**Section 2510.60 Deductions to Annual Privilege Tax Amount**

a) The total annual privilege tax due from a company shall be reduced, pursuant to Section 409(2) of the Code [215 ILCS 5/409(2)], as follows:

1) By the amount of any fire department taxes paid by the company during the preceding calendar year under Section 11-10-1 of the Illinois Municipal Code [65 ILCS 5/11-10-1]; and

2) By any excess amount, on the annual privilege tax due date, that the company's aggregate income taxes paid in the preceding calendar year (January 1 through December 31) under Section 201(a) through (d) of the Illinois Income Tax Act [35 ILCS 5/201(a) through (d)] exceed 1.5% of the company's net taxable premium written.

A) A company's aggregate income taxes paid shall be the total of the corporate and replacement income tax paid in the preceding calendar year (January 1 through December 31).

B) The aggregate income taxes paid shall be reduced by any corporate and/or replacement income tax cash refunds received in that same calendar year if that cash refund had been considered part of the aggregate income taxes paid for an offset calculation in subsection (a)(2) of this Section taken in a preceding calendar year. If no deduction was taken pursuant to subsection (a)(2) of this Section (in which the corporate and/or replacement income tax cash refund received was part of the aggregate income taxes paid used in determining the calculation pursuant to subsection (a)(2) of this Section) then the aggregate income taxes paid for the calendar year in which that corporate and/or replacement income tax cash refund is received shall not be reduced by that tax cash refund amount.

b) If the company is part of a state income tax Unitary group, to determine each company's state aggregate income tax offset pursuant to subsection (a)(2) of this Section, an allocation of the aggregate income taxes described in subsection (a)(2) of this Section must be completed pursuant to the following:

1) The allocation of the aggregate income taxes paid for the unitary group will be based on each individual company's Illinois premium written, including annuity considerations (excluding annuity deposit funds), as reported in each company's Annual Statement as a percentage of the Unitary group's total Illinois premium written. Each company's determination of the aggregate income taxes paid is the allocation percent multiplied by the Unitary group's amount of the corporate and replacement income taxes paid in the calendar year, less the Unitary group's tax cash refunds received in that same calendar year if that tax cash refund had been considered part of the aggregate income taxes paid for an offset calculation in subsection (a)(2) of this Section taken in the preceding calendar year multiplied by that company's allocation percentage. Illustration B is an example of this calculation.

2) Each company may only use its allocated portion for the determination of the aggregate income tax deduction and may not transfer any allocated aggregate income taxes to another company or carry forward to another year.

c) Any deductible amount or offset allowed to be taken and which is not used or is taken pursuant to subsections (a)(1) and (2) of this Section for any calendar year will not be allowed as a deduction or offset against the company's annual privilege tax for any other taxing period or calendar year.

(Source: Amended at 24 Ill. Reg. 10224, effective July 1, 2000)