

1 AN ACT in relation to taxes.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 207 as follows:

6 (35 ILCS 5/207) (from Ch. 120, par. 2-207)
7 Sec. 207. Net Losses.

8 (a) If after applying all of the modifications provided
9 for in paragraph (2) of Section 203(b), paragraph (2) of
10 Section 203(c) and paragraph (2) of Section 203(d) and the
11 allocation and apportionment provisions of Article 3 of this
12 Act, the taxpayer's net income results in a loss:

13 (1) For any taxable year ending prior to December
14 31, 1999, such loss shall be allowed as a carryover or
15 carryback deduction in the manner allowed under Section
16 172 of the Internal Revenue Code, ~~and~~

17 (2) For any taxable year ending on or after
18 December 31, 1999 and on or before December 30, 2003,
19 such loss shall be allowed as a carryback to each of the
20 2 taxable years preceding the taxable year of such loss
21 and shall be a net operating carryover to each of the 20
22 taxable years following the taxable year of such loss.

23 (A) The taxpayer may elect to relinquish the
24 entire carryback period with respect to such loss.
25 Such election shall be made in the form and manner
26 prescribed by the Department and shall be made by
27 the due date (including extensions of time) for
28 filing the taxpayer's return for the taxable year in
29 which such loss is incurred, and such election, once
30 made, shall be irrevocable.

31 (B) The entire amount of such loss shall be

1 carried to the earliest taxable year to which such
2 loss may be carried. The amount of such loss which
3 shall be carried to each of the other taxable years
4 shall be the excess, if any, of the amount of such
5 loss over the sum of the deductions for carryback or
6 carryover of such loss allowable for each of the
7 prior taxable years to which such loss may be
8 carried.

9 (2.5) For any taxable year ending on or after
10 December 31, 2003 and on or before December 30, 2008,
11 such loss shall not be allowed as a carryback and shall
12 be a net operating carryover to each of the 5 taxable
13 years following the taxable year of such loss. The entire
14 amount of such loss shall be carried to the earliest
15 taxable year to which such loss may be carried. The
16 amount of such loss which shall be carried to each of the
17 other taxable years shall be the excess, if any, of the
18 amount of such loss over the sum of the deductions for
19 carryover of such loss allowable for each of the prior
20 taxable years to which such loss may be carried.

21 (2.7) For any taxable year ending on or after
22 December 31, 2008, such loss shall be allowed as a
23 carryback to each of the 2 taxable years preceding the
24 taxable year of such loss and shall be a net operating
25 carryover to each of the 20 taxable years following the
26 taxable year of such loss.

27 (A) The taxpayer may elect to relinquish the
28 entire carryback period with respect to such loss.
29 Such election shall be made in the form and manner
30 prescribed by the Department and shall be made by
31 the due date (including extensions of time) for
32 filing the taxpayer's return for the taxable year in
33 which such loss is incurred, and such election, once
34 made, shall be irrevocable.

1 (B) The entire amount of such loss shall be
2 carried to the earliest taxable year to which such
3 loss may be carried. The amount of such loss which
4 shall be carried to each of the other taxable years
5 shall be the excess, if any, of the amount of such
6 loss over the sum of the deductions for carryback or
7 carryover of such loss allowable for each of the
8 prior taxable years to which such loss may be
9 carried.

10 (b) Any loss determined under subsection (a) of this
11 Section must be carried back or carried forward in the same
12 manner for purposes of subsections (a) and (b) of Section 201
13 of this Act as for purposes of subsections (c) and (d) of
14 Section 201 of this Act.

15 (Source: P.A. 91-541, eff. 8-13-99.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.