under this Act  
3 in accordance with this item (25-5) shall be proportionately  
4 distributed as if the tax were collected at the 6.25% general  
5 rate imposed under this Act.

6 (25-7) Beginning on July 1, 2007, no tax is imposed under  
7 this Act on the sale of an aircraft, as defined in Section 3 of  
8 the Illinois Aeronautics Act, if all of the following  
9 conditions are met:

10 (1) the aircraft leaves this State within 15 days after  
11 the later of either the issuance of the final billing for  
12 the sale of the aircraft, or the authorized approval for  
13 return to service, completion of the maintenance record  
14 entry, and completion of the test flight and ground test  
15 for inspection, as required by 14 C.F.R. 91.407;

16 (2) the aircraft is not based or registered in this  
17 State after the sale of the aircraft; and

18 (3) the seller retains in his or her books and records  
19 and provides to the Department a signed and dated  
20 certification from the purchaser, on a form prescribed by  
21 the Department, certifying that the requirements of this  
22 item (25-7) are met. The certificate must also include the  
23 name and address of the purchaser, the address of the  
24 location where the aircraft is to be titled or registered,  
25 the address of the primary physical location of the  
26 aircraft, and other information that the Department may

1 reasonably require.

2 For purposes of this item (25-7):

3 "Based in this State" means hangared, stored, or otherwise  
4 used, excluding post-sale customizations as defined in this  
5 Section, for 10 or more days in each 12-month period  
6 immediately following the date of the sale of the aircraft.

7 "Registered in this State" means an aircraft registered  
8 with the Department of Transportation, Aeronautics Division,  
9 or titled or registered with the Federal Aviation  
10 Administration to an address located in this State.

11 This paragraph (25-7) is exempt from the provisions of  
12 Section 2-70.

13 (26) Semen used for artificial insemination of livestock  
14 for direct agricultural production.

15 (27) Horses, or interests in horses, registered with and  
16 meeting the requirements of any of the Arabian Horse Club  
17 Registry of America, Appaloosa Horse Club, American Quarter  
18 Horse Association, United States Trotting Association, or  
19 Jockey Club, as appropriate, used for purposes of breeding or  
20 racing for prizes. This item (27) is exempt from the provisions  
21 of Section 2-70, and the exemption provided for under this item  
22 (27) applies for all periods beginning May 30, 1995, but no  
23 claim for credit or refund is allowed on or after January 1,  
24 2008 (the effective date of Public Act 95-88) for such taxes  
25 paid during the period beginning May 30, 2000 and ending on  
26 January 1, 2008 (the effective date of Public Act 95-88).



1           (28) Computers and communications equipment utilized for  
2 any hospital purpose and equipment used in the diagnosis,  
3 analysis, or treatment of hospital patients sold to a lessor  
4 who leases the equipment, under a lease of one year or longer  
5 executed or in effect at the time of the purchase, to a  
6 hospital that has been issued an active tax exemption  
7 identification number by the Department under Section 1g of  
8 this Act.

9           (29) Personal property sold to a lessor who leases the  
10 property, under a lease of one year or longer executed or in  
11 effect at the time of the purchase, to a governmental body that  
12 has been issued an active tax exemption identification number  
13 by the Department under Section 1g of this Act.

14           (30) 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           (31) 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 (32) 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 2-70.

14 (33) 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 (34) 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 2-70.

20 (35) 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 2-70.

4 (35-5) Beginning August 23, 2001 and through June 30, 2016,  
5 food for human consumption that is to be consumed off the  
6 premises where it is sold (other than alcoholic beverages, soft  
7 drinks, and food that has been prepared for immediate  
8 consumption) and prescription and nonprescription medicines,  
9 drugs, medical appliances, and insulin, urine testing  
10 materials, syringes, and needles used by diabetics, for human  
11 use, when purchased for use by a person receiving medical  
12 assistance under Article V of the Illinois Public Aid Code who  
13 resides in a licensed long-term care facility, as defined in  
14 the Nursing Home Care Act, or a licensed facility as defined in  
15 the ID/DD Community Care Act, the MC/DD Act, or the Specialized  
16 Mental Health Rehabilitation Act of 2013.

17 (36) Beginning August 2, 2001, computers and  
18 communications equipment utilized for any hospital purpose and  
19 equipment used in the diagnosis, analysis, or treatment of  
20 hospital patients sold to a lessor who leases the equipment,  
21 under a lease of one year or longer executed or in effect at  
22 the time of the purchase, to a hospital that has been issued an  
23 active tax exemption identification number by the Department  
24 under Section 1g of this Act. This paragraph is exempt from the  
25 provisions of Section 2-70.

26 (37) Beginning August 2, 2001, personal property sold to a

1 lessor who leases the property, under a lease of one year or  
2 longer executed or in effect at the time of the purchase, to a  
3 governmental body that has been issued an active tax exemption  
4 identification number by the Department under Section 1g of  
5 this Act. This paragraph is exempt from the provisions of  
6 Section 2-70.

7 (38) Beginning on January 1, 2002 and through June 30,  
8 2016, tangible personal property purchased from an Illinois  
9 retailer by a taxpayer engaged in centralized purchasing  
10 activities in Illinois who will, upon receipt of the property  
11 in Illinois, temporarily store the property in Illinois (i) for  
12 the purpose of subsequently transporting it outside this State  
13 for use or consumption thereafter solely outside this State or  
14 (ii) for the purpose of being processed, fabricated, or  
15 manufactured into, attached to, or incorporated into other  
16 tangible personal property to be transported outside this State  
17 and thereafter used or consumed solely outside this State. The  
18 Director of Revenue shall, pursuant to rules adopted in  
19 accordance with the Illinois Administrative Procedure Act,  
20 issue a permit to any taxpayer in good standing with the  
21 Department who is eligible for the exemption under this  
22 paragraph (38). The permit issued under this paragraph (38)  
23 shall authorize the holder, to the extent and in the manner  
24 specified in the rules adopted under this Act, to purchase  
25 tangible personal property from a retailer exempt from the  
26 taxes imposed by this Act. Taxpayers shall maintain all

1 necessary books and records to substantiate the use and  
2 consumption of all such tangible personal property outside of  
3 the State of Illinois.

4 (39) Beginning January 1, 2008, tangible personal property  
5 used in the construction or maintenance of a community water  
6 supply, as defined under Section 3.145 of the Environmental  
7 Protection Act, that is operated by a not-for-profit  
8 corporation that holds a valid water supply permit issued under  
9 Title IV of the Environmental Protection Act. This paragraph is  
10 exempt from the provisions of Section 2-70.

11 (40) Beginning January 1, 2010, materials, parts,  
12 equipment, components, and furnishings incorporated into or  
13 upon an aircraft as part of the modification, refurbishment,  
14 completion, replacement, repair, or maintenance of the  
15 aircraft. This exemption includes consumable supplies used in  
16 the modification, refurbishment, completion, replacement,  
17 repair, and maintenance of aircraft, but excludes any  
18 materials, parts, equipment, components, and consumable  
19 supplies used in the modification, replacement, repair, and  
20 maintenance of aircraft engines or power plants, whether such  
21 engines or power plants are installed or uninstalled upon any  
22 such aircraft. "Consumable supplies" include, but are not  
23 limited to, adhesive, tape, sandpaper, general purpose  
24 lubricants, cleaning solution, latex gloves, and protective  
25 films. This exemption applies only to the sale of qualifying  
26 tangible personal property to persons who modify, refurbish,

1 complete, replace, or maintain an aircraft and who (i) hold an  
2 Air Agency Certificate and are empowered to operate an approved  
3 repair station by the Federal Aviation Administration, (ii)  
4 have a Class IV Rating, and (iii) conduct operations in  
5 accordance with Part 145 of the Federal Aviation Regulations.  
6 The exemption does not include aircraft operated by a  
7 commercial air carrier providing scheduled passenger air  
8 service pursuant to authority issued under Part 121 or Part 129  
9 of the Federal Aviation Regulations. The changes made to this  
10 paragraph (40) by Public Act 98-534 are declarative of existing  
11 law.

12 (41) Tangible personal property sold to a  
13 public-facilities corporation, as described in Section  
14 11-65-10 of the Illinois Municipal Code, for purposes of  
15 constructing or furnishing a municipal convention hall, but  
16 only if the legal title to the municipal convention hall is  
17 transferred to the municipality without any further  
18 consideration by or on behalf of the municipality at the time  
19 of the completion of the municipal convention hall or upon the  
20 retirement or redemption of any bonds or other debt instruments  
21 issued by the public-facilities corporation in connection with  
22 the development of the municipal convention hall. This  
23 exemption includes existing public-facilities corporations as  
24 provided in Section 11-65-25 of the Illinois Municipal Code.  
25 This paragraph is exempt from the provisions of Section 2-70.

26 (42) Beginning January 1, 2017, menstrual pads, tampons,

1 and menstrual cups.

2 (43) Beginning January 1, 2018, taxable service performed  
3 on or to tangible personal property the sale of which is exempt  
4 from taxation under this Act. This paragraph is exempt from the  
5 provisions of Section 2-70.

6 (44) Beginning January 1, 2018, taxable service performed  
7 in a transaction that would be exempt from taxation under this  
8 Act if it involved solely the sale of tangible personal  
9 property. Such exemption could be due to the nature of the  
10 seller or of the service provider, the purchaser or service  
11 recipient, or other features of the transaction, including but  
12 not limited to the location or sale-for-resale nature of the  
13 transaction. Any such exemption applies to transactions  
14 involving solely the sale of tangible personal property, solely  
15 the performance of taxable service, or some combination  
16 thereof. This paragraph is exempt from the provisions of  
17 Section 2-70.

18 (45) Beginning January 1, 2018, taxable service performed  
19 for or provided to businesses making purchases of services for  
20 the benefit of or in furtherance of the business. This  
21 paragraph is exempt from the provisions of Section 2-70.

22 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;  
23 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.  
24 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.  
25 7-29-15; 99-855, eff. 8-19-16.)



1 (35 ILCS 120/2-10)

2 Sec. 2-10. Rate of tax. Unless otherwise provided in this  
3 Section, the tax imposed by this Act is at the rate of 6.25% of  
4 gross receipts from sales of tangible personal property made in  
5 the course of business. Beginning July 1, 2017, the tax is also  
6 imposed at the rate of 6.25% of the gross receipts from sales  
7 of taxable services.

8 Beginning on July 1, 2000 and through December 31, 2000,  
9 with respect to motor fuel, as defined in Section 1.1 of the  
10 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
11 the Use Tax Act, the tax is imposed at the rate of 1.25%.

12 Beginning on August 6, 2010 through August 15, 2010, with  
13 respect to sales tax holiday items as defined in Section 2-8 of  
14 this Act, the tax is imposed at the rate of 1.25%.

15 Within 14 days after the effective date of this amendatory  
16 Act of the 91st General Assembly, each retailer of motor fuel  
17 and gasohol shall cause the following notice to be posted in a  
18 prominently visible place on each retail dispensing device that  
19 is used to dispense motor fuel or gasohol in the State of  
20 Illinois: "As of July 1, 2000, the State of Illinois has  
21 eliminated the State's share of sales tax on motor fuel and  
22 gasohol through December 31, 2000. The price on this pump  
23 should reflect the elimination of the tax." The notice shall be  
24 printed in bold print on a sign that is no smaller than 4  
25 inches by 8 inches. The sign shall be clearly visible to  
26 customers. Any retailer who fails to post or maintain a

1 required sign through December 31, 2000 is guilty of a petty  
2 offense for which the fine shall be \$500 per day per each  
3 retail premises where a violation occurs.

4 With respect to gasohol, as defined in the Use Tax Act, the  
5 tax imposed by this Act applies to (i) 70% of the proceeds of  
6 sales made on or after January 1, 1990, and before July 1,  
7 2003, (ii) 80% of the proceeds of sales made on or after July  
8 1, 2003 and on or before December 31, 2018, and (iii) 100% of  
9 the proceeds of sales made thereafter. If, at any time,  
10 however, the tax under this Act on sales of gasohol, as defined  
11 in the Use Tax Act, is imposed at the rate of 1.25%, then the  
12 tax imposed by this Act applies to 100% of the proceeds of  
13 sales of gasohol made during that time.

14 With respect to majority blended ethanol fuel, as defined  
15 in the Use Tax Act, the tax imposed by this Act does not apply  
16 to the proceeds of sales made on or after July 1, 2003 and on or  
17 before December 31, 2018 but applies to 100% of the proceeds of  
18 sales made thereafter.

19 With respect to biodiesel blends, as defined in the Use Tax  
20 Act, with no less than 1% and no more than 10% biodiesel, the  
21 tax imposed by this Act applies to (i) 80% of the proceeds of  
22 sales made on or after July 1, 2003 and on or before December  
23 31, 2018 and (ii) 100% of the proceeds of sales made  
24 thereafter. If, at any time, however, the tax under this Act on  
25 sales of biodiesel blends, as defined in the Use Tax Act, with  
26 no less than 1% and no more than 10% biodiesel is imposed at

1 the rate of 1.25%, then the tax imposed by this Act applies to  
2 100% of the proceeds of sales of biodiesel blends with no less  
3 than 1% and no more than 10% biodiesel made during that time.

4 With respect to 100% biodiesel, as defined in the Use Tax  
5 Act, and biodiesel blends, as defined in the Use Tax Act, with  
6 more than 10% but no more than 99% biodiesel, the tax imposed  
7 by this Act does not apply to the proceeds of sales made on or  
8 after July 1, 2003 and on or before December 31, 2018 but  
9 applies to 100% of the proceeds of sales made thereafter.

10 With respect to food for human consumption that is to be  
11 consumed off the premises where it is sold (other than  
12 alcoholic beverages, soft drinks, and food that has been  
13 prepared for immediate consumption) and prescription and  
14 nonprescription medicines, drugs, medical appliances, products  
15 classified as Class III medical devices by the United States  
16 Food and Drug Administration that are used for cancer treatment  
17 pursuant to a prescription, as well as any accessories and  
18 components related to those devices, modifications to a motor  
19 vehicle for the purpose of rendering it usable by a person with  
20 a disability, and insulin, urine testing materials, syringes,  
21 and needles used by diabetics, for human use, the tax is  
22 imposed at the rate of 1%. For the purposes of this Section,  
23 until September 1, 2009: the term "soft drinks" means any  
24 complete, finished, ready-to-use, non-alcoholic drink, whether  
25 carbonated or not, including but not limited to soda water,  
26 cola, fruit juice, vegetable juice, carbonated water, and all

1 other preparations commonly known as soft drinks of whatever  
2 kind or description that are contained in any closed or sealed  
3 bottle, can, carton, or container, regardless of size; but  
4 "soft drinks" does not include coffee, tea, non-carbonated  
5 water, infant formula, milk or milk products as defined in the  
6 Grade A Pasteurized Milk and Milk Products Act, or drinks  
7 containing 50% or more natural fruit or vegetable juice.

8 Notwithstanding any other provisions of this Act,  
9 beginning September 1, 2009, "soft drinks" means non-alcoholic  
10 beverages that contain natural or artificial sweeteners. "Soft  
11 drinks" do not include beverages that contain milk or milk  
12 products, soy, rice or similar milk substitutes, or greater  
13 than 50% of vegetable or fruit juice by volume.

14 Until August 1, 2009, and notwithstanding any other  
15 provisions of this Act, "food for human consumption that is to  
16 be consumed off the premises where it is sold" includes all  
17 food sold through a vending machine, except soft drinks and  
18 food products that are dispensed hot from a vending machine,  
19 regardless of the location of the vending machine. Beginning  
20 August 1, 2009, and notwithstanding any other provisions of  
21 this Act, "food for human consumption that is to be consumed  
22 off the premises where it is sold" includes all food sold  
23 through a vending machine, except soft drinks, candy, and food  
24 products that are dispensed hot from a vending machine,  
25 regardless of the location of the vending machine.

26 Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "food for human consumption that  
2 is to be consumed off the premises where it is sold" does not  
3 include candy. For purposes of this Section, "candy" means a  
4 preparation of sugar, honey, or other natural or artificial  
5 sweeteners in combination with chocolate, fruits, nuts or other  
6 ingredients or flavorings in the form of bars, drops, or  
7 pieces. "Candy" does not include any preparation that contains  
8 flour or requires refrigeration.

9 Notwithstanding any other provisions of this Act,  
10 beginning September 1, 2009, "nonprescription medicines and  
11 drugs" does not include grooming and hygiene products. For  
12 purposes of this Section, "grooming and hygiene products"  
13 includes, but is not limited to, soaps and cleaning solutions,  
14 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
15 lotions and screens, unless those products are available by  
16 prescription only, regardless of whether the products meet the  
17 definition of "over-the-counter-drugs". For the purposes of  
18 this paragraph, "over-the-counter-drug" means a drug for human  
19 use that contains a label that identifies the product as a drug  
20 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
21 label includes:

22 (A) A "Drug Facts" panel; or

23 (B) A statement of the "active ingredient(s)" with a  
24 list of those ingredients contained in the compound,  
25 substance or preparation.

26 Beginning on the effective date of this amendatory Act of

1 the 98th General Assembly, "prescription and nonprescription  
2 medicines and drugs" includes medical cannabis purchased from a  
3 registered dispensing organization under the Compassionate Use  
4 of Medical Cannabis Pilot Program Act.

5 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;  
6 99-858, eff. 8-19-16.)

7 (35 ILCS 120/2-10.5)

8 Sec. 2-10.5. Direct payment program; purchaser's providing  
9 of permit to retailer; retailer relieved of collecting use tax  
10 and local retailers' occupation tax reimbursements from  
11 purchaser; direct payment of retailers' occupation tax and  
12 local retailers' occupation tax by purchaser.

13 (a) Beginning on July 1, 2001 there is established in this  
14 State a Direct Payment Program to be administered by the  
15 Department. The Department shall issue a Direct Pay Permit to  
16 applicants who have been approved to participate in the Direct  
17 Payment Program. Each person applying to participate in the  
18 Direct Payment Program must demonstrate (1) the applicant's  
19 ability to comply with the retailers' occupation tax laws and  
20 the use tax laws in effect in this State and that the  
21 applicant's accounting system will reflect the proper amount of  
22 tax due, (2) that the applicant has a valid business purpose  
23 for participating in the Direct Payment Program, and (3) how  
24 the applicant's participation in the Direct Payment Program  
25 will benefit tax compliance. Application shall be made on forms

1 provided by the Department and shall contain information as the  
2 Department may reasonably require. The Department shall  
3 approve or deny an applicant within 90 days after the  
4 Department's receipt of the application, unless the Department  
5 makes a written request for additional information from the  
6 applicant.

7 (b) A person who has been approved for the Direct Payment  
8 Program and who has been issued a Direct Pay Permit by the  
9 Department is relieved of paying tax to a retailer when  
10 purchasing tangible personal property or taxable service for  
11 use or consumption, except as provided in subsection (d), by  
12 providing that retailer a copy of that Direct Pay Permit. A  
13 retailer who accepts a copy of a customer's Direct Pay Permit  
14 is relieved of the obligation to remit the tax imposed by this  
15 Act on the transaction. References in this Section to "the tax  
16 imposed by this Act" include any local occupation taxes  
17 administered by the Department that would be incurred on the  
18 retail sale.

19 (c) Once the holder of a Direct Pay Permit uses that Permit  
20 to relieve the Permit holder from paying tax to a particular  
21 retailer, the holder must use its Permit for all purchases,  
22 except as provided in subsection (d), from that retailer for so  
23 long as the Permit is valid.

24 (d) Direct Pay Permits are not valid and shall not be used  
25 for sales or purchases of:

26 (1) food or beverage;

1           (2) tangible personal property required to be titled or  
2 registered with an agency of government; or

3           (3) any transactions subject to the Service Occupation  
4 Tax Act or Service Use Tax Act.

5           (e) Direct Pay Permits are not assignable and are not  
6 transferable. As an illustration, a construction contractor  
7 shall not make purchases using a customer's Direct Pay Permit.

8           (f) A Direct Pay Permit is valid until it is revoked by the  
9 Department or until the holder notifies the Department in  
10 writing that the holder is withdrawing from the Direct Payment  
11 Program. A Direct Pay Permit can be revoked by the Department,  
12 after notice and hearing, if the holder violates any provision  
13 of this Act, any provision of the Illinois Use Tax Act, or any  
14 provision of any Act imposing a local retailers' occupation tax  
15 administered by the Department.

16           (g) The holder of a Direct Pay Permit who has been relieved  
17 of paying tax to a retailer on a purchase for use or  
18 consumption by representing to that retailer that it would pay  
19 all applicable taxes directly to the Department shall pay those  
20 taxes to the Department not later than the 20th day of the  
21 month following the month in which the purchase was made.  
22 Permit holders making such purchases are subject to all  
23 provisions of this Act, and the tax must be reported and paid  
24 as retailers' occupation tax in the same manner that the  
25 retailer from whom the purchases were made would have reported  
26 and paid it, including any local retailers' occupation taxes



1 applicable to that retail sale. Notwithstanding any other  
2 provision of this Act, Permit holders shall make all payments  
3 to the Department through the use of electronic funds transfer.  
4 (Source: P.A. 92-484, eff. 8-23-01.)

5 (35 ILCS 120/2-12)

6 Sec. 2-12. Location where retailer is deemed to be engaged  
7 in the business of selling. The purpose of this Section is to  
8 specify where a retailer is deemed to be engaged in the  
9 business of selling tangible personal property or taxable  
10 service for the purposes of this Act, the Use Tax Act, the  
11 Service Use Tax Act, and the Service Occupation Tax Act, and  
12 for the purpose of collecting any other local retailers'  
13 occupation tax administered by the Department. This Section  
14 applies only with respect to the particular selling activities  
15 described in the following paragraphs. The provisions of this  
16 Section are not intended to, and shall not be interpreted to,  
17 affect where a retailer is deemed to be engaged in the business  
18 of selling with respect to any activity that is not  
19 specifically described in the following paragraphs.

20 (1) If a purchaser who is present at the retailer's  
21 place of business, having no prior commitment to the  
22 retailer, agrees to purchase and makes payment for tangible  
23 personal property at the retailer's place of business, then  
24 the transaction shall be deemed an over-the-counter sale  
25 occurring at the retailer's same place of business where

1 the purchaser was present and made payment for that  
2 tangible personal property if the retailer regularly  
3 stocks the purchased tangible personal property or similar  
4 tangible personal property in the quantity, or similar  
5 quantity, for sale at the retailer's same place of business  
6 and then either (i) the purchaser takes possession of the  
7 tangible personal property at the same place of business or  
8 (ii) the retailer delivers or arranges for the tangible  
9 personal property to be delivered to the purchaser.

10 (2) If a purchaser, having no prior commitment to the  
11 retailer, agrees to purchase tangible personal property  
12 and makes payment over the phone, in writing, or via the  
13 Internet and takes possession of the tangible personal  
14 property at the retailer's place of business, then the sale  
15 shall be deemed to have occurred at the retailer's place of  
16 business where the purchaser takes possession of the  
17 property if the retailer regularly stocks the item or  
18 similar items in the quantity, or similar quantities,  
19 purchased by the purchaser.

20 (3) A retailer is deemed to be engaged in the business  
21 of selling food, beverages, or other tangible personal  
22 property through a vending machine at the location where  
23 the vending machine is located at the time the sale is made  
24 if (i) the vending machine is a device operated by coin,  
25 currency, credit card, token, coupon or similar device; (2)  
26 the food, beverage or other tangible personal property is

1 contained within the vending machine and dispensed from the  
2 vending machine; and (3) the purchaser takes possession of  
3 the purchased food, beverage or other tangible personal  
4 property immediately.

5 (4) Minerals. A producer of coal or other mineral mined  
6 in Illinois is deemed to be engaged in the business of  
7 selling at the place where the coal or other mineral mined  
8 in Illinois is extracted from the earth. With respect to  
9 minerals (i) the term "extracted from the earth" means the  
10 location at which the coal or other mineral is extracted  
11 from the mouth of the mine, and (ii) a "mineral" includes  
12 not only coal, but also oil, sand, stone taken from a  
13 quarry, gravel and any other thing commonly regarded as a  
14 mineral and extracted from the earth. This paragraph does  
15 not apply to coal or another mineral when it is delivered  
16 or shipped by the seller to the purchaser at a point  
17 outside Illinois so that the sale is exempt under the  
18 United States Constitution as a sale in interstate or  
19 foreign commerce.

20 (5) A retailer selling tangible personal property to a  
21 nominal lessee or bailee pursuant to a lease with a dollar  
22 or other nominal option to purchase is engaged in the  
23 business of selling at the location where the property is  
24 first delivered to the lessee or bailee for its intended  
25 use.

26 (6) Landscaping services shall be sourced to the

1        location of the parcel or tract of land where the benefit  
2        of the landscaping services is realized.

3        (Source: P.A. 98-1098, eff. 8-26-14; 99-126, eff. 7-23-15.)

4            (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

5        Sec. 2-45. Manufacturing and assembly exemption. The  
6        manufacturing and assembly machinery and equipment exemption  
7        includes machinery and equipment that replaces machinery and  
8        equipment in an existing manufacturing facility as well as  
9        machinery and equipment that are for use in an expanded or new  
10       manufacturing facility.

11       The machinery and equipment exemption also includes  
12       machinery and equipment used in the general maintenance or  
13       repair of exempt machinery and equipment or for in-house  
14       manufacture of exempt machinery and equipment. Beginning on  
15       July 1, 2017, the manufacturing and assembling machinery and  
16       equipment exemption also includes graphic arts machinery and  
17       equipment, as defined in paragraph (4) of Section 2-5.  
18       Beginning on July 1, 2017, the manufacturing and assembling  
19       machinery and equipment exemption also includes production  
20       related tangible personal property, as defined in this Section.

21       The machinery and equipment exemption does not include  
22       machinery and equipment used in (i) the generation of  
23       electricity for wholesale or retail sale; (ii) the generation  
24       or treatment of natural or artificial gas for wholesale or  
25       retail sale that is delivered to customers through pipes,

1 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 this amendatory  
4 Act of the 98th General Assembly are declaratory of existing  
5 law as to the meaning and scope of this exemption. For the  
6 purposes of this exemption, terms have the following meanings:

7 (1) "Manufacturing process" means the production of an  
8 article of tangible personal property, whether the article  
9 is a finished product or an article for use in the process  
10 of manufacturing or assembling a different article of  
11 tangible personal property, by a procedure commonly  
12 regarded as manufacturing, processing, fabricating, or  
13 refining that changes some existing material or materials  
14 into a material with a different form, use, or name. In  
15 relation to a recognized integrated business composed of a  
16 series of operations that collectively constitute  
17 manufacturing, or individually constitute manufacturing  
18 operations, the manufacturing process commences with the  
19 first operation or stage of production in the series and  
20 does not end until the completion of the final product in  
21 the last operation or stage of production in the series.  
22 For purposes of this exemption, photoprocessing is a  
23 manufacturing process of tangible personal property for  
24 wholesale or retail sale.

25 (2) "Assembling process" means the production of an  
26 article of tangible personal property, whether the article

1 is a finished product or an article for use in the process  
2 of manufacturing or assembling a different article of  
3 tangible personal property, by the combination of existing  
4 materials in a manner commonly regarded as assembling that  
5 results in a material of a different form, use, or name.

6 (3) "Machinery" means major mechanical machines or  
7 major components of those machines contributing to a  
8 manufacturing or assembling process.

9 (4) "Equipment" includes an independent device or tool  
10 separate from machinery but essential to an integrated  
11 manufacturing or assembly process; including computers  
12 used primarily in a manufacturer's computer assisted  
13 design, computer assisted manufacturing (CAD/CAM) system;  
14 any subunit or assembly comprising a component of any  
15 machinery or auxiliary, adjunct, or attachment parts of  
16 machinery, such as tools, dies, jigs, fixtures, patterns,  
17 and molds; and any parts that require periodic replacement  
18 in the course of normal operation; but does not include  
19 hand tools. Equipment includes chemicals or chemicals  
20 acting as catalysts but only if the chemicals or chemicals  
21 acting as catalysts effect a direct and immediate change  
22 upon a product being manufactured or assembled for  
23 wholesale or retail sale or lease.

24 (5) "Production related tangible personal property"  
25 means all tangible personal property that is used or  
26 consumed by the purchaser in a manufacturing facility in

1 which a manufacturing process takes place and includes,  
2 without limitation, tangible personal property that is  
3 purchased for incorporation into real estate within a  
4 manufacturing facility and tangible personal property that  
5 is used or consumed in activities such as research and  
6 development, preproduction material handling, receiving,  
7 quality control, inventory control, storage, staging, and  
8 packaging for shipping and transportation purposes.

9 "Production related tangible personal property" does not  
10 include (i) tangible personal property that is used, within  
11 or without a manufacturing facility, in sales, purchasing,  
12 accounting, fiscal management, marketing, personnel  
13 recruitment or selection, or landscaping or (ii) tangible  
14 personal property that is required to be titled or  
15 registered with a department, agency, or unit of federal,  
16 State, or local government.

17 The manufacturing and assembling machinery and equipment  
18 exemption includes production related tangible personal  
19 property that is purchased (i) on or after July 1, 2007 and on  
20 or before June 30, 2008 or (ii) on and after July 1, 2017. The  
21 exemption for production related tangible personal property  
22 purchased on or after July 1, 2007 and on or before June 30,  
23 2008 is subject to both of the following limitations:

24 (1) The maximum amount of the exemption for any one  
25 taxpayer may not exceed 5% of the purchase price of  
26 production related tangible personal property that is

1 purchased on or after July 1, 2007 and on or before June  
2 30, 2008. A credit under Section 3-85 of this Act may not  
3 be earned by the purchase of production related tangible  
4 personal property for which an exemption is received under  
5 this Section.

6 (2) The maximum aggregate amount of the exemptions for  
7 production related tangible personal property awarded  
8 under this Act and the Use Tax Act to all taxpayers may not  
9 exceed \$10,000,000. If the claims for the exemption exceed  
10 \$10,000,000, then the Department shall reduce the amount of  
11 the exemption to each taxpayer on a pro rata basis.

12 The Department may adopt rules to implement and administer the  
13 exemption for production related tangible personal property.

14 The manufacturing and assembling machinery and equipment  
15 exemption includes the sale of materials to a purchaser who  
16 produces exempted types of machinery, equipment, or tools and  
17 who rents or leases that machinery, equipment, or tools to a  
18 manufacturer of tangible personal property. This exemption  
19 also includes the sale of materials to a purchaser who  
20 manufactures those materials into an exempted type of  
21 machinery, equipment, or tools that the purchaser uses himself  
22 or herself in the manufacturing of tangible personal property.  
23 The purchaser of the machinery and equipment who has an active  
24 resale registration number shall furnish that number to the  
25 seller at the time of purchase. A purchaser of the machinery,  
26 equipment, and tools without an active resale registration



1 number shall furnish to the seller a certificate of exemption  
2 for each transaction stating facts establishing the exemption  
3 for that transaction, and that certificate shall be available  
4 to the Department for inspection or audit. Informal rulings,  
5 opinions, or letters issued by the Department in response to an  
6 inquiry or request for an opinion from any person regarding the  
7 coverage and applicability of this exemption to specific  
8 devices shall be published, maintained as a public record, and  
9 made available for public inspection and copying. If the  
10 informal ruling, opinion, or letter contains trade secrets or  
11 other confidential information, where possible, the Department  
12 shall delete that information before publication. Whenever  
13 informal rulings, opinions, or letters contain a policy of  
14 general applicability, the Department shall formulate and  
15 adopt that policy as a rule in accordance with the Illinois  
16 Administrative Procedure Act.

17 The manufacturing and assembling machinery and equipment  
18 exemption is exempt from the provisions of Section 2-70.

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

20 (35 ILCS 120/2-55) (from Ch. 120, par. 441-55)

21 Sec. 2-55. Serviceman transfer. Tangible personal property  
22 purchased by a serviceman, as defined in Section 2 of the  
23 Service Occupation Tax Act, is subject to the tax imposed by  
24 this Act when purchased for transfer by the serviceman  
25 incidental to completion of a maintenance agreement. Effective

1 January 1, 2018, purchases of tangible personal property  
2 purchased for transfer incidental to performance of a taxable  
3 service is not subject to the tax imposed by this Act.

4 (Source: P.A. 91-51, eff. 6-30-99.)

5 (35 ILCS 120/2a) (from Ch. 120, par. 441a)

6 Sec. 2a. It is unlawful for any person to engage in the  
7 business of selling tangible personal property or taxable  
8 service at retail in this State without a certificate of  
9 registration from the Department. Application for a  
10 certificate of registration shall be made to the Department  
11 upon forms furnished by it. Each such application shall be  
12 signed and verified and shall state: (1) the name and social  
13 security number of the applicant; (2) the address of his  
14 principal place of business; (3) the address of the principal  
15 place of business from which he engages in the business of  
16 selling tangible personal property or taxable service at retail  
17 in this State and the addresses of all other places of  
18 business, if any (enumerating such addresses, if any, in a  
19 separate list attached to and made a part of the application),  
20 from which he engages in the business of selling tangible  
21 personal property or taxable service at retail in this State;  
22 (4) the name and address of the person or persons who will be  
23 responsible for filing returns and payment of taxes due under  
24 this Act; (5) in the case of a publicly traded corporation, the  
25 name and title of the Chief Financial Officer, Chief Operating

1 Officer, and any other officer or employee with responsibility  
2 for preparing tax returns under this Act, along with the last 4  
3 digits of each of their social security numbers, and, in the  
4 case of all other corporations, the name, title, and social  
5 security number of each corporate officer; (6) in the case of a  
6 limited liability company, the name, social security number,  
7 and FEIN number of each manager and member; and (7) such other  
8 information as the Department may reasonably require. The  
9 application shall contain an acceptance of responsibility  
10 signed by the person or persons who will be responsible for  
11 filing returns and payment of the taxes due under this Act. If  
12 the applicant will sell tangible personal property at retail  
13 through vending machines, his application to register shall  
14 indicate the number of vending machines to be so operated. If  
15 requested by the Department at any time, that person shall  
16 verify the total number of vending machines he or she uses in  
17 his or her business of selling tangible personal property at  
18 retail.

19 The Department may deny a certificate of registration to  
20 any applicant if a person who is named as the owner, a partner,  
21 a manager or member of a limited liability company, or a  
22 corporate officer of the applicant on the application for the  
23 certificate of registration is or has been named as the owner,  
24 a partner, a manager or member of a limited liability company,  
25 or a corporate officer on the application for the certificate  
26 of registration of another retailer that is in default for

1 moneys due under this Act or any other tax or fee Act  
2 administered by the Department. For purposes of this paragraph  
3 only, in determining whether a person is in default for moneys  
4 due, the Department shall include only amounts established as a  
5 final liability within the 20 years prior to the date of the  
6 Department's notice of denial of a certificate of registration.

7 The Department may require an applicant for a certificate  
8 of registration hereunder to, at the time of filing such  
9 application, furnish a bond from a surety company authorized to  
10 do business in the State of Illinois, or an irrevocable bank  
11 letter of credit or a bond signed by 2 personal sureties who  
12 have filed, with the Department, sworn statements disclosing  
13 net assets equal to at least 3 times the amount of the bond to  
14 be required of such applicant, or a bond secured by an  
15 assignment of a bank account or certificate of deposit, stocks  
16 or bonds, conditioned upon the applicant paying to the State of  
17 Illinois all moneys becoming due under this Act and under any  
18 other State tax law or municipal or county tax ordinance or  
19 resolution under which the certificate of registration that is  
20 issued to the applicant under this Act will permit the  
21 applicant to engage in business without registering separately  
22 under such other law, ordinance or resolution. In making a  
23 determination as to whether to require a bond or other  
24 security, the Department shall take into consideration whether  
25 the owner, any partner, any manager or member of a limited  
26 liability company, or a corporate officer of the applicant is

1 or has been the owner, a partner, a manager or member of a  
2 limited liability company, or a corporate officer of another  
3 retailer that is in default for moneys due under this Act or  
4 any other tax or fee Act administered by the Department; and  
5 whether the owner, any partner, any manager or member of a  
6 limited liability company, or a corporate officer of the  
7 applicant is or has been the owner, a partner, a manager or  
8 member of a limited liability company, or a corporate officer  
9 of another retailer whose certificate of registration has been  
10 revoked within the previous 5 years under this Act or any other  
11 tax or fee Act administered by the Department. If a bond or  
12 other security is required, the Department shall fix the amount  
13 of the bond or other security, taking into consideration the  
14 amount of money expected to become due from the applicant under  
15 this Act and under any other State tax law or municipal or  
16 county tax ordinance or resolution under which the certificate  
17 of registration that is issued to the applicant under this Act  
18 will permit the applicant to engage in business without  
19 registering separately under such other law, ordinance, or  
20 resolution. The amount of security required by the Department  
21 shall be such as, in its opinion, will protect the State of  
22 Illinois against failure to pay the amount which may become due  
23 from the applicant under this Act and under any other State tax  
24 law or municipal or county tax ordinance or resolution under  
25 which the certificate of registration that is issued to the  
26 applicant under this Act will permit the applicant to engage in

1 business without registering separately under such other law,  
2 ordinance or resolution, but the amount of the security  
3 required by the Department shall not exceed three times the  
4 amount of the applicant's average monthly tax liability, or  
5 \$50,000.00, whichever amount is lower.

6 No certificate of registration under this Act shall be  
7 issued by the Department until the applicant provides the  
8 Department with satisfactory security, if required, as herein  
9 provided for.

10 Upon receipt of the application for certificate of  
11 registration in proper form, and upon approval by the  
12 Department of the security furnished by the applicant, if  
13 required, the Department shall issue to such applicant a  
14 certificate of registration which shall permit the person to  
15 whom it is issued to engage in the business of selling tangible  
16 personal property at retail in this State. The certificate of  
17 registration shall be conspicuously displayed at the place of  
18 business which the person so registered states in his  
19 application to be the principal place of business from which he  
20 engages in the business of selling tangible personal property  
21 at retail in this State.

22 No certificate of registration issued to a taxpayer who  
23 files returns required by this Act on a monthly basis shall be  
24 valid after the expiration of 5 years from the date of its  
25 issuance or last renewal. The expiration date of a  
26 sub-certificate of registration shall be that of the

1 certificate of registration to which the sub-certificate  
2 relates. A certificate of registration shall automatically be  
3 renewed, subject to revocation as provided by this Act, for an  
4 additional 5 years from the date of its expiration unless  
5 otherwise notified by the Department as provided by this  
6 paragraph. Where a taxpayer to whom a certificate of  
7 registration is issued under this Act is in default to the  
8 State of Illinois for delinquent returns or for moneys due  
9 under this Act or any other State tax law or municipal or  
10 county ordinance administered or enforced by the Department,  
11 the Department shall, not less than 60 days before the  
12 expiration date of such certificate of registration, give  
13 notice to the taxpayer to whom the certificate was issued of  
14 the account period of the delinquent returns, the amount of  
15 tax, penalty and interest due and owing from the taxpayer, and  
16 that the certificate of registration shall not be automatically  
17 renewed upon its expiration date unless the taxpayer, on or  
18 before the date of expiration, has filed and paid the  
19 delinquent returns or paid the defaulted amount in full. A  
20 taxpayer to whom such a notice is issued shall be deemed an  
21 applicant for renewal. The Department shall promulgate  
22 regulations establishing procedures for taxpayers who file  
23 returns on a monthly basis but desire and qualify to change to  
24 a quarterly or yearly filing basis and will no longer be  
25 subject to renewal under this Section, and for taxpayers who  
26 file returns on a yearly or quarterly basis but who desire or

1 are required to change to a monthly filing basis and will be  
2 subject to renewal under this Section.

3 The Department may in its discretion approve renewal by an  
4 applicant who is in default if, at the time of application for  
5 renewal, the applicant files all of the delinquent returns or  
6 pays to the Department such percentage of the defaulted amount  
7 as may be determined by the Department and agrees in writing to  
8 waive all limitations upon the Department for collection of the  
9 remaining defaulted amount to the Department over a period not  
10 to exceed 5 years from the date of renewal of the certificate;  
11 however, no renewal application submitted by an applicant who  
12 is in default shall be approved if the immediately preceding  
13 renewal by the applicant was conditioned upon the installment  
14 payment agreement described in this Section. The payment  
15 agreement herein provided for shall be in addition to and not  
16 in lieu of the security that may be required by this Section of  
17 a taxpayer who is no longer considered a prior continuous  
18 compliance taxpayer. The execution of the payment agreement as  
19 provided in this Act shall not toll the accrual of interest at  
20 the statutory rate.

21 The Department may suspend a certificate of registration if  
22 the Department finds that the person to whom the certificate of  
23 registration has been issued knowingly sold contraband  
24 cigarettes.

25 A certificate of registration issued under this Act more  
26 than 5 years before the effective date of this amendatory Act



1 of 1989 shall expire and be subject to the renewal provisions  
2 of this Section on the next anniversary of the date of issuance  
3 of such certificate which occurs more than 6 months after the  
4 effective date of this amendatory Act of 1989. A certificate of  
5 registration issued less than 5 years before the effective date  
6 of this amendatory Act of 1989 shall expire and be subject to  
7 the renewal provisions of this Section on the 5th anniversary  
8 of the issuance of the certificate.

9 If the person so registered states that he operates other  
10 places of business from which he engages in the business of  
11 selling tangible personal property or taxable service at retail  
12 in this State, the Department shall furnish him with a  
13 sub-certificate of registration for each such place of  
14 business, and the applicant shall display the appropriate  
15 sub-certificate of registration at each such place of business.  
16 All sub-certificates of registration shall bear the same  
17 registration number as that appearing upon the certificate of  
18 registration to which such sub-certificates relate.

19 If the applicant will sell tangible personal property at  
20 retail through vending machines, the Department shall furnish  
21 him with a sub-certificate of registration for each such  
22 vending machine, and the applicant shall display the  
23 appropriate sub-certificate of registration on each such  
24 vending machine by attaching the sub-certificate of  
25 registration to a conspicuous part of such vending machine. If  
26 a person who is registered to sell tangible personal property

1 at retail through vending machines adds an additional vending  
2 machine or additional vending machines to the number of vending  
3 machines he or she uses in his or her business of selling  
4 tangible personal property at retail, he or she shall notify  
5 the Department, on a form prescribed by the Department, to  
6 request an additional sub-certificate or additional  
7 sub-certificates of registration, as applicable. With each  
8 such request, the applicant shall report the number of  
9 sub-certificates of registration he or she is requesting as  
10 well as the total number of vending machines from which he or  
11 she makes retail sales.

12 Where the same person engages in 2 or more businesses of  
13 selling tangible personal property or taxable service at retail  
14 in this State, which businesses are substantially different in  
15 character or engaged in under different trade names or engaged  
16 in under other substantially dissimilar circumstances (so that  
17 it is more practicable, from an accounting, auditing or  
18 bookkeeping standpoint, for such businesses to be separately  
19 registered), the Department may require or permit such person  
20 (subject to the same requirements concerning the furnishing of  
21 security as those that are provided for hereinbefore in this  
22 Section as to each application for a certificate of  
23 registration) to apply for and obtain a separate certificate of  
24 registration for each such business or for any of such  
25 businesses, under a single certificate of registration  
26 supplemented by related sub-certificates of registration.

1 Any person who is registered under the "Retailers'  
2 Occupation Tax Act" as of March 8, 1963, and who, during the  
3 3-year period immediately prior to March 8, 1963, or during a  
4 continuous 3-year period part of which passed immediately  
5 before and the remainder of which passes immediately after  
6 March 8, 1963, has been so registered continuously and who is  
7 determined by the Department not to have been either delinquent  
8 or deficient in the payment of tax liability during that period  
9 under this Act or under any other State tax law or municipal or  
10 county tax ordinance or resolution under which the certificate  
11 of registration that is issued to the registrant under this Act  
12 will permit the registrant to engage in business without  
13 registering separately under such other law, ordinance or  
14 resolution, shall be considered to be a Prior Continuous  
15 Compliance taxpayer. Also any taxpayer who has, as verified by  
16 the Department, faithfully and continuously complied with the  
17 condition of his bond or other security under the provisions of  
18 this Act for a period of 3 consecutive years shall be  
19 considered to be a Prior Continuous Compliance taxpayer.

20 Every Prior Continuous Compliance taxpayer shall be exempt  
21 from all requirements under this Act concerning the furnishing  
22 of a bond or other security as a condition precedent to his  
23 being authorized to engage in the business of selling tangible  
24 personal property or taxable service at retail in this State.  
25 This exemption shall continue for each such taxpayer until such  
26 time as he may be determined by the Department to be delinquent

1 in the filing of any returns, or is determined by the  
2 Department (either through the Department's issuance of a final  
3 assessment which has become final under the Act, or by the  
4 taxpayer's filing of a return which admits tax that is not paid  
5 to be due) to be delinquent or deficient in the paying of any  
6 tax under this Act or under any other State tax law or  
7 municipal or county tax ordinance or resolution under which the  
8 certificate of registration that is issued to the registrant  
9 under this Act will permit the registrant to engage in business  
10 without registering separately under such other law, ordinance  
11 or resolution, at which time that taxpayer shall become subject  
12 to all the financial responsibility requirements of this Act  
13 and, as a condition of being allowed to continue to engage in  
14 the business of selling tangible personal property or taxable  
15 service at retail, may be required to post bond or other  
16 acceptable security with the Department covering liability  
17 which such taxpayer may thereafter incur. Any taxpayer who  
18 fails to pay an admitted or established liability under this  
19 Act may also be required to post bond or other acceptable  
20 security with this Department guaranteeing the payment of such  
21 admitted or established liability.

22 No certificate of registration shall be issued to any  
23 person who is in default to the State of Illinois for moneys  
24 due under this Act or under any other State tax law or  
25 municipal or county tax ordinance or resolution under which the  
26 certificate of registration that is issued to the applicant

1 under this Act will permit the applicant to engage in business  
2 without registering separately under such other law, ordinance  
3 or resolution.

4 Any person aggrieved by any decision of the Department  
5 under this Section may, within 20 days after notice of such  
6 decision, protest and request a hearing, whereupon the  
7 Department shall give notice to such person of the time and  
8 place fixed for such hearing and shall hold a hearing in  
9 conformity with the provisions of this Act and then issue its  
10 final administrative decision in the matter to such person. In  
11 the absence of such a protest within 20 days, the Department's  
12 decision shall become final without any further determination  
13 being made or notice given.

14 With respect to security other than bonds (upon which the  
15 Department may sue in the event of a forfeiture), if the  
16 taxpayer fails to pay, when due, any amount whose payment such  
17 security guarantees, the Department shall, after such  
18 liability is admitted by the taxpayer or established by the  
19 Department through the issuance of a final assessment that has  
20 become final under the law, convert the security which that  
21 taxpayer has furnished into money for the State, after first  
22 giving the taxpayer at least 10 days' written notice, by  
23 registered or certified mail, to pay the liability or forfeit  
24 such security to the Department. If the security consists of  
25 stocks or bonds or other securities which are listed on a  
26 public exchange, the Department shall sell such securities

1 through such public exchange. If the security consists of an  
2 irrevocable bank letter of credit, the Department shall convert  
3 the security in the manner provided for in the Uniform  
4 Commercial Code. If the security consists of a bank certificate  
5 of deposit, the Department shall convert the security into  
6 money by demanding and collecting the amount of such bank  
7 certificate of deposit from the bank which issued such  
8 certificate. If the security consists of a type of stocks or  
9 other securities which are not listed on a public exchange, the  
10 Department shall sell such security to the highest and best  
11 bidder after giving at least 10 days' notice of the date, time  
12 and place of the intended sale by publication in the "State  
13 Official Newspaper". If the Department realizes more than the  
14 amount of such liability from the security, plus the expenses  
15 incurred by the Department in converting the security into  
16 money, the Department shall pay such excess to the taxpayer who  
17 furnished such security, and the balance shall be paid into the  
18 State Treasury.

19 The Department shall discharge any surety and shall release  
20 and return any security deposited, assigned, pledged or  
21 otherwise provided to it by a taxpayer under this Section  
22 within 30 days after:

23 (1) such taxpayer becomes a Prior Continuous  
24 Compliance taxpayer; or

25 (2) such taxpayer has ceased to collect receipts on  
26 which he is required to remit tax to the Department, has

1 filed a final tax return, and has paid to the Department an  
2 amount sufficient to discharge his remaining tax  
3 liability, as determined by the Department, under this Act  
4 and under every other State tax law or municipal or county  
5 tax ordinance or resolution under which the certificate of  
6 registration issued under this Act permits the registrant  
7 to engage in business without registering separately under  
8 such other law, ordinance or resolution. The Department  
9 shall make a final determination of the taxpayer's  
10 outstanding tax liability as expeditiously as possible  
11 after his final tax return has been filed; if the  
12 Department cannot make such final determination within 45  
13 days after receiving the final tax return, within such  
14 period it shall so notify the taxpayer, stating its reasons  
15 therefor.

16 (Source: P.A. 97-335, eff. 1-1-12; 98-496, eff. 1-1-14; 98-583,  
17 eff. 1-1-14; 98-756, eff. 7-16-14; 98-974, eff. 1-1-15.)

18 (35 ILCS 120/2b) (from Ch. 120, par. 441b)

19 Sec. 2b. The Department may, after notice and a hearing as  
20 provided herein, revoke the certificate of registration of any  
21 person who violates any of the provisions of this Act. Before  
22 revocation of a certificate of registration the Department  
23 shall, within 90 days after non-compliance and at least 7 days  
24 prior to the date of the hearing, give the person so accused  
25 notice in writing of the charge against him or her, and on the

1 date designated shall conduct a hearing upon this matter. The  
2 lapse of such 90 day period shall not preclude the Department  
3 from conducting revocation proceedings at a later date if  
4 necessary. Any hearing held under this Section shall be  
5 conducted by the Director of Revenue or by any officer or  
6 employee of the Department designated, in writing, by the  
7 Director of Revenue.

8 Upon the hearing of any such proceeding, the Director of  
9 Revenue, or any officer or employee of the Department  
10 designated, in writing, by the Director of Revenue, may  
11 administer oaths and the Department may procure by its subpoena  
12 the attendance of witnesses and, by its subpoena duces tecum,  
13 the production of relevant books and papers. Any circuit court,  
14 upon application either of the accused or of the Department,  
15 may, by order duly entered, require the attendance of witnesses  
16 and the production of relevant books and papers, before the  
17 Department in any hearing relating to the revocation of  
18 certificates of registration. Upon refusal or neglect to obey  
19 the order of the court, the court may compel obedience thereof  
20 by proceedings for contempt.

21 The Department may, by application to any circuit court,  
22 obtain an injunction restraining any person who engages in the  
23 business of selling tangible personal property or taxable  
24 service at retail in this State without a certificate of  
25 registration (either because the certificate of registration  
26 has been revoked or because of a failure to obtain a



1 certificate of registration in the first instance) from  
2 engaging in such business until such person, as if he or she  
3 were a new applicant for a certificate of registration, shall  
4 comply with all of the conditions, restrictions and  
5 requirements of Section 2a of this Act and qualify for and  
6 obtain a certificate of registration. Upon refusal or neglect  
7 to obey the order of the court, the court may compel obedience  
8 thereof by proceedings for contempt.

9 It shall not be a defense in a proceeding before the  
10 Department to revoke a certificate of registration issued under  
11 the Act, or in any action by the Department to collect any tax  
12 due under this Act, that the holder of the certificate is a  
13 party to an installment payment agreement under Section 2a of  
14 this Act if the liability which is the basis of the revocation  
15 proceeding, or the tax that is sought to be collected: (1) was  
16 incurred after the date of the agreement was approved by the  
17 Department; or (2) was incurred prior to the date the agreement  
18 was approved by the Department, but was not included in the  
19 agreement; or (3) was included in the agreement, but the  
20 taxpayer is in default of the agreement.

21 (Source: P.A. 86-338; 86-383; 86-1028.)

22 (35 ILCS 120/2c) (from Ch. 120, par. 441c)

23 Sec. 2c. If the purchaser is not registered with the  
24 Department as a taxpayer, but claims to be a reseller of the  
25 tangible personal property or taxable service in such a way

1 that such resales are not taxable under this Act or under some  
2 other tax law which the Department may administer, such  
3 purchaser (except in the case of an out-of-State purchaser who  
4 will always resell and deliver the property to his customers  
5 outside Illinois) shall apply to the Department for a resale  
6 number. Such applicant shall state facts which will show the  
7 Department why such applicant is not liable for tax under this  
8 Act or under some other tax law which the Department may  
9 administer on any of his resales and shall furnish such  
10 additional information as the Department may reasonably  
11 require.

12 Upon approval of the application, the Department shall  
13 assign a resale number to the applicant and shall certify such  
14 number to him. The Department may cancel any such number which  
15 is obtained through misrepresentation, or which is used to make  
16 a purchase tax-free when the purchase in fact is not a purchase  
17 for resale, or which no longer applies because of the  
18 purchaser's having discontinued the making of tax exempt  
19 resales of the property.

20 The Department may restrict the use of the number to one  
21 year at a time or to some other definite period if the  
22 Department finds it impracticable or otherwise inadvisable to  
23 issue such numbers for indefinite periods.

24 Except as provided hereinabove in this Section, a sale  
25 shall be made tax-free on the ground of being a sale for resale  
26 if the purchaser has an active registration number or resale

1 number from the Department and furnishes that number to the  
2 seller in connection with certifying to the seller that any  
3 sale to such purchaser is nontaxable because of being a sale  
4 for resale.

5 Failure to present an active registration number or resale  
6 number and a certification to the seller that a sale is for  
7 resale creates a presumption that a sale is not for resale.  
8 This presumption may be rebutted by other evidence that all of  
9 the seller's sales are sale for resale, or that a particular  
10 sale is a sale for resale.

11 (Source: P.A. 83-1463.)

12 (35 ILCS 120/3) (from Ch. 120, par. 442)

13 Sec. 3. Except as provided in this Section, on or before  
14 the twentieth day of each calendar month, every person engaged  
15 in the business of selling tangible personal property or  
16 taxable service at retail in this State during the preceding  
17 calendar month shall file a return with the Department,  
18 stating:

19 1. The name of the seller;

20 2. His residence address and the address of his  
21 principal place of business and the address of the  
22 principal place of business (if that is a different  
23 address) from which he engages in the business of selling  
24 tangible personal property or taxable service at retail in  
25 this State;

1           3. Total amount of receipts received by him during the  
2 preceding calendar month or quarter, as the case may be,  
3 from sales of tangible personal property and taxable  
4 service, and from services other than taxable services  
5 furnished, by him during such preceding calendar month or  
6 quarter;

7           4. Total amount received by him during the preceding  
8 calendar month or quarter on charge and time sales of  
9 tangible personal property and taxable service, and from  
10 services other than taxable services furnished, by him  
11 prior to the month or quarter for which the return is  
12 filed;

13           5. Deductions allowed by law;

14           6. Gross receipts which were received by him during the  
15 preceding calendar month or quarter and upon the basis of  
16 which the tax is imposed;

17           7. The amount of credit provided in Section 2d of this  
18 Act;

19           8. The amount of tax due;

20           9. The signature of the taxpayer; and

21           10. Such other reasonable information as the  
22 Department may require.

23           If a taxpayer fails to sign a return within 30 days after  
24 the proper notice and demand for signature by the Department,  
25 the return shall be considered valid and any amount shown to be  
26 due on the return shall be deemed assessed.

1           Each return shall be accompanied by the statement of  
2 prepaid tax issued pursuant to Section 2e for which credit is  
3 claimed.

4           Prior to October 1, 2003, and on and after September 1,  
5 2004 a retailer may accept a Manufacturer's Purchase Credit  
6 certification from a purchaser in satisfaction of Use Tax as  
7 provided in Section 3-85 of the Use Tax Act if the purchaser  
8 provides the appropriate documentation as required by Section  
9 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit  
10 certification, accepted by a retailer prior to October 1, 2003  
11 and on and after September 1, 2004 as provided in Section 3-85  
12 of the Use Tax Act, may be used by that retailer to satisfy  
13 Retailers' Occupation Tax liability in the amount claimed in  
14 the certification, not to exceed 6.25% of the receipts subject  
15 to tax from a qualifying purchase. A Manufacturer's Purchase  
16 Credit reported on any original or amended return filed under  
17 this Act after October 20, 2003 for reporting periods prior to  
18 September 1, 2004 shall be disallowed. Manufacturer's  
19 Purchaser Credit reported on annual returns due on or after  
20 January 1, 2005 will be disallowed for periods prior to  
21 September 1, 2004. No Manufacturer's Purchase Credit may be  
22 used after September 30, 2003 through August 31, 2004 to  
23 satisfy any tax liability imposed under this Act, including any  
24 audit liability.

25           The Department may require returns to be filed on a  
26 quarterly basis. If so required, a return for each calendar

1 quarter shall be filed on or before the twentieth day of the  
2 calendar month following the end of such calendar quarter. The  
3 taxpayer shall also file a return with the Department for each  
4 of the first two months of each calendar quarter, on or before  
5 the twentieth day of the following calendar month, stating:

6 1. The name of the seller;

7 2. The address of the principal place of business from  
8 which he engages in the business of selling tangible  
9 personal property at retail in this State;

10 3. The total amount of taxable receipts received by him  
11 during the preceding calendar month from sales of tangible  
12 personal property and taxable services by him during such  
13 preceding calendar month, including receipts from charge  
14 and time sales, but less all deductions allowed by law;

15 4. The amount of credit provided in Section 2d of this  
16 Act;

17 5. The amount of tax due; and

18 6. Such other reasonable information as the Department  
19 may require.

20 Beginning on October 1, 2003, any person who is not a  
21 licensed distributor, importing distributor, or manufacturer,  
22 as defined in the Liquor Control Act of 1934, but is engaged in  
23 the business of selling, at retail, alcoholic liquor shall file  
24 a statement with the Department of Revenue, in a format and at  
25 a time prescribed by the Department, showing the total amount  
26 paid for alcoholic liquor purchased during the preceding month

1 and such other information as is reasonably required by the  
2 Department. The Department may adopt rules to require that this  
3 statement be filed in an electronic or telephonic format. Such  
4 rules may provide for exceptions from the filing requirements  
5 of this paragraph. For the purposes of this paragraph, the term  
6 "alcoholic liquor" shall have the meaning prescribed in the  
7 Liquor Control Act of 1934.

8 Beginning on October 1, 2003, every distributor, importing  
9 distributor, and manufacturer of alcoholic liquor as defined in  
10 the Liquor Control Act of 1934, shall file a statement with the  
11 Department of Revenue, no later than the 10th day of the month  
12 for the preceding month during which transactions occurred, by  
13 electronic means, showing the total amount of gross receipts  
14 from the sale of alcoholic liquor sold or distributed during  
15 the preceding month to purchasers; identifying the purchaser to  
16 whom it was sold or distributed; the purchaser's tax  
17 registration number; and such other information reasonably  
18 required by the Department. A distributor, importing  
19 distributor, or manufacturer of alcoholic liquor must  
20 personally deliver, mail, or provide by electronic means to  
21 each retailer listed on the monthly statement a report  
22 containing a cumulative total of that distributor's, importing  
23 distributor's, or manufacturer's total sales of alcoholic  
24 liquor to that retailer no later than the 10th day of the month  
25 for the preceding month during which the transaction occurred.  
26 The distributor, importing distributor, or manufacturer shall

1 notify the retailer as to the method by which the distributor,  
2 importing distributor, or manufacturer will provide the sales  
3 information. If the retailer is unable to receive the sales  
4 information by electronic means, the distributor, importing  
5 distributor, or manufacturer shall furnish the sales  
6 information by personal delivery or by mail. For purposes of  
7 this paragraph, the term "electronic means" includes, but is  
8 not limited to, the use of a secure Internet website, e-mail,  
9 or facsimile.

10 If a total amount of less than \$1 is payable, refundable or  
11 creditable, such amount shall be disregarded if it is less than  
12 50 cents and shall be increased to \$1 if it is 50 cents or more.

13 Beginning October 1, 1993, a taxpayer who has an average  
14 monthly tax liability of \$150,000 or more shall make all  
15 payments required by rules of the Department by electronic  
16 funds transfer. Beginning October 1, 1994, a taxpayer who has  
17 an average monthly tax liability of \$100,000 or more shall make  
18 all payments required by rules of the Department by electronic  
19 funds transfer. Beginning October 1, 1995, a taxpayer who has  
20 an average monthly tax liability of \$50,000 or more shall make  
21 all payments required by rules of the Department by electronic  
22 funds transfer. Beginning October 1, 2000, a taxpayer who has  
23 an annual tax liability of \$200,000 or more shall make all  
24 payments required by rules of the Department by electronic  
25 funds transfer. The term "annual tax liability" shall be the  
26 sum of the taxpayer's liabilities under this Act, and under all



1 other State and local occupation and use tax laws administered  
2 by the Department, for the immediately preceding calendar year.  
3 The term "average monthly tax liability" shall be the sum of  
4 the taxpayer's liabilities under this Act, and under all other  
5 State and local occupation and use tax laws administered by the  
6 Department, for the immediately preceding calendar year  
7 divided by 12. Beginning on October 1, 2002, a taxpayer who has  
8 a tax liability in the amount set forth in subsection (b) of  
9 Section 2505-210 of the Department of Revenue Law shall make  
10 all payments required by rules of the Department by electronic  
11 funds transfer.

12 Before August 1 of each year beginning in 1993, the  
13 Department shall notify all taxpayers required to make payments  
14 by electronic funds transfer. All taxpayers required to make  
15 payments by electronic funds transfer shall make those payments  
16 for a minimum of one year beginning on October 1.

17 Any taxpayer not required to make payments by electronic  
18 funds transfer may make payments by electronic funds transfer  
19 with the permission of the Department.

20 All taxpayers required to make payment by electronic funds  
21 transfer and any taxpayers authorized to voluntarily make  
22 payments by electronic funds transfer shall make those payments  
23 in the manner authorized by the Department.

24 The Department shall adopt such rules as are necessary to  
25 effectuate a program of electronic funds transfer and the  
26 requirements of this Section.

1 Any amount which is required to be shown or reported on any  
2 return or other document under this Act shall, if such amount  
3 is not a whole-dollar amount, be increased to the nearest  
4 whole-dollar amount in any case where the fractional part of a  
5 dollar is 50 cents or more, and decreased to the nearest  
6 whole-dollar amount where the fractional part of a dollar is  
7 less than 50 cents.

8 If the retailer is otherwise required to file a monthly  
9 return and if the retailer's average monthly tax liability to  
10 the Department does not exceed \$200, the Department may  
11 authorize his returns to be filed on a quarter annual basis,  
12 with the return for January, February and March of a given year  
13 being due by April 20 of such year; with the return for April,  
14 May and June of a given year being due by July 20 of such year;  
15 with the return for July, August and September of a given year  
16 being due by October 20 of such year, and with the return for  
17 October, November and December of a given year being due by  
18 January 20 of the following year.

19 If the retailer is otherwise required to file a monthly or  
20 quarterly return and if the retailer's average monthly tax  
21 liability with the Department does not exceed \$50, the  
22 Department may authorize his returns to be filed on an annual  
23 basis, with the return for a given year being due by January 20  
24 of the following year.

25 Such quarter annual and annual returns, as to form and  
26 substance, shall be subject to the same requirements as monthly

1 returns.

2 Notwithstanding any other provision in this Act concerning  
3 the time within which a retailer may file his return, in the  
4 case of any retailer who ceases to engage in a kind of business  
5 which makes him responsible for filing returns under this Act,  
6 such retailer shall file a final return under this Act with the  
7 Department not more than one month after discontinuing such  
8 business.

9 Where the same person has more than one business registered  
10 with the Department under separate registrations under this  
11 Act, such person may not file each return that is due as a  
12 single return covering all such registered businesses, but  
13 shall file separate returns for each such registered business.

14 In addition, with respect to motor vehicles, watercraft,  
15 aircraft, and trailers that are required to be registered with  
16 an agency of this State, every retailer selling this kind of  
17 tangible personal property shall file, with the Department,  
18 upon a form to be prescribed and supplied by the Department, a  
19 separate return for each such item of tangible personal  
20 property which the retailer sells, except that if, in the same  
21 transaction, (i) a retailer of aircraft, watercraft, motor  
22 vehicles or trailers transfers more than one aircraft,  
23 watercraft, motor vehicle or trailer to another aircraft,  
24 watercraft, motor vehicle retailer or trailer retailer for the  
25 purpose of resale or (ii) a retailer of aircraft, watercraft,  
26 motor vehicles, or trailers transfers more than one aircraft,

1 watercraft, motor vehicle, or trailer to a purchaser for use as  
2 a qualifying rolling stock as provided in Section 2-5 of this  
3 Act, then that seller may report the transfer of all aircraft,  
4 watercraft, motor vehicles or trailers involved in that  
5 transaction to the Department on the same uniform  
6 invoice-transaction reporting return form. For purposes of  
7 this Section, "watercraft" means a Class 2, Class 3, or Class 4  
8 watercraft as defined in Section 3-2 of the Boat Registration  
9 and Safety Act, a personal watercraft, or any boat equipped  
10 with an inboard motor.

11 Any retailer who sells only motor vehicles, watercraft,  
12 aircraft, or trailers that are required to be registered with  
13 an agency of this State, so that all retailers' occupation tax  
14 liability is required to be reported, and is reported, on such  
15 transaction reporting returns and who is not otherwise required  
16 to file monthly or quarterly returns, need not file monthly or  
17 quarterly returns. However, those retailers shall be required  
18 to file returns on an annual basis.

19 The transaction reporting return, in the case of motor  
20 vehicles or trailers that are required to be registered with an  
21 agency of this State, shall be the same document as the Uniform  
22 Invoice referred to in Section 5-402 of The Illinois Vehicle  
23 Code and must show the name and address of the seller; the name  
24 and address of the purchaser; the amount of the selling price  
25 including the amount allowed by the retailer for traded-in  
26 property, if any; the amount allowed by the retailer for the

1 traded-in tangible personal property, if any, to the extent to  
2 which Section 1 of this Act allows an exemption for the value  
3 of traded-in property; the balance payable after deducting such  
4 trade-in allowance from the total selling price; the amount of  
5 tax due from the retailer with respect to such transaction; the  
6 amount of tax collected from the purchaser by the retailer on  
7 such transaction (or satisfactory evidence that such tax is not  
8 due in that particular instance, if that is claimed to be the  
9 fact); the place and date of the sale; a sufficient  
10 identification of the property sold; such other information as  
11 is required in Section 5-402 of The Illinois Vehicle Code, and  
12 such other information as the Department may reasonably  
13 require.

14 The transaction reporting return in the case of watercraft  
15 or aircraft must show the name and address of the seller; the  
16 name and address of the purchaser; the amount of the selling  
17 price including the amount allowed by the retailer for  
18 traded-in property, if any; the amount allowed by the retailer  
19 for the traded-in tangible personal property, if any, to the  
20 extent to which Section 1 of this Act allows an exemption for  
21 the value of traded-in property; the balance payable after  
22 deducting such trade-in allowance from the total selling price;  
23 the amount of tax due from the retailer with respect to such  
24 transaction; the amount of tax collected from the purchaser by  
25 the retailer on such transaction (or satisfactory evidence that  
26 such tax is not due in that particular instance, if that is

1 claimed to be the fact); the place and date of the sale, a  
2 sufficient identification of the property sold, and such other  
3 information as the Department may reasonably require.

4 Such transaction reporting return shall be filed not later  
5 than 20 days after the day of delivery of the item that is  
6 being sold, but may be filed by the retailer at any time sooner  
7 than that if he chooses to do so. The transaction reporting  
8 return and tax remittance or proof of exemption from the  
9 Illinois use tax may be transmitted to the Department by way of  
10 the State agency with which, or State officer with whom the  
11 tangible personal property must be titled or registered (if  
12 titling or registration is required) if the Department and such  
13 agency or State officer determine that this procedure will  
14 expedite the processing of applications for title or  
15 registration.

16 With each such transaction reporting return, the retailer  
17 shall remit the proper amount of tax due (or shall submit  
18 satisfactory evidence that the sale is not taxable if that is  
19 the case), to the Department or its agents, whereupon the  
20 Department shall issue, in the purchaser's name, a use tax  
21 receipt (or a certificate of exemption if the Department is  
22 satisfied that the particular sale is tax exempt) which such  
23 purchaser may submit to the agency with which, or State officer  
24 with whom, he must title or register the tangible personal  
25 property that is involved (if titling or registration is  
26 required) in support of such purchaser's application for an

1 Illinois certificate or other evidence of title or registration  
2 to such tangible personal property.

3 No retailer's failure or refusal to remit tax under this  
4 Act precludes a user, who has paid the proper tax to the  
5 retailer, from obtaining his certificate of title or other  
6 evidence of title or registration (if titling or registration  
7 is required) upon satisfying the Department that such user has  
8 paid the proper tax (if tax is due) to the retailer. The  
9 Department shall adopt appropriate rules to carry out the  
10 mandate of this paragraph.

11 If the user who would otherwise pay tax to the retailer  
12 wants the transaction reporting return filed and the payment of  
13 the tax or proof of exemption made to the Department before the  
14 retailer is willing to take these actions and such user has not  
15 paid the tax to the retailer, such user may certify to the fact  
16 of such delay by the retailer and may (upon the Department  
17 being satisfied of the truth of such certification) transmit  
18 the information required by the transaction reporting return  
19 and the remittance for tax or proof of exemption directly to  
20 the Department and obtain his tax receipt or exemption  
21 determination, in which event the transaction reporting return  
22 and tax remittance (if a tax payment was required) shall be  
23 credited by the Department to the proper retailer's account  
24 with the Department, but without the 2.1% or 1.75% discount  
25 provided for in this Section being allowed. When the user pays  
26 the tax directly to the Department, he shall pay the tax in the

1 same amount and in the same form in which it would be remitted  
2 if the tax had been remitted to the Department by the retailer.

3 Refunds made by the seller during the preceding return  
4 period to purchasers, on account of tangible personal property  
5 returned to the seller or taxable services not performed in  
6 full, shall be allowed as a deduction under subdivision 5 of  
7 his monthly or quarterly return, as the case may be, in case  
8 the seller had theretofore included the receipts from the sale  
9 of such tangible personal property in a return filed by him and  
10 had paid the tax imposed by this Act with respect to such  
11 receipts.

12 Where the seller is a corporation, the return filed on  
13 behalf of such corporation shall be signed by the president,  
14 vice-president, secretary or treasurer or by the properly  
15 accredited agent of such corporation.

16 Where the seller is a limited liability company, the return  
17 filed on behalf of the limited liability company shall be  
18 signed by a manager, member, or properly accredited agent of  
19 the limited liability company.

20 Except as provided in this Section, the retailer filing the  
21 return under this Section shall, at the time of filing such  
22 return, pay to the Department the amount of tax imposed by this  
23 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%  
24 on and after January 1, 1990, or \$5 per calendar year,  
25 whichever is greater, which is allowed to reimburse the  
26 retailer for the expenses incurred in keeping records,



1 preparing and filing returns, remitting the tax and supplying  
2 data to the Department on request. Any prepayment made pursuant  
3 to Section 2d of this Act shall be included in the amount on  
4 which such 2.1% or 1.75% discount is computed. In the case of  
5 retailers who report and pay the tax on a transaction by  
6 transaction basis, as provided in this Section, such discount  
7 shall be taken with each such tax remittance instead of when  
8 such retailer files his periodic return. The Department may  
9 disallow the discount for retailers whose certificate of  
10 registration is revoked at the time the return is filed, but  
11 only if the Department's decision to revoke the certificate of  
12 registration has become final.

13 Before October 1, 2000, if the taxpayer's average monthly  
14 tax liability to the Department under this Act, the Use Tax  
15 Act, the Service Occupation Tax Act, and the Service Use Tax  
16 Act, excluding any liability for prepaid sales tax to be  
17 remitted in accordance with Section 2d of this Act, was \$10,000  
18 or more during the preceding 4 complete calendar quarters, he  
19 shall file a return with the Department each month by the 20th  
20 day of the month next following the month during which such tax  
21 liability is incurred and shall make payments to the Department  
22 on or before the 7th, 15th, 22nd and last day of the month  
23 during which such liability is incurred. On and after October  
24 1, 2000, if the taxpayer's average monthly tax liability to the  
25 Department under this Act, the Use Tax Act, the Service  
26 Occupation Tax Act, and the Service Use Tax Act, excluding any

1 liability for prepaid sales tax to be remitted in accordance  
2 with Section 2d of this Act, was \$20,000 or more during the  
3 preceding 4 complete calendar quarters, he shall file a return  
4 with the Department each month by the 20th day of the month  
5 next following the month during which such tax liability is  
6 incurred and shall make payment to the Department on or before  
7 the 7th, 15th, 22nd and last day of the month during which such  
8 liability is incurred. If the month during which such tax  
9 liability is incurred began prior to January 1, 1985, each  
10 payment shall be in an amount equal to 1/4 of the taxpayer's  
11 actual liability for the month or an amount set by the  
12 Department not to exceed 1/4 of the average monthly liability  
13 of the taxpayer to the Department for the preceding 4 complete  
14 calendar quarters (excluding the month of highest liability and  
15 the month of lowest liability in such 4 quarter period). If the  
16 month during which such tax liability is incurred begins on or  
17 after January 1, 1985 and prior to January 1, 1987, each  
18 payment shall be in an amount equal to 22.5% of the taxpayer's  
19 actual liability for the month or 27.5% 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, 1987 and prior to January 1, 1988, each  
23 payment shall be in an amount equal to 22.5% of the taxpayer's  
24 actual liability for the month or 26.25% of the taxpayer's  
25 liability for the same calendar month of the preceding year. If  
26 the month during which such tax liability is incurred begins on

1 or after January 1, 1988, and prior to January 1, 1989, or  
2 begins on or after 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. If the month during which  
6 such tax liability is incurred begins on or after January 1,  
7 1989, and prior to January 1, 1996, each payment shall be in an  
8 amount equal to 22.5% of the taxpayer's actual liability for  
9 the month or 25% of the taxpayer's liability for the same  
10 calendar month of the preceding year or 100% of the taxpayer's  
11 actual liability for the quarter monthly reporting period. The  
12 amount of such quarter monthly payments shall be credited  
13 against the final tax liability of the taxpayer's return for  
14 that month. Before October 1, 2000, once applicable, the  
15 requirement of the making of quarter monthly payments to the  
16 Department by taxpayers having an average monthly tax liability  
17 of \$10,000 or more as determined in the manner provided above  
18 shall continue until such taxpayer's average monthly liability  
19 to the Department during the preceding 4 complete calendar  
20 quarters (excluding the month of highest liability and the  
21 month of lowest liability) is less than \$9,000, or until such  
22 taxpayer's average monthly liability to the Department as  
23 computed for each calendar quarter of the 4 preceding complete  
24 calendar quarter period is less than \$10,000. However, if a  
25 taxpayer can show the Department that a substantial change in  
26 the taxpayer's business has occurred which causes the taxpayer

1 to anticipate that his average monthly tax liability for the  
2 reasonably foreseeable future will fall below the \$10,000  
3 threshold stated above, then such taxpayer may petition the  
4 Department for a change in such taxpayer's reporting status. On  
5 and after October 1, 2000, once applicable, the requirement of  
6 the making of quarter monthly payments to the Department by  
7 taxpayers having an average monthly tax liability of \$20,000 or  
8 more as determined in the manner provided above shall continue  
9 until such taxpayer's average monthly liability to the  
10 Department during the preceding 4 complete calendar quarters  
11 (excluding the month of highest liability and the month of  
12 lowest liability) is less than \$19,000 or until such taxpayer's  
13 average monthly liability to the Department as computed for  
14 each calendar quarter of the 4 preceding complete calendar  
15 quarter period is less than \$20,000. However, if a taxpayer can  
16 show the Department that a substantial change in the taxpayer's  
17 business has occurred which causes the taxpayer to anticipate  
18 that his average monthly tax liability for the reasonably  
19 foreseeable future will fall below the \$20,000 threshold stated  
20 above, then such taxpayer may petition the Department for a  
21 change in such taxpayer's reporting status. The Department  
22 shall change such taxpayer's reporting status unless it finds  
23 that such change is seasonal in nature and not likely to be  
24 long term. If any such quarter monthly payment is not paid at  
25 the time or in the amount required by this Section, then the  
26 taxpayer shall be liable for penalties and interest on the

1 difference between the minimum amount due as a payment and the  
2 amount of such quarter monthly payment actually and timely  
3 paid, except insofar as the taxpayer has previously made  
4 payments for that month to the Department in excess of the  
5 minimum payments previously due as provided in this Section.  
6 The Department shall make reasonable rules and regulations to  
7 govern the quarter monthly payment amount and quarter monthly  
8 payment dates for taxpayers who file on other than a calendar  
9 monthly basis.

10 The provisions of this paragraph apply before October 1,  
11 2001. Without regard to whether a taxpayer is required to make  
12 quarter monthly payments as specified above, any taxpayer who  
13 is required by Section 2d of this Act to collect and remit  
14 prepaid taxes and has collected prepaid taxes which average in  
15 excess of \$25,000 per month during the preceding 2 complete  
16 calendar quarters, shall file a return with the Department as  
17 required by Section 2f and shall make payments to the  
18 Department on or before the 7th, 15th, 22nd and last day of the  
19 month during which such liability is incurred. If the month  
20 during which such tax liability is incurred began prior to  
21 September 1, 1985 (the effective date of Public Act 84-221)  
22 ~~this amendatory Act of 1985~~, each payment shall be in an amount  
23 not less than 22.5% of the taxpayer's actual liability under  
24 Section 2d. If the month during which such tax liability is  
25 incurred begins on or after January 1, 1986, each payment shall  
26 be in an amount equal to 22.5% of the taxpayer's actual

1 liability for the month or 27.5% of the taxpayer's liability  
2 for the same calendar month of the preceding calendar year. If  
3 the month during which such tax liability is incurred begins on  
4 or after January 1, 1987, each payment shall be in an amount  
5 equal to 22.5% of the taxpayer's actual liability for the month  
6 or 26.25% of the taxpayer's liability for the same calendar  
7 month of the preceding year. The amount of such quarter monthly  
8 payments shall be credited against the final tax liability of  
9 the taxpayer's return for that month filed under this Section  
10 or Section 2f, as the case may be. Once applicable, the  
11 requirement of the making of quarter monthly payments to the  
12 Department pursuant to this paragraph shall continue until such  
13 taxpayer's average monthly prepaid tax collections during the  
14 preceding 2 complete calendar quarters is \$25,000 or less. If  
15 any such quarter monthly payment is not paid at the time or in  
16 the amount required, the taxpayer shall be liable for penalties  
17 and interest on such difference, except insofar as the taxpayer  
18 has previously made payments for that month in excess of the  
19 minimum payments previously due.

20 The provisions of this paragraph apply on and after October  
21 1, 2001. Without regard to whether a taxpayer is required to  
22 make quarter monthly payments as specified above, any taxpayer  
23 who is required by Section 2d of this Act to collect and remit  
24 prepaid taxes and has collected prepaid taxes that average in  
25 excess of \$20,000 per month during the preceding 4 complete  
26 calendar quarters shall file a return with the Department as

1 required by Section 2f and shall make payments to the  
2 Department on or before the 7th, 15th, 22nd and last day of the  
3 month during which the liability is incurred. Each payment  
4 shall be in an amount equal to 22.5% of the taxpayer's actual  
5 liability for the month or 25% of the taxpayer's liability for  
6 the same calendar month of the preceding year. The amount of  
7 the quarter monthly payments shall be credited against the  
8 final tax liability of the taxpayer's return for that month  
9 filed under this Section or Section 2f, as the case may be.  
10 Once applicable, the requirement of the making of quarter  
11 monthly payments to the Department pursuant to this paragraph  
12 shall continue until the taxpayer's average monthly prepaid tax  
13 collections during the preceding 4 complete calendar quarters  
14 (excluding the month of highest liability and the month of  
15 lowest liability) is less than \$19,000 or until such taxpayer's  
16 average monthly liability to the Department as computed for  
17 each calendar quarter of the 4 preceding complete calendar  
18 quarters is less than \$20,000. If any such quarter monthly  
19 payment is not paid at the time or in the amount required, the  
20 taxpayer shall be liable for penalties and interest on such  
21 difference, except insofar as the taxpayer has previously made  
22 payments for that month in excess of the minimum payments  
23 previously due.

24 If any payment provided for in this Section exceeds the  
25 taxpayer's liabilities under this Act, the Use Tax Act, the  
26 Service Occupation Tax Act and the Service Use Tax Act, as

1 shown on an original monthly return, the Department shall, if  
2 requested by the taxpayer, issue to the taxpayer a credit  
3 memorandum no later than 30 days after the date of payment. The  
4 credit evidenced by such credit memorandum may be assigned by  
5 the taxpayer to a similar taxpayer under this Act, the Use Tax  
6 Act, the Service Occupation Tax Act or the Service Use Tax Act,  
7 in accordance with reasonable rules and regulations to be  
8 prescribed by the Department. If no such request is made, the  
9 taxpayer may credit such excess payment against tax liability  
10 subsequently to be remitted to the Department under this Act,  
11 the Use Tax Act, the Service Occupation Tax Act or the Service  
12 Use Tax Act, in accordance with reasonable rules and  
13 regulations prescribed by the Department. If the Department  
14 subsequently determined that all or any part of the credit  
15 taken was not actually due to the taxpayer, the taxpayer's 2.1%  
16 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%  
17 of the difference between the credit taken and that actually  
18 due, and that taxpayer shall be liable for penalties and  
19 interest on such difference.

20 If a retailer of motor fuel is entitled to a credit under  
21 Section 2d of this Act which exceeds the taxpayer's liability  
22 to the Department under this Act for the month which the  
23 taxpayer is filing a return, the Department shall issue the  
24 taxpayer a credit memorandum for the excess.

25 Beginning January 1, 1990, each month the Department shall  
26 pay into the Local Government Tax Fund, a special fund in the



1 State treasury which is hereby created, the net revenue  
2 realized for the preceding month from the 1% tax on sales of  
3 food for human consumption which is to be consumed off the  
4 premises where it is sold (other than alcoholic beverages, soft  
5 drinks and food which has been prepared for immediate  
6 consumption) and prescription and nonprescription medicines,  
7 drugs, medical appliances, products classified as Class III  
8 medical devices by the United States Food and Drug  
9 Administration that are used for cancer treatment pursuant to a  
10 prescription, as well as any accessories and components related  
11 to those devices, and insulin, urine testing materials,  
12 syringes and needles used by diabetics.

13 Beginning January 1, 1990, each month the Department shall  
14 pay into the County and Mass Transit District Fund, a special  
15 fund in the State treasury which is hereby created, 4% of the  
16 net revenue realized for the preceding month from the 6.25%  
17 general rate.

18 Beginning August 1, 2000, each month the Department shall  
19 pay into the County and Mass Transit District Fund 20% of the  
20 net revenue realized for the preceding month from the 1.25%  
21 rate on the selling price of motor fuel and gasohol. Beginning  
22 September 1, 2010, each month the Department shall pay into the  
23 County and Mass Transit District Fund 20% of the net revenue  
24 realized for the preceding month from the 1.25% rate on the  
25 selling price of sales tax holiday items.

26 Beginning January 1, 1990, each month the Department shall

1 pay into the Local Government Tax Fund 16% of the net revenue  
2 realized for the preceding month from the 6.25% general rate on  
3 the selling price of tangible personal property.

4 From July 1, 2017 through June 30, 2018, no deposits shall  
5 be made into the County and Mass Transit District Fund or the  
6 Local Government Tax Fund from the net revenue realized from  
7 the 6.25% general rate on taxable services. Beginning July 1,  
8 2018 and through June 30, 2019, each month the Department shall  
9 pay into the County and Mass Transit District Fund 1.4% of the  
10 net revenue realized for the preceding month from the 6.25%  
11 general rate on the selling price of taxable services and shall  
12 pay into the Local Government Tax Fund 5.6% of the net revenue  
13 realized for the preceding month from the 6.25% general rate on  
14 the selling price of taxable services. Beginning July 1, 2019  
15 and through June 30, 2020, each month the Department shall pay  
16 into the County and Mass Transit District Fund 2.6% of the net  
17 revenue realized for the preceding month from the 6.25% general  
18 rate on the selling price of taxable services and shall pay  
19 into the Local Government Tax Fund 10.4% of the net revenue  
20 realized for the preceding month from the 6.25% general rate on  
21 the selling price of taxable services. Beginning July 1, 2020,  
22 each month the Department shall pay into the County and Mass  
23 Transit District Fund 4% of the net revenue realized for the  
24 preceding month from the 6.25% general rate on the selling  
25 price of taxable services and shall pay into the Local  
26 Government Tax Fund 16% of the net revenue realized for the

1 preceding month from the 6.25% general rate on the selling  
2 price of taxable services.

3       Beginning August 1, 2000, each month the Department shall  
4 pay into the Local Government Tax Fund 80% of the net revenue  
5 realized for the preceding month from the 1.25% rate on the  
6 selling price of motor fuel and gasohol. Beginning September 1,  
7 2010, each month the Department shall pay into the Local  
8 Government Tax Fund 80% of the net revenue realized for the  
9 preceding month from the 1.25% rate on the selling price of  
10 sales tax holiday items.

11       Beginning October 1, 2009, each month the Department shall  
12 pay into the Capital Projects Fund an amount that is equal to  
13 an amount estimated by the Department to represent 80% of the  
14 net revenue realized for the preceding month from the sale of  
15 candy, grooming and hygiene products, and soft drinks that had  
16 been taxed at a rate of 1% prior to September 1, 2009 but that  
17 are now taxed at 6.25%.

18       Beginning July 1, 2011, each month the Department shall pay  
19 into the Clean Air Act Permit Fund 80% of the net revenue  
20 realized for the preceding month from the 6.25% general rate on  
21 the selling price of sorbents used in Illinois in the process  
22 of sorbent injection as used to comply with the Environmental  
23 Protection Act or the federal Clean Air Act, but the total  
24 payment into the Clean Air Act Permit Fund under this Act and  
25 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

26       Beginning July 1, 2013, each month the Department shall pay

1 into the Underground Storage Tank Fund from the proceeds  
2 collected under this Act, the Use Tax Act, the Service Use Tax  
3 Act, and the Service Occupation Tax Act an amount equal to the  
4 average monthly deficit in the Underground Storage Tank Fund  
5 during the prior year, as certified annually by the Illinois  
6 Environmental Protection Agency, but the total payment into the  
7 Underground Storage Tank Fund under this Act, the Use Tax Act,  
8 the Service Use Tax Act, and the Service Occupation Tax Act  
9 shall not exceed \$18,000,000 in any State fiscal year. As used  
10 in this paragraph, the "average monthly deficit" shall be equal  
11 to the difference between the average monthly claims for  
12 payment by the fund and the average monthly revenues deposited  
13 into the fund, excluding payments made pursuant to this  
14 paragraph.

15 Beginning July 1, 2015, of the remainder of the moneys  
16 received by the Department under the Use Tax Act, the Service  
17 Use Tax Act, the Service Occupation Tax Act, and this Act, each  
18 month the Department shall deposit \$500,000 into the State  
19 Crime Laboratory Fund.

20 Of the remainder of the moneys received by the Department  
21 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
22 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
23 and after July 1, 1989, 3.8% thereof shall be paid into the  
24 Build Illinois Fund; provided, however, that if in any fiscal  
25 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
26 may be, of the moneys received by the Department and required

1 to be paid into the Build Illinois Fund pursuant to this Act,  
2 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax  
3 Act, and Section 9 of the Service Occupation Tax Act, such Acts  
4 being hereinafter called the "Tax Acts" and such aggregate of  
5 2.2% or 3.8%, as the case may be, of moneys being hereinafter  
6 called the "Tax Act Amount", and (2) the amount transferred to  
7 the Build Illinois Fund from the State and Local Sales Tax  
8 Reform Fund shall be less than the Annual Specified Amount (as  
9 hereinafter defined), an amount equal to the difference shall  
10 be immediately paid into the Build Illinois Fund from other  
11 moneys received by the Department pursuant to the Tax Acts; the  
12 "Annual Specified Amount" means the amounts specified below for  
13 fiscal years 1986 through 1993:

14	Fiscal Year	Annual Specified Amount
15	1986	\$54,800,000
16	1987	\$76,650,000
17	1988	\$80,480,000
18	1989	\$88,510,000
19	1990	\$115,330,000
20	1991	\$145,470,000
21	1992	\$182,730,000
22	1993	\$206,520,000;

23 and means the Certified Annual Debt Service Requirement (as  
24 defined in Section 13 of the Build Illinois Bond Act) or the  
25 Tax Act Amount, whichever is greater, for fiscal year 1994 and  
26 each fiscal year thereafter; and further provided, that if on

1 the last business day of any month the sum of (1) the Tax Act  
2 Amount required to be deposited into the Build Illinois Bond  
3 Account in the Build Illinois Fund during such month and (2)  
4 the amount transferred to the Build Illinois Fund from the  
5 State and Local Sales Tax Reform Fund shall have been less than  
6 1/12 of the Annual Specified Amount, an amount equal to the  
7 difference shall be immediately paid into the Build Illinois  
8 Fund from other moneys received by the Department pursuant to  
9 the Tax Acts; and, further provided, that in no event shall the  
10 payments required under the preceding proviso result in  
11 aggregate payments into the Build Illinois Fund pursuant to  
12 this clause (b) for any fiscal year in excess of the greater of  
13 (i) the Tax Act Amount or (ii) the Annual Specified Amount for  
14 such fiscal year. The amounts payable into the Build Illinois  
15 Fund under clause (b) of the first sentence in this paragraph  
16 shall be payable only until such time as the aggregate amount  
17 on deposit under each trust indenture securing Bonds issued and  
18 outstanding pursuant to the Build Illinois Bond Act is  
19 sufficient, taking into account any future investment income,  
20 to fully provide, in accordance with such indenture, for the  
21 defeasance of or the payment of the principal of, premium, if  
22 any, and interest on the Bonds secured by such indenture and on  
23 any Bonds expected to be issued thereafter and all fees and  
24 costs payable with respect thereto, all as certified by the  
25 Director of the Bureau of the Budget (now Governor's Office of  
26 Management and Budget). If on the last business day of any

1 month in which Bonds are outstanding pursuant to the Build  
2 Illinois Bond Act, the aggregate of moneys deposited in the  
3 Build Illinois Bond Account in the Build Illinois Fund in such  
4 month shall be less than the amount required to be transferred  
5 in such month from the Build Illinois Bond Account to the Build  
6 Illinois Bond Retirement and Interest Fund pursuant to Section  
7 13 of the Build Illinois Bond Act, an amount equal to such  
8 deficiency shall be immediately paid from other moneys received  
9 by the Department pursuant to the Tax Acts to the Build  
10 Illinois Fund; provided, however, that any amounts paid to the  
11 Build Illinois Fund in any fiscal year pursuant to this  
12 sentence shall be deemed to constitute payments pursuant to  
13 clause (b) of the first sentence of this paragraph and shall  
14 reduce the amount otherwise payable for such fiscal year  
15 pursuant to that clause (b). The moneys received by the  
16 Department pursuant to this Act and required to be deposited  
17 into the Build Illinois Fund are subject to the pledge, claim  
18 and charge set forth in Section 12 of the Build Illinois Bond  
19 Act.

20 Subject to payment of amounts into the Build Illinois Fund  
21 as provided in the preceding paragraph or in any amendment  
22 thereto hereafter enacted, the following specified monthly  
23 installment of the amount requested in the certificate of the  
24 Chairman of the Metropolitan Pier and Exposition Authority  
25 provided under Section 8.25f of the State Finance Act, but not  
26 in excess of sums designated as "Total Deposit", shall be

1 deposited in the aggregate from collections under Section 9 of  
2 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
3 9 of the Service Occupation Tax Act, and Section 3 of the  
4 Retailers' Occupation Tax Act into the McCormick Place  
5 Expansion Project Fund in the specified fiscal years.

		Total
	Fiscal Year	Deposit
7	1993	\$0
8	1994	53,000,000
9	1995	58,000,000
10	1996	61,000,000
11	1997	64,000,000
12	1998	68,000,000
13	1999	71,000,000
14	2000	75,000,000
15	2001	80,000,000
16	2002	93,000,000
17	2003	99,000,000
18	2004	103,000,000
19	2005	108,000,000
20	2006	113,000,000
21	2007	119,000,000
22	2008	126,000,000
23	2009	132,000,000
24	2010	139,000,000
25	2011	146,000,000



1	2012	153,000,000
2	2013	161,000,000
3	2014	170,000,000
4	2015	179,000,000
5	2016	189,000,000
6	2017	199,000,000
7	2018	210,000,000
8	2019	221,000,000
9	2020	233,000,000
10	2021	246,000,000
11	2022	260,000,000
12	2023	275,000,000
13	2024	275,000,000
14	2025	275,000,000
15	2026	279,000,000
16	2027	292,000,000
17	2028	307,000,000
18	2029	322,000,000
19	2030	338,000,000
20	2031	350,000,000
21	2032	350,000,000

22                   and  
23                   each fiscal year  
24                   thereafter that bonds  
25                   are outstanding under  
26                   Section 13.2 of the

1 Metropolitan Pier and  
2 Exposition Authority Act,  
3 but not after fiscal year 2060.

4 Beginning July 20, 1993 and in each month of each fiscal  
5 year thereafter, one-eighth of the amount requested in the  
6 certificate of the Chairman of the Metropolitan Pier and  
7 Exposition Authority for that fiscal year, less the amount  
8 deposited into the McCormick Place Expansion Project Fund by  
9 the State Treasurer in the respective month under subsection  
10 (g) of Section 13 of the Metropolitan Pier and Exposition  
11 Authority Act, plus cumulative deficiencies in the deposits  
12 required under this Section for previous months and years,  
13 shall be deposited into the McCormick Place Expansion Project  
14 Fund, until the full amount requested for the fiscal year, but  
15 not in excess of the amount specified above as "Total Deposit",  
16 has been deposited.

17 Subject to payment of amounts into the Build Illinois Fund  
18 and the McCormick Place Expansion Project Fund pursuant to the  
19 preceding paragraphs or in any amendments thereto hereafter  
20 enacted, beginning July 1, 1993 and ending on September 30,  
21 2013, the Department shall each month pay into the Illinois Tax  
22 Increment Fund 0.27% of 80% of the net revenue realized for the  
23 preceding month from the 6.25% general rate on the selling  
24 price of tangible personal property.

25 Subject to payment of amounts into the Build Illinois Fund  
26 and the McCormick Place Expansion Project Fund pursuant to the

1 preceding paragraphs or in any amendments thereto hereafter  
2 enacted, beginning with the receipt of the first report of  
3 taxes paid by an eligible business and continuing for a 25-year  
4 period, the Department shall each month pay into the Energy  
5 Infrastructure Fund 80% of the net revenue realized from the  
6 6.25% general rate on the selling price of Illinois-mined coal  
7 that was sold to an eligible business. For purposes of this  
8 paragraph, the term "eligible business" means a new electric  
9 generating facility certified pursuant to Section 605-332 of  
10 the Department of Commerce and Economic Opportunity Law of the  
11 Civil Administrative Code of Illinois.

12 Subject to payment of amounts into the Build Illinois Fund,  
13 the McCormick Place Expansion Project Fund, the Illinois Tax  
14 Increment Fund, and the Energy Infrastructure Fund pursuant to  
15 the preceding paragraphs or in any amendments to this Section  
16 hereafter enacted, beginning on the first day of the first  
17 calendar month to occur on or after August 26, 2014 (the  
18 effective date of Public Act 98-1098) ~~this amendatory Act of~~  
19 ~~the 98th General Assembly~~, each month, from the collections  
20 made under Section 9 of the Use Tax Act, Section 9 of the  
21 Service Use Tax Act, Section 9 of the Service Occupation Tax  
22 Act, and Section 3 of the Retailers' Occupation Tax Act, the  
23 Department shall pay into the Tax Compliance and Administration  
24 Fund, to be used, subject to appropriation, to fund additional  
25 auditors and compliance personnel at the Department of Revenue,  
26 an amount equal to 1/12 of 5% of 80% of the cash receipts

1 collected during the preceding fiscal year by the Audit Bureau  
2 of the Department under the Use Tax Act, the Service Use Tax  
3 Act, the Service Occupation Tax Act, the Retailers' Occupation  
4 Tax Act, and associated local occupation and use taxes  
5 administered by the Department.

6 Of the remainder of the moneys received by the Department  
7 pursuant to this Act, 75% thereof shall be paid into the State  
8 Treasury and 25% shall be reserved in a special account and  
9 used only for the transfer to the Common School Fund as part of  
10 the monthly transfer from the General Revenue Fund in  
11 accordance with Section 8a of the State Finance Act.

12 The Department may, upon separate written notice to a  
13 taxpayer, require the taxpayer to prepare and file with the  
14 Department on a form prescribed by the Department within not  
15 less than 60 days after receipt of the notice an annual  
16 information return for the tax year specified in the notice.  
17 Such annual return to the Department shall include a statement  
18 of gross receipts as shown by the retailer's last Federal  
19 income tax return. If the total receipts of the business as  
20 reported in the Federal income tax return do not agree with the  
21 gross receipts reported to the Department of Revenue for the  
22 same period, the retailer shall attach to his annual return a  
23 schedule showing a reconciliation of the 2 amounts and the  
24 reasons for the difference. The retailer's annual return to the  
25 Department shall also disclose the cost of goods sold by the  
26 retailer during the year covered by such return, opening and

1 closing inventories of such goods for such year, costs of goods  
2 used from stock or taken from stock and given away by the  
3 retailer during such year, payroll information of the  
4 retailer's business during such year and any additional  
5 reasonable information which the Department deems would be  
6 helpful in determining the accuracy of the monthly, quarterly  
7 or annual returns filed by such retailer as provided for in  
8 this Section.

9 If the annual information return required by this Section  
10 is not filed when and as required, the taxpayer shall be liable  
11 as follows:

12 (i) Until January 1, 1994, the taxpayer shall be liable  
13 for a penalty equal to 1/6 of 1% of the tax due from such  
14 taxpayer under this Act during the period to be covered by  
15 the annual return for each month or fraction of a month  
16 until such return is filed as required, the penalty to be  
17 assessed and collected in the same manner as any other  
18 penalty provided for in this Act.

19 (ii) On and after January 1, 1994, the taxpayer shall  
20 be liable for a penalty as described in Section 3-4 of the  
21 Uniform Penalty and Interest Act.

22 The chief executive officer, proprietor, owner or highest  
23 ranking manager shall sign the annual return to certify the  
24 accuracy of the information contained therein. Any person who  
25 willfully signs the annual return containing false or  
26 inaccurate information shall be guilty of perjury and punished

1 accordingly. The annual return form prescribed by the  
2 Department shall include a warning that the person signing the  
3 return may be liable for perjury.

4 The provisions of this Section concerning the filing of an  
5 annual information return do not apply to a retailer who is not  
6 required to file an income tax return with the United States  
7 Government.

8 As soon as possible after the first day of each month, upon  
9 certification of the Department of Revenue, the Comptroller  
10 shall order transferred and the Treasurer shall transfer from  
11 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
12 equal to 1.7% of 80% of the net revenue realized under this Act  
13 for the second preceding month. Beginning April 1, 2000, this  
14 transfer is no longer required and shall not be made.

15 Net revenue realized for a month shall be the revenue  
16 collected by the State pursuant to this Act, less the amount  
17 paid out during that month as refunds to taxpayers for  
18 overpayment of liability.

19 For greater simplicity of administration, manufacturers,  
20 importers and wholesalers whose products are sold at retail in  
21 Illinois by numerous retailers, and who wish to do so, may  
22 assume the responsibility for accounting and paying to the  
23 Department all tax accruing under this Act with respect to such  
24 sales, if the retailers who are affected do not make written  
25 objection to the Department to this arrangement.

26 Any person who promotes, organizes, provides retail

1 selling space for concessionaires or other types of sellers at  
2 the Illinois State Fair, DuQuoin State Fair, county fairs,  
3 local fairs, art shows, flea markets and similar exhibitions or  
4 events, including any transient merchant as defined by Section  
5 2 of the Transient Merchant Act of 1987, is required to file a  
6 report with the Department providing the name of the merchant's  
7 business, the name of the person or persons engaged in  
8 merchant's business, the permanent address and Illinois  
9 Retailers Occupation Tax Registration Number of the merchant,  
10 the dates and location of the event and other reasonable  
11 information that the Department may require. The report must be  
12 filed not later than the 20th day of the month next following  
13 the month during which the event with retail sales was held.  
14 Any person who fails to file a report required by this Section  
15 commits a business offense and is subject to a fine not to  
16 exceed \$250.

17 Any person engaged in the business of selling tangible  
18 personal property or taxable service at retail as a  
19 concessionaire or other type of seller at the Illinois State  
20 Fair, county fairs, art shows, flea markets and similar  
21 exhibitions or events, or any transient merchants, as defined  
22 by Section 2 of the Transient Merchant Act of 1987, may be  
23 required to make a daily report of the amount of such sales to  
24 the Department and to make a daily payment of the full amount  
25 of tax due. The Department shall impose this requirement when  
26 it finds that there is a significant risk of loss of revenue to

1 the State at such an exhibition or event. Such a finding shall  
2 be based on evidence that a substantial number of  
3 concessionaires or other sellers who are not residents of  
4 Illinois will be engaging in the business of selling tangible  
5 personal property or taxable service at retail at the  
6 exhibition or event, or other evidence of a significant risk of  
7 loss of revenue to the State. The Department shall notify  
8 concessionaires and other sellers affected by the imposition of  
9 this requirement. In the absence of notification by the  
10 Department, the concessionaires and other sellers shall file  
11 their returns as otherwise required in this Section.

12 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;  
13 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.  
14 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,  
15 eff. 1-27-17; revised 2-3-17.)

16 (35 ILCS 120/7) (from Ch. 120, par. 446)

17 Sec. 7. Every person engaged in the business of selling  
18 tangible personal property or taxable service at retail in this  
19 State shall keep records and books of all sales of tangible  
20 personal property, together with invoices, bills of lading,  
21 sales records, copies of bills of sale, inventories prepared as  
22 of December 31 of each year or otherwise annually as has been  
23 the custom in the specific trade and other pertinent papers and  
24 documents. Every person who is engaged in the business of  
25 selling tangible personal property or taxable service at retail



1 in this State and who, in connection with such business, also  
2 engages in other activities (including, but not limited to,  
3 engaging in a service occupation not subject to tax under this  
4 Act) shall keep such additional records and books of all such  
5 activities as will accurately reflect the character and scope  
6 of such activities and the amount of receipts realized  
7 therefrom. The Department may adopt rules that establish  
8 requirements, including record forms and formats, for records  
9 required to be kept and maintained by taxpayers. For purposes  
10 of this Section, "records" means all data maintained by the  
11 taxpayer, including data on paper, microfilm, microfiche or any  
12 type of machine-sensible data compilation.

13 All books and records and other papers and documents which  
14 are required by this Act to be kept shall be kept in the  
15 English language and shall, at all times during business hours  
16 of the day, be subject to inspection by the Department or its  
17 duly authorized agents and employees.

18 To support deductions made on the tax return form, or  
19 authorized under this Act, on account of receipts from isolated  
20 or occasional sales of tangible personal property or taxable  
21 service, on account of receipts from sales of tangible personal  
22 property or taxable service for resale, on account of receipts  
23 from sales to governmental bodies or other exempted types of  
24 purchasers, on account of receipts from sales of tangible  
25 personal property or taxable service in interstate commerce,  
26 and on account of receipts from any other kind of transaction

1 that is not taxable under this Act, entries in any books,  
2 records or other pertinent papers or documents of the taxpayer  
3 in relation thereto shall be in detail sufficient to show the  
4 name and address of the taxpayer's customer in each such  
5 transaction, the character of every such transaction, the date  
6 of every such transaction, the amount of receipts realized from  
7 every such transaction and such other information as may be  
8 necessary to establish the non-taxable character of such  
9 transaction under this Act.

10 Except in the case of a sale to a purchaser who will always  
11 resell and deliver the property to his customers outside  
12 Illinois, anyone claiming that he has made a nontaxable sale  
13 for resale in some form as tangible personal property shall  
14 also keep a record of the purchaser's registration number or  
15 resale number with the Department.

16 It shall be presumed that all sales of tangible personal  
17 property or taxable service are subject to tax under this Act  
18 until the contrary is established, and the burden of proving  
19 that a transaction is not taxable hereunder shall be upon the  
20 person who would be required to remit the tax to the Department  
21 if such transaction is taxable. In the course of any audit or  
22 investigation or hearing by the Department with reference to a  
23 given taxpayer, if the Department finds that the taxpayer lacks  
24 documentary evidence needed to support the taxpayer's claim to  
25 exemption from tax hereunder, the Department is authorized to  
26 notify the taxpayer in writing to produce such evidence, and

1 the taxpayer shall have 60 days subject to the right in the  
2 Department to extend this period either on request for good  
3 cause shown or on its own motion from the date when such notice  
4 is sent to the taxpayer by certified or registered mail (or  
5 delivered to the taxpayer if the notice is served personally)  
6 in which to obtain and produce such evidence for the  
7 Department's inspection, failing which the matter shall be  
8 closed, and the transaction shall be conclusively presumed to  
9 be taxable hereunder.

10 Books and records and other papers reflecting gross  
11 receipts received during any period with respect to which the  
12 Department is authorized to issue notices of tax liability as  
13 provided by Sections 4 and 5 of this Act shall be preserved  
14 until the expiration of such period unless the Department, in  
15 writing, shall authorize their destruction or disposal prior to  
16 such expiration.

17 (Source: P.A. 88-480.)

18 (35 ILCS 120/13) (from Ch. 120, par. 452)

19 Sec. 13. Criminal penalties.

20 (a) When the amount due is under \$300, any person engaged  
21 in the business of selling tangible personal property or  
22 taxable service at retail in this State who fails to file a  
23 return, or who files a fraudulent return, or any officer,  
24 employee or agent of a corporation, member, employee or agent  
25 of a partnership, or manager, member, agent, or employee of a

1 limited liability company engaged in the business of selling  
2 tangible personal property or taxable service at retail in this  
3 State who, as such officer, employee, agent, manager, or member  
4 is under a duty to file a return, or any officer, agent or  
5 employee of a corporation, member, agent, or employee of a  
6 partnership, or manager, member, agent, or employee of a  
7 limited liability company engaged in the business of selling  
8 tangible personal property or taxable service at retail in this  
9 State who files or causes to be filed or signs or causes to be  
10 signed a fraudulent return filed on behalf of such corporation  
11 or limited liability company, or any accountant or other agent  
12 who knowingly enters false information on the return of any  
13 taxpayer under this Act, is guilty of a Class 4 felony.

14 Any person who or any officer or director of any  
15 corporation, partner or member of any partnership, or manager  
16 or member of a limited liability company that: (a) violates  
17 Section 2a of this Act or (b) fails to keep books and records,  
18 or fails to produce books and records as required by Section 7  
19 or (c) willfully violates a rule or regulation of the  
20 Department for the administration and enforcement of this Act  
21 is guilty of a Class A misdemeanor. Any person, manager or  
22 member of a limited liability company, or officer or director  
23 of any corporation who engages in the business of selling  
24 tangible personal property at retail after the certificate of  
25 registration of that person, corporation, limited liability  
26 company, or partnership has been revoked is guilty of a Class A

1 misdemeanor. Each day such person, corporation, or partnership  
2 is engaged in business without a certificate of registration or  
3 after the certificate of registration of that person,  
4 corporation, or partnership has been revoked constitutes a  
5 separate offense.

6 Any purchaser who obtains a registration number or resale  
7 number from the Department through misrepresentation, or who  
8 represents to a seller that such purchaser has a registration  
9 number or a resale number from the Department when he knows  
10 that he does not, or who uses his registration number or resale  
11 number to make a seller believe that he is buying tangible  
12 personal property for resale when such purchaser in fact knows  
13 that this is not the case is guilty of a Class 4 felony.

14 Any distributor, supplier or other reseller of motor fuel  
15 registered pursuant to Section 2a or 2c of this Act who fails  
16 to collect the prepaid tax on invoiced gallons of motor fuel  
17 sold or who fails to deliver a statement of tax paid to the  
18 purchaser or to the Department as required by Sections 2d and  
19 2e of this Act, respectively, shall be guilty of a Class A  
20 misdemeanor if the amount due is under \$300, and a Class 4  
21 felony if the amount due is \$300 or more.

22 When the amount due is under \$300, any person who accepts  
23 money that is due to the Department under this Act from a  
24 taxpayer for the purpose of acting as the taxpayer's agent to  
25 make the payment to the Department, but who fails to remit such  
26 payment to the Department when due is guilty of a Class 4

1 felony.

2 Any seller who collects or attempts to collect an amount  
3 (however designated) which purports to reimburse such seller  
4 for retailers' occupation tax liability measured by receipts  
5 which such seller knows are not subject to retailers'  
6 occupation tax, or any seller who knowingly over-collects or  
7 attempts to over-collect an amount purporting to reimburse such  
8 seller for retailers' occupation tax liability in a transaction  
9 which is subject to the tax that is imposed by this Act, shall  
10 be guilty of a Class 4 felony for each such offense. This  
11 paragraph does not apply to an amount collected by the seller  
12 as reimbursement for the seller's retailers' occupation tax  
13 liability on receipts which are subject to tax under this Act  
14 as long as such collection is made in compliance with the tax  
15 collection brackets prescribed by the Department in its Rules  
16 and Regulations.

17 When the amount due is \$300 or more, any person engaged in  
18 the business of selling tangible personal property or taxable  
19 service at retail in this State who fails to file a return, or  
20 who files a fraudulent return, or any officer, employee or  
21 agent of a corporation, member, employee or agent of a  
22 partnership, or manager, member, agent, or employee of a  
23 limited liability company engaged in the business of selling  
24 tangible personal property or taxable service at retail in this  
25 State who, as such officer, employee, agent, manager, or member  
26 is under a duty to file a return and who fails to file such

1 return or any officer, agent, or employee of a corporation,  
2 member, agent or employee of a partnership, or manager, member,  
3 agent, or employee of a limited liability company engaged in  
4 the business of selling tangible personal property or taxable  
5 service at retail in this State who files or causes to be filed  
6 or signs or causes to be signed a fraudulent return filed on  
7 behalf of such corporation or limited liability company, or any  
8 accountant or other agent who knowingly enters false  
9 information on the return of any taxpayer under this Act is  
10 guilty of a Class 3 felony.

11 When the amount due is \$300 or more, any person engaged in  
12 the business of selling tangible personal property at retail in  
13 this State who accepts money that is due to the Department  
14 under this Act from a taxpayer for the purpose of acting as the  
15 taxpayer's agent to make payment to the Department but fails to  
16 remit such payment to the Department when due, is guilty of a  
17 Class 3 felony.

18 Any person whose principal place of business is in this  
19 State and who is charged with a violation under this Section  
20 shall be tried in the county where his principal place of  
21 business is located unless he asserts a right to be tried in  
22 another venue.

23 Any taxpayer or agent of a taxpayer who with the intent to  
24 defraud purports to make a payment due to the Department by  
25 issuing or delivering a check or other order upon a real or  
26 fictitious depository for the payment of money, knowing that it

1 will not be paid by the depository, shall be guilty of a  
2 deceptive practice in violation of Section 17-1 of the Criminal  
3 Code of 2012.

4 (b) A person commits the offense of sales tax evasion under  
5 this Act when he knowingly attempts in any manner to evade or  
6 defeat the tax imposed on him or on any other person, or the  
7 payment thereof, and he commits an affirmative act in  
8 furtherance of the evasion. For purposes of this Section, an  
9 "affirmative act in furtherance of the evasion" means an act  
10 designed in whole or in part to (i) conceal, misrepresent,  
11 falsify, or manipulate any material fact or (ii) tamper with or  
12 destroy documents or materials related to a person's tax  
13 liability under this Act. Two or more acts of sales tax evasion  
14 may be charged as a single count in any indictment,  
15 information, or complaint and the amount of tax deficiency may  
16 be aggregated for purposes of determining the amount of tax  
17 which is attempted to be or is evaded and the period between  
18 the first and last acts may be alleged as the date of the  
19 offense.

20 (1) When the amount of tax, the assessment or payment  
21 of which is attempted to be or is evaded is less than \$500  
22 a person is guilty of a Class 4 felony.

23 (2) When the amount of tax, the assessment or payment  
24 of which is attempted to be or is evaded is \$500 or more  
25 but less than \$10,000, a person is guilty of a Class 3  
26 felony.



1           (3) When the amount of tax, the assessment or payment  
2           of which is attempted to be or is evaded is \$10,000 or more  
3           but less than \$100,000, a person is guilty of a Class 2  
4           felony.

5           (4) When the amount of tax, the assessment or payment  
6           of which is attempted to be or is evaded is \$100,000 or  
7           more, a person is guilty of a Class 1 felony.

8           Any person who knowingly sells, purchases, installs,  
9           transfers, possesses, uses, or accesses any automated sales  
10          suppression device, zapper, or phantom-ware in this State is  
11          guilty of a Class 3 felony.

12          For the purposes of this Section:

13          "Automated sales suppression device" or "zapper" means a  
14          software program that falsifies the electronic records of an  
15          electronic cash register or other point-of-sale system,  
16          including, but not limited to, transaction data and transaction  
17          reports. The term includes the software program, any device  
18          that carries the software program, or an Internet link to the  
19          software program.

20          "Phantom-ware" means a hidden programming option embedded  
21          in the operating system of an electronic cash register or  
22          hardwired into an electronic cash register that can be used to  
23          create a second set of records or that can eliminate or  
24          manipulate transaction records in an electronic cash register.

25          "Electronic cash register" means a device that keeps a  
26          register or supporting documents through the use of an

1 electronic device or computer system designed to record  
2 transaction data for the purpose of computing, compiling, or  
3 processing retail sales transaction data in any manner.

4 "Transaction data" includes: items purchased by a  
5 customer; the price of each item; a taxability determination  
6 for each item; a segregated tax amount for each taxed item; the  
7 amount of cash or credit tendered; the net amount returned to  
8 the customer in change; the date and time of the purchase; the  
9 name, address, and identification number of the vendor; and the  
10 receipt or invoice number of the transaction.

11 "Transaction report" means a report that documents,  
12 without limitation, the sales, taxes, or fees collected, media  
13 totals, and discount voids at an electronic cash register and  
14 that is printed on a cash register tape at the end of a day or  
15 shift, or a report that documents every action at an electronic  
16 cash register and is stored electronically.

17 (c) A prosecution for any act in violation of this Section  
18 may be commenced at any time within 5 years of the commission  
19 of that act.

20 (Source: P.A. 97-1074, eff. 1-1-13; 97-1150, eff. 1-25-13;  
21 98-352, eff. 1-1-14.)

22 Section 30-50. The Counties Code is amended by changing  
23 Section 5-1009 and by adding Section 5-1008.10 as follows:

24 (55 ILCS 5/5-1008.10 new)

1       Sec. 5-1008.10. Taxable services. Notwithstanding any  
2 other provision of law, whenever a home rule or non-home rule  
3 county is authorized to impose a tax on the use or sale of  
4 tangible personal property, that county shall also be  
5 authorized to impose a tax at the same rate on taxable  
6 services, as defined in Section 2a-2 of the Use Tax Act.

7           (55 ILCS 5/5-1009) (from Ch. 34, par. 5-1009)

8       Sec. 5-1009. Limitation on home rule powers. Except as  
9 provided in Sections 5-1006, 5-1006.5, 5-1007 and 5-1008, on  
10 and after September 1, 1990, no home rule county has the  
11 authority to impose, pursuant to its home rule authority, a  
12 retailer's occupation tax, service occupation tax, use tax,  
13 sales tax or other tax on the (i) use, sale or purchase of  
14 tangible personal property based on the gross receipts from  
15 such sales or the selling or purchase price, (ii) gross  
16 receipts, or (iii) weight or volume from the use, sale, or  
17 purchase of that ~~said~~ tangible personal property.  
18 Notwithstanding the foregoing, this Section does not preempt  
19 any home rule imposed tax such as the following: (1) a tax on  
20 alcoholic beverages, whether based on gross receipts, volume  
21 sold or any other measurement; (2) a tax based on the number of  
22 units of cigarettes or tobacco products; (3) a tax, however  
23 measured, based on the use of a hotel or motel room or similar  
24 facility; (4) a tax, however measured, on the sale or transfer  
25 of real property; (5) a tax, however measured, on lease

1 receipts; (6) a tax on food prepared for immediate consumption  
2 and on alcoholic beverages sold by a business which provides  
3 for on premise consumption of said food or alcoholic beverages;  
4 ~~or~~ (7) other taxes not based on the selling or purchase price  
5 or gross receipts from the use, sale or purchase of tangible  
6 personal property; or (8) a tax on the sale of taxable  
7 services, as defined in the Use Tax Act. This Section does not  
8 preempt a home rule county from imposing a tax, however  
9 measured, on the use, for consideration, of a parking lot,  
10 garage, or other parking facility. This Section is a  
11 limitation, pursuant to subsection (g) of Section 6 of Article  
12 VII of the Illinois Constitution, on the power of home rule  
13 units to tax.

14 (Source: P.A. 97-1168, eff. 3-8-13; 97-1169, eff. 3-8-13.)

15 Section 30-55. The Illinois Municipal Code is amended by  
16 changing Section 8-11-6a and by adding Sections 8-3-20 as  
17 follows:

18 (65 ILCS 5/8-3-20 new)

19 Sec. 8-3-20. Taxable services. Notwithstanding any other  
20 provision of law, whenever a home rule or non-home rule  
21 municipality is authorized to impose a tax on the use or sale  
22 of tangible personal property, that municipality shall also be  
23 authorized to impose a tax at the same rate on taxable  
24 services, as defined in Section 2a-2 of the Use Tax Act.

1 (65 ILCS 5/8-11-6a) (from Ch. 24, par. 8-11-6a)

2 Sec. 8-11-6a. Home rule municipalities; preemption of  
3 certain taxes. Except as provided in Sections 8-11-1, 8-11-5,  
4 8-11-6, 8-11-6b, 8-11-6c, and 11-74.3-6 on and after September  
5 1, 1990, no home rule municipality has the authority to impose,  
6 pursuant to its home rule authority, a retailer's occupation  
7 tax, service occupation tax, use tax, sales tax or other tax ~~on~~  
8 ~~the use, sale or purchase of tangible personal property~~ based  
9 on (i) the selling or purchase price, (ii) the gross receipts,  
10 or (iii) the weight or volume from the use, sale, or purchase  
11 ~~from such sales or the selling or purchase price of said~~  
12 tangible personal property. Notwithstanding the foregoing,  
13 this Section does not preempt any home rule imposed tax such as  
14 the following: (1) a tax on alcoholic beverages, whether based  
15 on gross receipts, volume sold or any other measurement; (2) a  
16 tax based on the number of units of cigarettes or tobacco  
17 products (provided, however, that a home rule municipality that  
18 has not imposed a tax based on the number of units of  
19 cigarettes or tobacco products before July 1, 1993, shall not  
20 impose such a tax after that date); (3) a tax, however  
21 measured, based on the use of a hotel or motel room or similar  
22 facility; (4) a tax, however measured, on the sale or transfer  
23 of real property; (5) a tax, however measured, on lease  
24 receipts; (6) a tax on food prepared for immediate consumption  
25 and on alcoholic beverages sold by a business which provides

1 for on premise consumption of said food or alcoholic beverages;  
2 ~~or~~ (7) other taxes not based on (i) the selling or purchase  
3 price, (ii) the ~~or~~ gross receipts, or (iii) the weight or  
4 volume from the use, sale or purchase of tangible personal  
5 property; or (8) a tax on the sale of taxable services, as  
6 defined in the Use Tax Act. This Section does not preempt a  
7 home rule municipality with a population of more than 2,000,000  
8 from imposing a tax, however measured, on the use, for  
9 consideration, of a parking lot, garage, or other parking  
10 facility. This Section is not intended to affect any existing  
11 tax on food and beverages prepared for immediate consumption on  
12 the premises where the sale occurs, or any existing tax on  
13 alcoholic beverages, or any existing tax imposed on the charge  
14 for renting a hotel or motel room, which was in effect January  
15 15, 1988, or any extension of the effective date of such an  
16 existing tax by ordinance of the municipality imposing the tax,  
17 which extension is hereby authorized, in any non-home rule  
18 municipality in which the imposition of such a tax has been  
19 upheld by judicial determination, nor is this Section intended  
20 to preempt the authority granted by Public Act 85-1006. This  
21 Section is a limitation, pursuant to subsection (g) of Section  
22 6 of Article VII of the Illinois Constitution, on the power of  
23 home rule units to tax.

24 (Source: P.A. 97-1168, eff. 3-8-13; 97-1169, eff. 3-8-13.)

25 Section 30-65. The Illinois False Claims Act is amended by

1 changing Section 3 as follows:

2 (740 ILCS 175/3) (from Ch. 127, par. 4103)

3 Sec. 3. False claims.

4 (a) Liability for certain acts.

5 (1) In general, any person who:

6 (A) knowingly presents, or causes to be presented,  
7 a false or fraudulent claim for payment or approval;

8 (B) knowingly makes, uses, or causes to be made or  
9 used, a false record or statement material to a false  
10 or fraudulent claim;

11 (C) conspires to commit a violation of  
12 subparagraph (A), (B), (D), (E), (F), or (G);

13 (D) has possession, custody, or control of  
14 property or money used, or to be used, by the State and  
15 knowingly delivers, or causes to be delivered, less  
16 than all the money or property;

17 (E) is authorized to make or deliver a document  
18 certifying receipt of property used, or to be used, by  
19 the State and, intending to defraud the State, makes or  
20 delivers the receipt without completely knowing that  
21 the information on the receipt is true;

22 (F) knowingly buys, or receives as a pledge of an  
23 obligation or debt, public property from an officer or  
24 employee of the State, or a member of the Guard, who  
25 lawfully may not sell or pledge property; or

1           (G) knowingly makes, uses, or causes to be made or  
2           used, a false record or statement material to an  
3           obligation to pay or transmit money or property to the  
4           State, or knowingly conceals or knowingly and  
5           improperly avoids or decreases an obligation to pay or  
6           transmit money or property to the State,  
7           is liable to the State for a civil penalty of not less than  
8           \$5,500 and not more than \$11,000, plus 3 times the amount  
9           of damages which the State sustains because of the act of  
10          that person. The penalties in this Section are intended to  
11          be remedial rather than punitive, and shall not preclude,  
12          nor be precluded by, a criminal prosecution for the same  
13          conduct.

14          (2) A person violating this subsection shall also be  
15          liable to the State for the costs of a civil action brought  
16          to recover any such penalty or damages.

17          (b) Definitions. For purposes of this Section:

18                  (1) The terms "knowing" and "knowingly":

19                          (A) mean that a person, with respect to  
20                          information:

21                                  (i) has actual knowledge of the information;

22                                  (ii) acts in deliberate ignorance of the truth  
23                                  or falsity of the information; or

24                                  (iii) acts in reckless disregard of the truth  
25                                  or falsity of the information, and

26                          (B) require no proof of specific intent to defraud.



1 (2) The term "claim":

2 (A) means any request or demand, whether under a  
3 contract or otherwise, for money or property and  
4 whether or not the State has title to the money or  
5 property, that

6 (i) is presented to an officer, employee, or  
7 agent of the State; or

8 (ii) is made to a contractor, grantee, or other  
9 recipient, if the money or property is to be spent  
10 or used on the State's behalf or to advance a State  
11 program or interest, and if the State:

12 (I) provides or has provided any portion  
13 of the money or property requested or demanded;  
14 or

15 (II) will reimburse such contractor,  
16 grantee, or other recipient for any portion of  
17 the money or property which is requested or  
18 demanded; and

19 (B) does not include requests or demands for money  
20 or property that the State has paid to an individual as  
21 compensation for State employment or as an income  
22 subsidy with no restrictions on that individual's use  
23 of the money or property.

24 (3) The term "obligation" means an established duty,  
25 whether or not fixed, arising from an express or implied  
26 contractual, grantor-grantee, or licensor-licensee

1 relationship, from a fee-based or similar relationship,  
2 from statute or regulation, or from the retention of any  
3 overpayment.

4 (4) The term "material" means having a natural tendency  
5 to influence, or be capable of influencing, the payment or  
6 receipt of money or property.

7 (c) Exclusion. This Section does not apply to any taxes  
8 imposed, collected, or administered by the State of Illinois  
9 ~~claims, records, or statements made under the Illinois Income~~  
10 ~~Tax Act.~~

11 (Source: P.A. 95-128, eff. 1-1-08; 96-1304, eff. 7-27-10.)

12 ARTICLE 99. EFFECTIVE DATE

13 Section 99-999. Effective date. This Act takes effect upon  
14 becoming law."