



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4004

by Rep. Will Guzzardi

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Income Tax Act. Provides for water's edge combined reporting. Creates an addition modification in an amount equal to the deduction for qualified production activities allowed under Section 199 of the Internal Revenue Code. In the definition of "unitary business group", provides that the term "United States" means the 50 states, the District of Columbia, and any area over which the United States has asserted jurisdiction or claimed exclusive rights with respect to the exploration for or exploitation of natural resources, but does not include any territory or possession of the United States (currently, that definition does not include any territory or possession of the United States or any area over which the United States has asserted jurisdiction or claimed exclusive rights with respect to the exploration for or exploitation of natural resources). In that definition, further provides that the unitary business group may include members that are ordinarily required to apportion business income under different subsections of the Act. Provides that provisions related to the apportionment of income for federally regulated exchanges expire on December 31, 2017. Amends the Hotel Operators' Occupation Tax Act. Provides that the Act also applies to online travel companies. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Cigarette Tax Act, the Cigarette Use Tax Act, the Hotel Operators' Occupation Tax Act, the Motor Fuel Tax Law, the Telecommunications Excise Tax Act, and the Liquor Control Act of 1934 to provide for reductions in the vendor discount. Effective immediately.

LRB100 11829 HLH 23189 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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 Sections 203, 304, and 1501 and by adding Section 309
6 as follows:

7 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

8 Sec. 203. Base income defined.

9 (a) Individuals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 This paragraph shall not apply to the following:

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

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

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

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

26 (iii) the taxpayer can establish, based on

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

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

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

22 (D-18) An amount equal to the amount of intangible
23 expenses and costs otherwise allowed as a deduction in
24 computing base income, and that were paid, accrued, or
25 incurred, directly or indirectly, (i) for taxable
26 years ending on or after December 31, 2004, to a

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

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

15 This paragraph shall not apply to the following:

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

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

1 following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (D-24) For taxable years ending on or after
17 December 31, 2017, an amount equal to the deduction
18 allowed under Section 199 of the Internal Revenue Code
19 for the taxable year;

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

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

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

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

12 (G) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 0.429); and

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

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

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

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

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

26 If the taxpayer continues to own property through

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

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

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

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

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

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

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

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

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

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

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

16 (b) Corporations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 This paragraph shall not apply to the following:

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

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

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

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

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

1 not federal or Illinois tax avoidance; or
2 (iv) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a person if
4 the taxpayer establishes by clear and convincing
5 evidence that the adjustments are unreasonable; or
6 if the taxpayer and the Director agree in writing
7 to the application or use of an alternative method
8 of apportionment under Section 304(f).

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

18 (E-13) An amount equal to the amount of intangible
19 expenses and costs otherwise allowed as a deduction in
20 computing base income, and that were paid, accrued, or
21 incurred, directly or indirectly, (i) for taxable
22 years ending on or after December 31, 2004, to a
23 foreign person who would be a member of the same
24 unitary business group but for the fact that the
25 foreign person's business activity outside the United
26 States is 80% or more of that person's total business

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

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

11 This paragraph shall not apply to the following:

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

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

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

1 not a related member, and

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

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

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

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

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

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

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

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

9 (E-17) For taxable years ending on or after
10 December 31, 2017, an amount equal to the deduction
11 allowed under Section 199 of the Internal Revenue Code
12 for the taxable year;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Section 250;

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

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

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

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

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

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

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

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

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

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

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

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

1 without regard to any net operating loss deduction.

2 This subparagraph (Z) is exempt from the provisions of

3 Section 250.

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

12 (c) Trusts and estates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 incurred.

2 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

13 This paragraph shall not apply to the following:

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

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

26 (a) the person during the same taxable

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

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

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

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

1 under Section 404 of this Act;

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

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

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

6 (G-16) For taxable years ending on or after
7 December 31, 2017, an amount equal to the deduction
8 allowed under Section 199 of the Internal Revenue Code
9 for the taxable year;

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

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

23 (I) The valuation limitation amount;

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

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

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

1 provisions of Section 250;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (d) Partnerships.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 This paragraph shall not apply to the following:

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

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

1 following:

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

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

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

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

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

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

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

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

1 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

20 (D-11) For taxable years ending on or after
21 December 31, 2017, an amount equal to the deduction
22 allowed under Section 199 of the Internal Revenue Code
23 for the taxable year;

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

26 (E) The valuation limitation amount;

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

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

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

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

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

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

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

1 provisions of Section 250;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (f) Valuation limitation amount.

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

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

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

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

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

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

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

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

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

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

1 August 1, 1969 or otherwise.

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

7 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

8 Sec. 304. Business income of persons other than residents.

9 (a) In general. The business income of a person other than
10 a resident shall be allocated to this State if such person's
11 business income is derived solely from this State. If a person
12 other than a resident derives business income from this State
13 and one or more other states, then, for tax years ending on or
14 before December 30, 1998, and for tax years ending on or after
15 December 31, 2017, and except as otherwise provided by this
16 Section, such person's business income shall be apportioned to
17 this State by multiplying the income by a fraction, the
18 numerator of which is the sum of the property factor (if any),
19 the payroll factor (if any) and 200% of the sales factor (if
20 any), and the denominator of which is 4 reduced by the number
21 of factors other than the sales factor which have a denominator
22 of zero and by an additional 2 if the sales factor has a
23 denominator of zero. For tax years ending on or after December
24 31, 1998, and ending prior to December 31, 2017, and except as
25 otherwise provided by this Section, persons other than

1 residents who derive business income from this State and one or
2 more other states shall compute their apportionment factor by
3 weighting their property, payroll, and sales factors as
4 provided in subsection (h) of this Section.

5 (1) Property factor.

6 (A) The property factor is a fraction, the numerator of
7 which is the average value of the person's real and
8 tangible personal property owned or rented and used in the
9 trade or business in this State during the taxable year and
10 the denominator of which is the average value of all the
11 person's real and tangible personal property owned or
12 rented and used in the trade or business during the taxable
13 year.

14 (B) Property owned by the person is valued at its
15 original cost. Property rented by the person is valued at 8
16 times the net annual rental rate. Net annual rental rate is
17 the annual rental rate paid by the person less any annual
18 rental rate received by the person from sub-rentals.

19 (C) The average value of property shall be determined
20 by averaging the values at the beginning and ending of the
21 taxable year but the Director may require the averaging of
22 monthly values during the taxable year if reasonably
23 required to reflect properly the average value of the
24 person's property.

25 (2) Payroll factor.

26 (A) The payroll factor is a fraction, the numerator of

1 which is the total amount paid in this State during the
2 taxable year by the person for compensation, and the
3 denominator of which is the total compensation paid
4 everywhere during the taxable year.

5 (B) Compensation is paid in this State if:

6 (i) The individual's service is performed entirely
7 within this State;

8 (ii) The individual's service is performed both
9 within and without this State, but the service
10 performed without this State is incidental to the
11 individual's service performed within this State; or

12 (iii) Some of the service is performed within this
13 State and either the base of operations, or if there is
14 no base of operations, the place from which the service
15 is directed or controlled is within this State, or the
16 base of operations or the place from which the service
17 is directed or controlled is not in any state in which
18 some part of the service is performed, but the
19 individual's residence is in this State.

20 (iv) Compensation paid to nonresident professional
21 athletes.

22 (a) General. The Illinois source income of a
23 nonresident individual who is a member of a
24 professional athletic team includes the portion of the
25 individual's total compensation for services performed
26 as a member of a professional athletic team during the

1 taxable year which the number of duty days spent within
2 this State performing services for the team in any
3 manner during the taxable year bears to the total
4 number of duty days spent both within and without this
5 State during the taxable year.

6 (b) Travel days. Travel days that do not involve
7 either a game, practice, team meeting, or other similar
8 team event are not considered duty days spent in this
9 State. However, such travel days are considered in the
10 total duty days spent both within and without this
11 State.

12 (c) Definitions. For purposes of this subpart
13 (iv):

14 (1) The term "professional athletic team"
15 includes, but is not limited to, any professional
16 baseball, basketball, football, soccer, or hockey
17 team.

18 (2) The term "member of a professional
19 athletic team" includes those employees who are
20 active players, players on the disabled list, and
21 any other persons required to travel and who travel
22 with and perform services on behalf of a
23 professional athletic team on a regular basis.
24 This includes, but is not limited to, coaches,
25 managers, and trainers.

26 (3) Except as provided in items (C) and (D) of

1 this subpart (3), the term "duty days" means all
2 days during the taxable year from the beginning of
3 the professional athletic team's official
4 pre-season training period through the last game
5 in which the team competes or is scheduled to
6 compete. Duty days shall be counted for the year in
7 which they occur, including where a team's
8 official pre-season training period through the
9 last game in which the team competes or is
10 scheduled to compete, occurs during more than one
11 tax year.

12 (A) Duty days shall also include days on
13 which a member of a professional athletic team
14 performs service for a team on a date that does
15 not fall within the foregoing period (e.g.,
16 participation in instructional leagues, the
17 "All Star Game", or promotional "caravans").
18 Performing a service for a professional
19 athletic team includes conducting training and
20 rehabilitation activities, when such
21 activities are conducted at team facilities.

22 (B) Also included in duty days are game
23 days, practice days, days spent at team
24 meetings, promotional caravans, preseason
25 training camps, and days served with the team
26 through all post-season games in which the team

1 competes or is scheduled to compete.

2 (C) Duty days for any person who joins a
3 team during the period from the beginning of
4 the professional athletic team's official
5 pre-season training period through the last
6 game in which the team competes, or is
7 scheduled to compete, shall begin on the day
8 that person joins the team. Conversely, duty
9 days for any person who leaves a team during
10 this period shall end on the day that person
11 leaves the team. Where a person switches teams
12 during a taxable year, a separate duty-day
13 calculation shall be made for the period the
14 person was with each team.

15 (D) Days for which a member of a
16 professional athletic team is not compensated
17 and is not performing services for the team in
18 any manner, including days when such member of
19 a professional athletic team has been
20 suspended without pay and prohibited from
21 performing any services for the team, shall not
22 be treated as duty days.

23 (E) Days for which a member of a
24 professional athletic team is on the disabled
25 list and does not conduct rehabilitation
26 activities at facilities of the team, and is

1 not otherwise performing services for the team
2 in Illinois, shall not be considered duty days
3 spent in this State. All days on the disabled
4 list, however, are considered to be included in
5 total duty days spent both within and without
6 this State.

7 (4) The term "total compensation for services
8 performed as a member of a professional athletic
9 team" means the total compensation received during
10 the taxable year for services performed:

11 (A) from the beginning of the official
12 pre-season training period through the last
13 game in which the team competes or is scheduled
14 to compete during that taxable year; and

15 (B) during the taxable year on a date which
16 does not fall within the foregoing period
17 (e.g., participation in instructional leagues,
18 the "All Star Game", or promotional caravans).

19 This compensation shall include, but is not
20 limited to, salaries, wages, bonuses as described
21 in this subpart, and any other type of compensation
22 paid during the taxable year to a member of a
23 professional athletic team for services performed
24 in that year. This compensation does not include
25 strike benefits, severance pay, termination pay,
26 contract or option year buy-out payments,

1 expansion or relocation payments, or any other
2 payments not related to services performed for the
3 team.

4 For purposes of this subparagraph, "bonuses"
5 included in "total compensation for services
6 performed as a member of a professional athletic
7 team" subject to the allocation described in
8 Section 302(c)(1) are: bonuses earned as a result
9 of play (i.e., performance bonuses) during the
10 season, including bonuses paid for championship,
11 playoff or "bowl" games played by a team, or for
12 selection to all-star league or other honorary
13 positions; and bonuses paid for signing a
14 contract, unless the payment of the signing bonus
15 is not conditional upon the signee playing any
16 games for the team or performing any subsequent
17 services for the team or even making the team, the
18 signing bonus is payable separately from the
19 salary and any other compensation, and the signing
20 bonus is nonrefundable.

21 (3) Sales factor.

22 (A) The sales factor is a fraction, the numerator of
23 which is the total sales of the person in this State during
24 the taxable year, and the denominator of which is the total
25 sales of the person everywhere during the taxable year.

26 (B) Sales of tangible personal property are in this

1 State if:

2 (i) The property is delivered or shipped to a
3 purchaser, other than the United States government,
4 within this State regardless of the f. o. b. point or
5 other conditions of the sale; or

6 (ii) The property is shipped from an office, store,
7 warehouse, factory or other place of storage in this
8 State and either the purchaser is the United States
9 government or the person is not taxable in the state of
10 the purchaser; provided, however, that premises owned
11 or leased by a person who has independently contracted
12 with the seller for the printing of newspapers,
13 periodicals or books shall not be deemed to be an
14 office, store, warehouse, factory or other place of
15 storage for purposes of this Section. Sales of tangible
16 personal property are not in this State if the seller
17 and purchaser would be members of the same unitary
18 business group but for the fact that either the seller
19 or purchaser is a person with 80% or more of total
20 business activity outside of the United States and the
21 property is purchased for resale.

22 (B-1) Patents, copyrights, trademarks, and similar
23 items of intangible personal property.

24 (i) Gross receipts from the licensing, sale, or
25 other disposition of a patent, copyright, trademark,
26 or similar item of intangible personal property, other

1 than gross receipts governed by paragraph (B-7) of this
2 item (3), are in this State to the extent the item is
3 utilized in this State during the year the gross
4 receipts are included in gross income.

5 (ii) Place of utilization.

6 (I) A patent is utilized in a state to the
7 extent that it is employed in production,
8 fabrication, manufacturing, or other processing in
9 the state or to the extent that a patented product
10 is produced in the state. If a patent is utilized
11 in more than one state, the extent to which it is
12 utilized in any one state shall be a fraction equal
13 to the gross receipts of the licensee or purchaser
14 from sales or leases of items produced,
15 fabricated, manufactured, or processed within that
16 state using the patent and of patented items
17 produced within that state, divided by the total of
18 such gross receipts for all states in which the
19 patent is utilized.

20 (II) A copyright is utilized in a state to the
21 extent that printing or other publication
22 originates in the state. If a copyright is utilized
23 in more than one state, the extent to which it is
24 utilized in any one state shall be a fraction equal
25 to the gross receipts from sales or licenses of
26 materials printed or published in that state

1 divided by the total of such gross receipts for all
2 states in which the copyright is utilized.

3 (III) Trademarks and other items of intangible
4 personal property governed by this paragraph (B-1)
5 are utilized in the state in which the commercial
6 domicile of the licensee or purchaser is located.

7 (iii) If the state of utilization of an item of
8 property governed by this paragraph (B-1) cannot be
9 determined from the taxpayer's books and records or
10 from the books and records of any person related to the
11 taxpayer within the meaning of Section 267(b) of the
12 Internal Revenue Code, 26 U.S.C. 267, the gross
13 receipts attributable to that item shall be excluded
14 from both the numerator and the denominator of the
15 sales factor.

16 (B-2) Gross receipts from the license, sale, or other
17 disposition of patents, copyrights, trademarks, and
18 similar items of intangible personal property, other than
19 gross receipts governed by paragraph (B-7) of this item
20 (3), may be included in the numerator or denominator of the
21 sales factor only if gross receipts from licenses, sales,
22 or other disposition of such items comprise more than 50%
23 of the taxpayer's total gross receipts included in gross
24 income during the tax year and during each of the 2
25 immediately preceding tax years; provided that, when a
26 taxpayer is a member of a unitary business group, such

1 determination shall be made on the basis of the gross
2 receipts of the entire unitary business group.

3 (B-5) For taxable years ending on or after December 31,
4 2008, except as provided in subsections (ii) through (vii),
5 receipts from the sale of telecommunications service or
6 mobile telecommunications service are in this State if the
7 customer's service address is in this State.

8 (i) For purposes of this subparagraph (B-5), the
9 following terms have the following meanings:

10 "Ancillary services" means services that are
11 associated with or incidental to the provision of
12 "telecommunications services", including but not
13 limited to "detailed telecommunications billing",
14 "directory assistance", "vertical service", and "voice
15 mail services".

16 "Air-to-Ground Radiotelephone service" means a
17 radio service, as that term is defined in 47 CFR 22.99,
18 in which common carriers are authorized to offer and
19 provide radio telecommunications service for hire to
20 subscribers in aircraft.

21 "Call-by-call Basis" means any method of charging
22 for telecommunications services where the price is
23 measured by individual calls.

24 "Communications Channel" means a physical or
25 virtual path of communications over which signals are
26 transmitted between or among customer channel

1 termination points.

2 "Conference bridging service" means an "ancillary
3 service" that links two or more participants of an
4 audio or video conference call and may include the
5 provision of a telephone number. "Conference bridging
6 service" does not include the "telecommunications
7 services" used to reach the conference bridge.

8 "Customer Channel Termination Point" means the
9 location where the customer either inputs or receives
10 the communications.

11 "Detailed telecommunications billing service"
12 means an "ancillary service" of separately stating
13 information pertaining to individual calls on a
14 customer's billing statement.

15 "Directory assistance" means an "ancillary
16 service" of providing telephone number information,
17 and/or address information.

18 "Home service provider" means the facilities based
19 carrier or reseller with which the customer contracts
20 for the provision of mobile telecommunications
21 services.

22 "Mobile telecommunications service" means
23 commercial mobile radio service, as defined in Section
24 20.3 of Title 47 of the Code of Federal Regulations as
25 in effect on June 1, 1999.

26 "Place of primary use" means the street address

1 representative of where the customer's use of the
2 telecommunications service primarily occurs, which
3 must be the residential street address or the primary
4 business street address of the customer. In the case of
5 mobile telecommunications services, "place of primary
6 use" must be within the licensed service area of the
7 home service provider.

8 "Post-paid telecommunication service" means the
9 telecommunications service obtained by making a
10 payment on a call-by-call basis either through the use
11 of a credit card or payment mechanism such as a bank
12 card, travel card, credit card, or debit card, or by
13 charge made to a telephone number which is not
14 associated with the origination or termination of the
15 telecommunications service. A post-paid calling
16 service includes telecommunications service, except a
17 prepaid wireless calling service, that would be a
18 prepaid calling service except it is not exclusively a
19 telecommunication service.

20 "Prepaid telecommunication service" means the
21 right to access exclusively telecommunications
22 services, which must be paid for in advance and which
23 enables the origination of calls using an access number
24 or authorization code, whether manually or
25 electronically dialed, and that is sold in
26 predetermined units or dollars of which the number

1 declines with use in a known amount.

2 "Prepaid Mobile telecommunication service" means a
3 telecommunications service that provides the right to
4 utilize mobile wireless service as well as other
5 non-telecommunication services, including but not
6 limited to ancillary services, which must be paid for
7 in advance that is sold in predetermined units or
8 dollars of which the number declines with use in a
9 known amount.

10 "Private communication service" means a
11 telecommunication service that entitles the customer
12 to exclusive or priority use of a communications
13 channel or group of channels between or among
14 termination points, regardless of the manner in which
15 such channel or channels are connected, and includes
16 switching capacity, extension lines, stations, and any
17 other associated services that are provided in
18 connection with the use of such channel or channels.

19 "Service address" means:

20 (a) The location of the telecommunications
21 equipment to which a customer's call is charged and
22 from which the call originates or terminates,
23 regardless of where the call is billed or paid;

24 (b) If the location in line (a) is not known,
25 service address means the origination point of the
26 signal of the telecommunications services first

1 identified by either the seller's
2 telecommunications system or in information
3 received by the seller from its service provider
4 where the system used to transport such signals is
5 not that of the seller; and

6 (c) If the locations in line (a) and line (b)
7 are not known, the service address means the
8 location of the customer's place of primary use.

9 "Telecommunications service" means the electronic
10 transmission, conveyance, or routing of voice, data,
11 audio, video, or any other information or signals to a
12 point, or between or among points. The term
13 "telecommunications service" includes such
14 transmission, conveyance, or routing in which computer
15 processing applications are used to act on the form,
16 code or protocol of the content for purposes of
17 transmission, conveyance or routing without regard to
18 whether such service is referred to as voice over
19 Internet protocol services or is classified by the
20 Federal Communications Commission as enhanced or value
21 added. "Telecommunications service" does not include:

22 (a) Data processing and information services
23 that allow data to be generated, acquired, stored,
24 processed, or retrieved and delivered by an
25 electronic transmission to a purchaser when such
26 purchaser's primary purpose for the underlying

1 transaction is the processed data or information;

2 (b) Installation or maintenance of wiring or
3 equipment on a customer's premises;

4 (c) Tangible personal property;

5 (d) Advertising, including but not limited to
6 directory advertising;

7 (e) Billing and collection services provided
8 to third parties;

9 (f) Internet access service;

10 (g) Radio and television audio and video
11 programming services, regardless of the medium,
12 including the furnishing of transmission,
13 conveyance and routing of such services by the
14 programming service provider. Radio and television
15 audio and video programming services shall include
16 but not be limited to cable service as defined in
17 47 USC 522(6) and audio and video programming
18 services delivered by commercial mobile radio
19 service providers, as defined in 47 CFR 20.3;

20 (h) "Ancillary services"; or

21 (i) Digital products "delivered
22 electronically", including but not limited to
23 software, music, video, reading materials or ring
24 tones.

25 "Vertical service" means an "ancillary service"
26 that is offered in connection with one or more

1 "telecommunications services", which offers advanced
2 calling features that allow customers to identify
3 callers and to manage multiple calls and call
4 connections, including "conference bridging services".

5 "Voice mail service" means an "ancillary service"
6 that enables the customer to store, send or receive
7 recorded messages. "Voice mail service" does not
8 include any "vertical services" that the customer may
9 be required to have in order to utilize the "voice mail
10 service".

11 (ii) Receipts from the sale of telecommunications
12 service sold on an individual call-by-call basis are in
13 this State if either of the following applies:

14 (a) The call both originates and terminates in
15 this State.

16 (b) The call either originates or terminates
17 in this State and the service address is located in
18 this State.

19 (iii) Receipts from the sale of postpaid
20 telecommunications service at retail are in this State
21 if the origination point of the telecommunication
22 signal, as first identified by the service provider's
23 telecommunication system or as identified by
24 information received by the seller from its service
25 provider if the system used to transport
26 telecommunication signals is not the seller's, is

1 located in this State.

2 (iv) Receipts from the sale of prepaid
3 telecommunications service or prepaid mobile
4 telecommunications service at retail are in this State
5 if the purchaser obtains the prepaid card or similar
6 means of conveyance at a location in this State.
7 Receipts from recharging a prepaid telecommunications
8 service or mobile telecommunications service is in
9 this State if the purchaser's billing information
10 indicates a location in this State.

11 (v) Receipts from the sale of private
12 communication services are in this State as follows:

13 (a) 100% of receipts from charges imposed at
14 each channel termination point in this State.

15 (b) 100% of receipts from charges for the total
16 channel mileage between each channel termination
17 point in this State.

18 (c) 50% of the total receipts from charges for
19 service segments when those segments are between 2
20 customer channel termination points, 1 of which is
21 located in this State and the other is located
22 outside of this State, which segments are
23 separately charged.

24 (d) The receipts from charges for service
25 segments with a channel termination point located
26 in this State and in two or more other states, and

1 which segments are not separately billed, are in
2 this State based on a percentage determined by
3 dividing the number of customer channel
4 termination points in this State by the total
5 number of customer channel termination points.

6 (vi) Receipts from charges for ancillary services
7 for telecommunications service sold to customers at
8 retail are in this State if the customer's primary
9 place of use of telecommunications services associated
10 with those ancillary services is in this State. If the
11 seller of those ancillary services cannot determine
12 where the associated telecommunications are located,
13 then the ancillary services shall be based on the
14 location of the purchaser.

15 (vii) Receipts to access a carrier's network or
16 from the sale of telecommunication services or
17 ancillary services for resale are in this State as
18 follows:

19 (a) 100% of the receipts from access fees
20 attributable to intrastate telecommunications
21 service that both originates and terminates in
22 this State.

23 (b) 50% of the receipts from access fees
24 attributable to interstate telecommunications
25 service if the interstate call either originates
26 or terminates in this State.

1 (c) 100% of the receipts from interstate end
2 user access line charges, if the customer's
3 service address is in this State. As used in this
4 subdivision, "interstate end user access line
5 charges" includes, but is not limited to, the
6 surcharge approved by the federal communications
7 commission and levied pursuant to 47 CFR 69.

8 (d) Gross receipts from sales of
9 telecommunication services or from ancillary
10 services for telecommunications services sold to
11 other telecommunication service providers for
12 resale shall be sourced to this State using the
13 apportionment concepts used for non-resale
14 receipts of telecommunications services if the
15 information is readily available to make that
16 determination. If the information is not readily
17 available, then the taxpayer may use any other
18 reasonable and consistent method.

19 (B-7) For taxable years ending on or after December 31,
20 2008, receipts from the sale of broadcasting services are
21 in this State if the broadcasting services are received in
22 this State. For purposes of this paragraph (B-7), the
23 following terms have the following meanings:

24 "Advertising revenue" means consideration received
25 by the taxpayer in exchange for broadcasting services
26 or allowing the broadcasting of commercials or

1 announcements in connection with the broadcasting of
2 film or radio programming, from sponsorships of the
3 programming, or from product placements in the
4 programming.

5 "Audience factor" means the ratio that the
6 audience or subscribers located in this State of a
7 station, a network, or a cable system bears to the
8 total audience or total subscribers for that station,
9 network, or cable system. The audience factor for film
10 or radio programming shall be determined by reference
11 to the books and records of the taxpayer or by
12 reference to published rating statistics provided the
13 method used by the taxpayer is consistently used from
14 year to year for this purpose and fairly represents the
15 taxpayer's activity in this State.

16 "Broadcast" or "broadcasting" or "broadcasting
17 services" means the transmission or provision of film
18 or radio programming, whether through the public
19 airwaves, by cable, by direct or indirect satellite
20 transmission, or by any other means of communication,
21 either through a station, a network, or a cable system.

22 "Film" or "film programming" means the broadcast
23 on television of any and all performances, events, or
24 productions, including but not limited to news,
25 sporting events, plays, stories, or other literary,
26 commercial, educational, or artistic works, either

1 live or through the use of video tape, disc, or any
2 other type of format or medium. Each episode of a
3 series of films produced for television shall
4 constitute separate "film" notwithstanding that the
5 series relates to the same principal subject and is
6 produced during one or more tax periods.

7 "Radio" or "radio programming" means the broadcast
8 on radio of any and all performances, events, or
9 productions, including but not limited to news,
10 sporting events, plays, stories, or other literary,
11 commercial, educational, or artistic works, either
12 live or through the use of an audio tape, disc, or any
13 other format or medium. Each episode in a series of
14 radio programming produced for radio broadcast shall
15 constitute a separate "radio programming"
16 notwithstanding that the series relates to the same
17 principal subject and is produced during one or more
18 tax periods.

19 (i) In the case of advertising revenue from
20 broadcasting, the customer is the advertiser and
21 the service is received in this State if the
22 commercial domicile of the advertiser is in this
23 State.

24 (ii) In the case where film or radio
25 programming is broadcast by a station, a network,
26 or a cable system for a fee or other remuneration

1 received from the recipient of the broadcast, the
2 portion of the service that is received in this
3 State is measured by the portion of the recipients
4 of the broadcast located in this State.
5 Accordingly, the fee or other remuneration for
6 such service that is included in the Illinois
7 numerator of the sales factor is the total of those
8 fees or other remuneration received from
9 recipients in Illinois. For purposes of this
10 paragraph, a taxpayer may determine the location
11 of the recipients of its broadcast using the
12 address of the recipient shown in its contracts
13 with the recipient or using the billing address of
14 the recipient in the taxpayer's records.

15 (iii) In the case where film or radio
16 programming is broadcast by a station, a network,
17 or a cable system for a fee or other remuneration
18 from the person providing the programming, the
19 portion of the broadcast service that is received
20 by such station, network, or cable system in this
21 State is measured by the portion of recipients of
22 the broadcast located in this State. Accordingly,
23 the amount of revenue related to such an
24 arrangement that is included in the Illinois
25 numerator of the sales factor is the total fee or
26 other total remuneration from the person providing

1 the programming related to that broadcast
2 multiplied by the Illinois audience factor for
3 that broadcast.

4 (iv) In the case where film or radio
5 programming is provided by a taxpayer that is a
6 network or station to a customer for broadcast in
7 exchange for a fee or other remuneration from that
8 customer the broadcasting service is received at
9 the location of the office of the customer from
10 which the services were ordered in the regular
11 course of the customer's trade or business.
12 Accordingly, in such a case the revenue derived by
13 the taxpayer that is included in the taxpayer's
14 Illinois numerator of the sales factor is the
15 revenue from such customers who receive the
16 broadcasting service in Illinois.

17 (v) In the case where film or radio programming
18 is provided by a taxpayer that is not a network or
19 station to another person for broadcasting in
20 exchange for a fee or other remuneration from that
21 person, the broadcasting service is received at
22 the location of the office of the customer from
23 which the services were ordered in the regular
24 course of the customer's trade or business.
25 Accordingly, in such a case the revenue derived by
26 the taxpayer that is included in the taxpayer's

1 Illinois numerator of the sales factor is the
2 revenue from such customers who receive the
3 broadcasting service in Illinois.

4 (B-8) Gross receipts from winnings under the Illinois
5 Lottery Law from the assignment of a prize under Section
6 13.1 of the Illinois Lottery Law are received in this
7 State. This paragraph (B-8) applies only to taxable years
8 ending on or after December 31, 2013.

9 (C) For taxable years ending before December 31, 2008,
10 sales, other than sales governed by paragraphs (B), (B-1),
11 (B-2), and (B-8) are in this State if:

12 (i) The income-producing activity is performed in
13 this State; or

14 (ii) The income-producing activity is performed
15 both within and without this State and a greater
16 proportion of the income-producing activity is
17 performed within this State than without this State,
18 based on performance costs.

19 (C-5) For taxable years ending on or after December 31,
20 2008, sales, other than sales governed by paragraphs (B),
21 (B-1), (B-2), (B-5), and (B-7), are in this State if any of
22 the following criteria are met:

23 (i) Sales from the sale or lease of real property
24 are in this State if the property is located in this
25 State.

26 (ii) Sales from the lease or rental of tangible

1 personal property are in this State if the property is
2 located in this State during the rental period. Sales
3 from the lease or rental of tangible personal property
4 that is characteristically moving property, including,
5 but not limited to, motor vehicles, rolling stock,
6 aircraft, vessels, or mobile equipment are in this
7 State to the extent that the property is used in this
8 State.

9 (iii) In the case of interest, net gains (but not
10 less than zero) and other items of income from
11 intangible personal property, the sale is in this State
12 if:

13 (a) in the case of a taxpayer who is a dealer
14 in the item of intangible personal property within
15 the meaning of Section 475 of the Internal Revenue
16 Code, the income or gain is received from a
17 customer in this State. For purposes of this
18 subparagraph, a customer is in this State if the
19 customer is an individual, trust or estate who is a
20 resident of this State and, for all other
21 customers, if the customer's commercial domicile
22 is in this State. Unless the dealer has actual
23 knowledge of the residence or commercial domicile
24 of a customer during a taxable year, the customer
25 shall be deemed to be a customer in this State if
26 the billing address of the customer, as shown in

1 the records of the dealer, is in this State; or

2 (b) in all other cases, if the
3 income-producing activity of the taxpayer is
4 performed in this State or, if the
5 income-producing activity of the taxpayer is
6 performed both within and without this State, if a
7 greater proportion of the income-producing
8 activity of the taxpayer is performed within this
9 State than in any other state, based on performance
10 costs.

11 (iv) Sales of services are in this State if the
12 services are received in this State. For the purposes
13 of this section, gross receipts from the performance of
14 services provided to a corporation, partnership, or
15 trust may only be attributed to a state where that
16 corporation, partnership, or trust has a fixed place of
17 business. If the state where the services are received
18 is not readily determinable or is a state where the
19 corporation, partnership, or trust receiving the
20 service does not have a fixed place of business, the
21 services shall be deemed to be received at the location
22 of the office of the customer from which the services
23 were ordered in the regular course of the customer's
24 trade or business. If the ordering office cannot be
25 determined, the services shall be deemed to be received
26 at the office of the customer to which the services are

1 billed. If the taxpayer is not taxable in the state in
2 which the services are received, the sale must be
3 excluded from both the numerator and the denominator of
4 the sales factor. The Department shall adopt rules
5 prescribing where specific types of service are
6 received, including, but not limited to, publishing,
7 and utility service.

8 (D) For taxable years ending on or after December 31,
9 1995, the following items of income shall not be included
10 in the numerator or denominator of the sales factor:
11 dividends; amounts included under Section 78 of the
12 Internal Revenue Code; and Subpart F income as defined in
13 Section 952 of the Internal Revenue Code. No inference
14 shall be drawn from the enactment of this paragraph (D) in
15 construing this Section for taxable years ending before
16 December 31, 1995.

17 (E) Paragraphs (B-1) and (B-2) shall apply to tax years
18 ending on or after December 31, 1999, provided that a
19 taxpayer may elect to apply the provisions of these
20 paragraphs to prior tax years. Such election shall be made
21 in the form and manner prescribed by the Department, shall
22 be irrevocable, and shall apply to all tax years; provided
23 that, if a taxpayer's Illinois income tax liability for any
24 tax year, as assessed under Section 903 prior to January 1,
25 1999, was computed in a manner contrary to the provisions
26 of paragraphs (B-1) or (B-2), no refund shall be payable to

1 the taxpayer for that tax year to the extent such refund is
2 the result of applying the provisions of paragraph (B-1) or
3 (B-2) retroactively. In the case of a unitary business
4 group, such election shall apply to all members of such
5 group for every tax year such group is in existence, but
6 shall not apply to any taxpayer for any period during which
7 that taxpayer is not a member of such group.

8 (b) Insurance companies.

9 (1) In general. Except as otherwise provided by
10 paragraph (2), business income of an insurance company for
11 a taxable year shall be apportioned to this State by
12 multiplying such income by a fraction, the numerator of
13 which is the direct premiums written for insurance upon
14 property or risk in this State, and the denominator of
15 which is the direct premiums written for insurance upon
16 property or risk everywhere. For purposes of this
17 subsection, the term "direct premiums written" means the
18 total amount of direct premiums written, assessments and
19 annuity considerations as reported for the taxable year on
20 the annual statement filed by the company with the Illinois
21 Director of Insurance in the form approved by the National
22 Convention of Insurance Commissioners or such other form as
23 may be prescribed in lieu thereof.

24 (2) Reinsurance. If the principal source of premiums
25 written by an insurance company consists of premiums for
26 reinsurance accepted by it, the business income of such

1 company shall be apportioned to this State by multiplying
2 such income by a fraction, the numerator of which is the
3 sum of (i) direct premiums written for insurance upon
4 property or risk in this State, plus (ii) premiums written
5 for reinsurance accepted in respect of property or risk in
6 this State, and the denominator of which is the sum of
7 (iii) direct premiums written for insurance upon property
8 or risk everywhere, plus (iv) premiums written for
9 reinsurance accepted in respect of property or risk
10 everywhere. For purposes of this paragraph, premiums
11 written for reinsurance accepted in respect of property or
12 risk in this State, whether or not otherwise determinable,
13 may, at the election of the company, be determined on the
14 basis of the proportion which premiums written for
15 reinsurance accepted from companies commercially domiciled
16 in Illinois bears to premiums written for reinsurance
17 accepted from all sources, or, alternatively, in the
18 proportion which the sum of the direct premiums written for
19 insurance upon property or risk in this State by each
20 ceding company from which reinsurance is accepted bears to
21 the sum of the total direct premiums written by each such
22 ceding company for the taxable year. The election made by a
23 company under this paragraph for its first taxable year
24 ending on or after December 31, 2011, shall be binding for
25 that company for that taxable year and for all subsequent
26 taxable years, and may be altered only with the written

1 permission of the Department, which shall not be
2 unreasonably withheld.

3 (c) Financial organizations.

4 (1) In general. For taxable years ending before
5 December 31, 2008, business income of a financial
6 organization shall be apportioned to this State by
7 multiplying such income by a fraction, the numerator of
8 which is its business income from sources within this
9 State, and the denominator of which is its business income
10 from all sources. For the purposes of this subsection, the
11 business income of a financial organization from sources
12 within this State is the sum of the amounts referred to in
13 subparagraphs (A) through (E) following, but excluding the
14 adjusted income of an international banking facility as
15 determined in paragraph (2):

16 (A) Fees, commissions or other compensation for
17 financial services rendered within this State;

18 (B) Gross profits from trading in stocks, bonds or
19 other securities managed within this State;

20 (C) Dividends, and interest from Illinois
21 customers, which are received within this State;

22 (D) Interest charged to customers at places of
23 business maintained within this State for carrying
24 debit balances of margin accounts, without deduction
25 of any costs incurred in carrying such accounts; and

26 (E) Any other gross income resulting from the

1 operation as a financial organization within this
2 State. In computing the amounts referred to in
3 paragraphs (A) through (E) of this subsection, any
4 amount received by a member of an affiliated group
5 (determined under Section 1504(a) of the Internal
6 Revenue Code but without reference to whether any such
7 corporation is an "includible corporation" under
8 Section 1504(b) of the Internal Revenue Code) from
9 another member of such group shall be included only to
10 the extent such amount exceeds expenses of the
11 recipient directly related thereto.

12 (2) International Banking Facility. For taxable years
13 ending before December 31, 2008:

14 (A) Adjusted Income. The adjusted income of an
15 international banking facility is its income reduced
16 by the amount of the floor amount.

17 (B) Floor Amount. The floor amount shall be the
18 amount, if any, determined by multiplying the income of
19 the international banking facility by a fraction, not
20 greater than one, which is determined as follows:

21 (i) The numerator shall be:

22 The average aggregate, determined on a
23 quarterly basis, of the financial organization's
24 loans to banks in foreign countries, to foreign
25 domiciled borrowers (except where secured
26 primarily by real estate) and to foreign

1 governments and other foreign official
2 institutions, as reported for its branches,
3 agencies and offices within the state on its
4 "Consolidated Report of Condition", Schedule A,
5 Lines 2.c., 5.b., and 7.a., which was filed with
6 the Federal Deposit Insurance Corporation and
7 other regulatory authorities, for the year 1980,
8 minus

9 The average aggregate, determined on a
10 quarterly basis, of such loans (other than loans of
11 an international banking facility), as reported by
12 the financial institution for its branches,
13 agencies and offices within the state, on the
14 corresponding Schedule and lines of the
15 Consolidated Report of Condition for the current
16 taxable year, provided, however, that in no case
17 shall the amount determined in this clause (the
18 subtrahend) exceed the amount determined in the
19 preceding clause (the minuend); and

20 (ii) the denominator shall be the average
21 aggregate, determined on a quarterly basis, of the
22 international banking facility's loans to banks in
23 foreign countries, to foreign domiciled borrowers
24 (except where secured primarily by real estate)
25 and to foreign governments and other foreign
26 official institutions, which were recorded in its

1 financial accounts for the current taxable year.

2 (C) Change to Consolidated Report of Condition and
3 in Qualification. In the event the Consolidated Report
4 of Condition which is filed with the Federal Deposit
5 Insurance Corporation and other regulatory authorities
6 is altered so that the information required for
7 determining the floor amount is not found on Schedule
8 A, lines 2.c., 5.b. and 7.a., the financial institution
9 shall notify the Department and the Department may, by
10 regulations or otherwise, prescribe or authorize the
11 use of an alternative source for such information. The
12 financial institution shall also notify the Department
13 should its international banking facility fail to
14 qualify as such, in whole or in part, or should there
15 be any amendment or change to the Consolidated Report
16 of Condition, as originally filed, to the extent such
17 amendment or change alters the information used in
18 determining the floor amount.

19 (3) For taxable years ending on or after December 31,
20 2008, the business income of a financial organization shall
21 be apportioned to this State by multiplying such income by
22 a fraction, the numerator of which is its gross receipts
23 from sources in this State or otherwise attributable to
24 this State's marketplace and the denominator of which is
25 its gross receipts everywhere during the taxable year.
26 "Gross receipts" for purposes of this subparagraph (3)

1 means gross income, including net taxable gain on
2 disposition of assets, including securities and money
3 market instruments, when derived from transactions and
4 activities in the regular course of the financial
5 organization's trade or business. The following examples
6 are illustrative:

7 (i) Receipts from the lease or rental of real or
8 tangible personal property are in this State if the
9 property is located in this State during the rental
10 period. Receipts from the lease or rental of tangible
11 personal property that is characteristically moving
12 property, including, but not limited to, motor
13 vehicles, rolling stock, aircraft, vessels, or mobile
14 equipment are from sources in this State to the extent
15 that the property is used in this State.

16 (ii) Interest income, commissions, fees, gains on
17 disposition, and other receipts from assets in the
18 nature of loans that are secured primarily by real
19 estate or tangible personal property are from sources
20 in this State if the security is located in this State.

21 (iii) Interest income, commissions, fees, gains on
22 disposition, and other receipts from consumer loans
23 that are not secured by real or tangible personal
24 property are from sources in this State if the debtor
25 is a resident of this State.

26 (iv) Interest income, commissions, fees, gains on

1 disposition, and other receipts from commercial loans
2 and installment obligations that are not secured by
3 real or tangible personal property are from sources in
4 this State if the proceeds of the loan are to be
5 applied in this State. If it cannot be determined where
6 the funds are to be applied, the income and receipts
7 are from sources in this State if the office of the
8 borrower from which the loan was negotiated in the
9 regular course of business is located in this State. If
10 the location of this office cannot be determined, the
11 income and receipts shall be excluded from the
12 numerator and denominator of the sales factor.

13 (v) Interest income, fees, gains on disposition,
14 service charges, merchant discount income, and other
15 receipts from credit card receivables are from sources
16 in this State if the card charges are regularly billed
17 to a customer in this State.

18 (vi) Receipts from the performance of services,
19 including, but not limited to, fiduciary, advisory,
20 and brokerage services, are in this State if the
21 services are received in this State within the meaning
22 of subparagraph (a) (3) (C-5) (iv) of this Section.

23 (vii) Receipts from the issuance of travelers
24 checks and money orders are from sources in this State
25 if the checks and money orders are issued from a
26 location within this State.

1 (viii) Receipts from investment assets and
2 activities and trading assets and activities are
3 included in the receipts factor as follows:

4 (1) Interest, dividends, net gains (but not
5 less than zero) and other income from investment
6 assets and activities from trading assets and
7 activities shall be included in the receipts
8 factor. Investment assets and activities and
9 trading assets and activities include but are not
10 limited to: investment securities; trading account
11 assets; federal funds; securities purchased and
12 sold under agreements to resell or repurchase;
13 options; futures contracts; forward contracts;
14 notional principal contracts such as swaps;
15 equities; and foreign currency transactions. With
16 respect to the investment and trading assets and
17 activities described in subparagraphs (A) and (B)
18 of this paragraph, the receipts factor shall
19 include the amounts described in such
20 subparagraphs.

21 (A) The receipts factor shall include the
22 amount by which interest from federal funds
23 sold and securities purchased under resale
24 agreements exceeds interest expense on federal
25 funds purchased and securities sold under
26 repurchase agreements.

1 (B) The receipts factor shall include the
2 amount by which interest, dividends, gains and
3 other income from trading assets and
4 activities, including but not limited to
5 assets and activities in the matched book, in
6 the arbitrage book, and foreign currency
7 transactions, exceed amounts paid in lieu of
8 interest, amounts paid in lieu of dividends,
9 and losses from such assets and activities.

10 (2) The numerator of the receipts factor
11 includes interest, dividends, net gains (but not
12 less than zero), and other income from investment
13 assets and activities and from trading assets and
14 activities described in paragraph (1) of this
15 subsection that are attributable to this State.

16 (A) The amount of interest, dividends, net
17 gains (but not less than zero), and other
18 income from investment assets and activities
19 in the investment account to be attributed to
20 this State and included in the numerator is
21 determined by multiplying all such income from
22 such assets and activities by a fraction, the
23 numerator of which is the gross income from
24 such assets and activities which are properly
25 assigned to a fixed place of business of the
26 taxpayer within this State and the denominator

1 of which is the gross income from all such
2 assets and activities.

3 (B) The amount of interest from federal
4 funds sold and purchased and from securities
5 purchased under resale agreements and
6 securities sold under repurchase agreements
7 attributable to this State and included in the
8 numerator is determined by multiplying the
9 amount described in subparagraph (A) of
10 paragraph (1) of this subsection from such
11 funds and such securities by a fraction, the
12 numerator of which is the gross income from
13 such funds and such securities which are
14 properly assigned to a fixed place of business
15 of the taxpayer within this State and the
16 denominator of which is the gross income from
17 all such funds and such securities.

18 (C) The amount of interest, dividends,
19 gains, and other income from trading assets and
20 activities, including but not limited to
21 assets and activities in the matched book, in
22 the arbitrage book and foreign currency
23 transactions (but excluding amounts described
24 in subparagraphs (A) or (B) of this paragraph),
25 attributable to this State and included in the
26 numerator is determined by multiplying the

1 amount described in subparagraph (B) of
2 paragraph (1) of this subsection by a fraction,
3 the numerator of which is the gross income from
4 such trading assets and activities which are
5 properly assigned to a fixed place of business
6 of the taxpayer within this State and the
7 denominator of which is the gross income from
8 all such assets and activities.

9 (D) Properly assigned, for purposes of
10 this paragraph (2) of this subsection, means
11 the investment or trading asset or activity is
12 assigned to the fixed place of business with
13 which it has a preponderance of substantive
14 contacts. An investment or trading asset or
15 activity assigned by the taxpayer to a fixed
16 place of business without the State shall be
17 presumed to have been properly assigned if:

18 (i) the taxpayer has assigned, in the
19 regular course of its business, such asset
20 or activity on its records to a fixed place
21 of business consistent with federal or
22 state regulatory requirements;

23 (ii) such assignment on its records is
24 based upon substantive contacts of the
25 asset or activity to such fixed place of
26 business; and

1 (iii) the taxpayer uses such records
2 reflecting assignment of such assets or
3 activities for the filing of all state and
4 local tax returns for which an assignment
5 of such assets or activities to a fixed
6 place of business is required.

7 (E) The presumption of proper assignment
8 of an investment or trading asset or activity
9 provided in subparagraph (D) of paragraph (2)
10 of this subsection may be rebutted upon a
11 showing by the Department, supported by a
12 preponderance of the evidence, that the
13 preponderance of substantive contacts
14 regarding such asset or activity did not occur
15 at the fixed place of business to which it was
16 assigned on the taxpayer's records. If the
17 fixed place of business that has a
18 preponderance of substantive contacts cannot
19 be determined for an investment or trading
20 asset or activity to which the presumption in
21 subparagraph (D) of paragraph (2) of this
22 subsection does not apply or with respect to
23 which that presumption has been rebutted, that
24 asset or activity is properly assigned to the
25 state in which the taxpayer's commercial
26 domicile is located. For purposes of this

1 subparagraph (E), it shall be presumed,
2 subject to rebuttal, that taxpayer's
3 commercial domicile is in the state of the
4 United States or the District of Columbia to
5 which the greatest number of employees are
6 regularly connected with the management of the
7 investment or trading income or out of which
8 they are working, irrespective of where the
9 services of such employees are performed, as of
10 the last day of the taxable year.

11 (4) (Blank).

12 (5) (Blank).

13 (c-1) Federally regulated exchanges. For taxable years
14 ending on or after December 31, 2012 and ending prior to
15 December 31, 2017, business income of a federally regulated
16 exchange shall, at the option of the federally regulated
17 exchange, be apportioned to this State by multiplying such
18 income by a fraction, the numerator of which is its business
19 income from sources within this State, and the denominator of
20 which is its business income from all sources. For purposes of
21 this subsection, the business income within this State of a
22 federally regulated exchange is the sum of the following:

23 (1) Receipts attributable to transactions executed on
24 a physical trading floor if that physical trading floor is
25 located in this State.

26 (2) Receipts attributable to all other matching,

1 execution, or clearing transactions, including without
2 limitation receipts from the provision of matching,
3 execution, or clearing services to another entity,
4 multiplied by (i) for taxable years ending on or after
5 December 31, 2012 but before December 31, 2013, 63.77%; and
6 (ii) for taxable years ending on or after December 31,
7 2013, 27.54%.

8 (3) All other receipts not governed by subparagraphs
9 (1) or (2) of this subsection (c-1), to the extent the
10 receipts would be characterized as "sales in this State"
11 under item (3) of subsection (a) of this Section.

12 "Federally regulated exchange" means (i) a "registered
13 entity" within the meaning of 7 U.S.C. Section 1a(40) (A), (B),
14 or (C), (ii) an "exchange" or "clearing agency" within the
15 meaning of 15 U.S.C. Section 78c (a) (1) or (23), (iii) any such
16 entities regulated under any successor regulatory structure to
17 the foregoing, and (iv) all taxpayers who are members of the
18 same unitary business group as a federally regulated exchange,
19 determined without regard to the prohibition in Section
20 1501(a) (27) of this Act against including in a unitary business
21 group taxpayers who are ordinarily required to apportion
22 business income under different subsections of this Section;
23 provided that this subparagraph (iv) shall apply only if 50% or
24 more of the business receipts of the unitary business group
25 determined by application of this subparagraph (iv) for the
26 taxable year are attributable to the matching, execution, or

1 clearing of transactions conducted by an entity described in
2 subparagraph (i), (ii), or (iii) of this paragraph.

3 In no event shall the Illinois apportionment percentage
4 computed in accordance with this subsection (c-1) for any
5 taxpayer for any tax year be less than the Illinois
6 apportionment percentage computed under this subsection (c-1)
7 for that taxpayer for the first full tax year ending on or
8 after December 31, 2013 for which this subsection (c-1) applied
9 to the taxpayer.

10 (d) Transportation services. For taxable years ending
11 before December 31, 2008, business income derived from
12 furnishing transportation services shall be apportioned to
13 this State in accordance with paragraphs (1) and (2):

14 (1) Such business income (other than that derived from
15 transportation by pipeline) shall be apportioned to this
16 State by multiplying such income by a fraction, the
17 numerator of which is the revenue miles of the person in
18 this State, and the denominator of which is the revenue
19 miles of the person everywhere. For purposes of this
20 paragraph, a revenue mile is the transportation of 1
21 passenger or 1 net ton of freight the distance of 1 mile
22 for a consideration. Where a person is engaged in the
23 transportation of both passengers and freight, the
24 fraction above referred to shall be determined by means of
25 an average of the passenger revenue mile fraction and the
26 freight revenue mile fraction, weighted to reflect the

1 person's

2 (A) relative railway operating income from total
3 passenger and total freight service, as reported to the
4 Interstate Commerce Commission, in the case of
5 transportation by railroad, and

6 (B) relative gross receipts from passenger and
7 freight transportation, in case of transportation
8 other than by railroad.

9 (2) Such business income derived from transportation
10 by pipeline shall be apportioned to this State by
11 multiplying such income by a fraction, the numerator of
12 which is the revenue miles of the person in this State, and
13 the denominator of which is the revenue miles of the person
14 everywhere. For the purposes of this paragraph, a revenue
15 mile is the transportation by pipeline of 1 barrel of oil,
16 1,000 cubic feet of gas, or of any specified quantity of
17 any other substance, the distance of 1 mile for a
18 consideration.

19 (3) For taxable years ending on or after December 31,
20 2008, business income derived from providing
21 transportation services other than airline services shall
22 be apportioned to this State by using a fraction, (a) the
23 numerator of which shall be (i) all receipts from any
24 movement or shipment of people, goods, mail, oil, gas, or
25 any other substance (other than by airline) that both
26 originates and terminates in this State, plus (ii) that

1 portion of the person's gross receipts from movements or
2 shipments of people, goods, mail, oil, gas, or any other
3 substance (other than by airline) that originates in one
4 state or jurisdiction and terminates in another state or
5 jurisdiction, that is determined by the ratio that the
6 miles traveled in this State bears to total miles
7 everywhere and (b) the denominator of which shall be all
8 revenue derived from the movement or shipment of people,
9 goods, mail, oil, gas, or any other substance (other than
10 by airline). Where a taxpayer is engaged in the
11 transportation of both passengers and freight, the
12 fraction above referred to shall first be determined
13 separately for passenger miles and freight miles. Then an
14 average of the passenger miles fraction and the freight
15 miles fraction shall be weighted to reflect the taxpayer's:

16 (A) relative railway operating income from total
17 passenger and total freight service, as reported to the
18 Surface Transportation Board, in the case of
19 transportation by railroad; and

20 (B) relative gross receipts from passenger and
21 freight transportation, in case of transportation
22 other than by railroad.

23 (4) For taxable years ending on or after December 31,
24 2008, business income derived from furnishing airline
25 transportation services shall be apportioned to this State
26 by multiplying such income by a fraction, the numerator of

1 which is the revenue miles of the person in this State, and
2 the denominator of which is the revenue miles of the person
3 everywhere. For purposes of this paragraph, a revenue mile
4 is the transportation of one passenger or one net ton of
5 freight the distance of one mile for a consideration. If a
6 person is engaged in the transportation of both passengers
7 and freight, the fraction above referred to shall be
8 determined by means of an average of the passenger revenue
9 mile fraction and the freight revenue mile fraction,
10 weighted to reflect the person's relative gross receipts
11 from passenger and freight airline transportation.

12 (e) Combined apportionment. Where 2 or more persons are
13 engaged in a unitary business as described in subsection
14 (a) (27) of Section 1501, a part of which is conducted in this
15 State by one or more members of the group, the business income
16 attributable to this State by any such member or members shall
17 be apportioned by means of the combined apportionment method.

18 (f) Alternative allocation. If the allocation and
19 apportionment provisions of subsections (a) through (e) and of
20 subsection (h) do not, for taxable years ending before December
21 31, 2008, fairly represent the extent of a person's business
22 activity in this State, or, for taxable years ending on or
23 after December 31, 2008, fairly represent the market for the
24 person's goods, services, or other sources of business income,
25 the person may petition for, or the Director may, without a
26 petition, permit or require, in respect of all or any part of

1 the person's business activity, if reasonable:

2 (1) Separate accounting;

3 (2) The exclusion of any one or more factors;

4 (3) The inclusion of one or more additional factors
5 which will fairly represent the person's business
6 activities or market in this State; or

7 (4) The employment of any other method to effectuate an
8 equitable allocation and apportionment of the person's
9 business income.

10 (g) Cross reference. For allocation of business income by
11 residents, see Section 301(a).

12 (h) For tax years ending on or after December 31, 1998 and
13 ending on or before December 31, 2017, the apportionment factor
14 of persons who apportion their business income to this State
15 under subsection (a) shall be equal to:

16 (1) for tax years ending on or after December 31, 1998
17 and before December 31, 1999, 16 2/3% of the property
18 factor plus 16 2/3% of the payroll factor plus 66 2/3% of
19 the sales factor;

20 (2) for tax years ending on or after December 31, 1999
21 and before December 31, 2000, 8 1/3% of the property factor
22 plus 8 1/3% of the payroll factor plus 83 1/3% of the sales
23 factor;

24 (3) for tax years ending on or after December 31, 2000,
25 the sales factor.

26 If, in any tax year ending on or after December 31, 1998 and

1 before December 31, 2000, the denominator of the payroll,
2 property, or sales factor is zero, the apportionment factor
3 computed in paragraph (1) or (2) of this subsection for that
4 year shall be divided by an amount equal to 100% minus the
5 percentage weight given to each factor whose denominator is
6 equal to zero.

7 (Source: P.A. 98-478, eff. 1-1-14; 98-496, eff. 1-1-14; 98-756,
8 eff. 7-16-14; 99-642, eff. 7-28-16; revised 11-14-16.)

9 (35 ILCS 5/309 new)

10 Sec. 309. Water's edge election; inclusion of tax havens.

11 (a) As used in this Section:

12 "Affiliated corporation" means a United States parent
13 corporation and any subsidiary of which more than 50% of
14 the voting stock is owned directly or indirectly by another
15 corporate member of the water's-edge combined group.

16 "United States" means the 50 states of the United
17 States and the District of Columbia.

18 "Water's edge combined group" means all corporations
19 or entities included in the election of a taxpayer under
20 this Section.

21 (b) Notwithstanding any other provisions of law, a taxpayer
22 subject to the taxes imposed under subsections (a) and (b) of
23 Section 201 of this Act may apportion its income under this
24 Section. A return under filed by a taxpayer that elects to
25 apportion its income under this Section must include the income

1 and apportionment factors of the following affiliated
2 corporations only:

3 (1) a corporation incorporated in the United States in
4 a unitary relationship with the taxpayer and eligible to be
5 included in a federal consolidated return as described in
6 26 U.S.C. 1501 through 1505 that has more than 20% of its
7 payroll and property assignable to locations inside the
8 United States; for purposes of determining eligibility for
9 inclusion in a federal consolidated return under this
10 subsection (1)(a), the 80% stock ownership requirements of
11 26 U.S.C. 1504 must be reduced to ownership of over 50% of
12 the voting stock directly or indirectly owned or controlled
13 by an includable corporation;

14 (2) domestic international sales corporations, as
15 described in 26 U.S.C. 991 through 994, and foreign sales
16 corporations, as described in 26 U.S.C. 921 through 927;

17 (3) export trade corporations, as described in 26
18 U.S.C. 970 and 971;

19 (4) foreign corporations deriving gain or loss from
20 disposition of a United States real property interest to
21 the extent recognized under 26 U.S.C. 897;

22 (5) a corporation incorporated outside the United
23 States if over 50% of its voting stock is owned directly or
24 indirectly by the taxpayer and if more than 20% of the
25 average of its payroll and property is assignable to a
26 location inside the United States; or

1 (6) a corporation that is in a unitary relationship
2 with the taxpayer and that is incorporated in a tax haven,
3 including Andorra, Anguilla, Antigua and Barbuda, Aruba,
4 the Bahamas, Bahrain, Barbados, Belize, Bermuda, British
5 Virgin Islands, Cayman Islands, Cook Islands, Cyprus,
6 Dominica, Gibraltar, Grenada, Guernsey-Sark-Alderney, Isle
7 of Man, Jersey, Liberia, Liechtenstein, Luxembourg, Malta,
8 Marshall Islands, Mauritius, Monaco, Montserrat, Nauru,
9 Netherlands Antilles, Niue, Panama, Samoa, San Marino,
10 Seychelles, St. Kitts and Nevis, St. Lucia, St. Vincent and
11 the Grenadines, Turks and Caicos Islands, U.S. Virgin
12 Islands, and Vanuatu.

13 (c) For purposes of paragraphs (1) through (5) of
14 subsection (b), the location of payroll and property shall be
15 determined under the individual state's laws and regulations
16 that set forth the apportionment formulas used to assign net
17 income subject to taxes on or measured by net income. If a
18 state does not impose a tax on or measured by net income,
19 apportionment is determined under this Act. For the purposes of
20 paragraph (6) of subsection (b), income shifted to a tax haven,
21 to the extent taxable, is considered income subject to
22 apportionment.

23 (d) A water's edge election may be made by a taxpayer and
24 is effective only if every affiliated corporation subject to
25 the taxes imposed under this Act consents to the election.
26 Consent by the common parent of an affiliated group constitutes

1 consent of all members of the group. An affiliated corporation
2 that becomes subject to taxes under this Act after the water's
3 edge election is considered to have consented to the election.
4 The election must disclose the identity of the taxpayer and the
5 identity of any affiliated corporation, including an
6 affiliated corporation incorporated in a tax haven set forth in
7 paragraph (6) of subsection (b), in which the taxpayer owns
8 directly or indirectly more than 50% of the voting stock of the
9 affiliated corporation.

10 (e) Each water's edge election must be for a 3-year
11 renewable period. A water's edge election may be changed by a
12 taxpayer before the end of each 3-year period only with the
13 permission of the Department. In granting a change of election,
14 the Department shall impose reasonable conditions that are
15 necessary to prevent the avoidance of tax or clearly reflect
16 income for the election period prior to the change.

17 (f) For the purposes of this Section, dividends received
18 from corporations incorporated outside the United States, to
19 the extent taxable, are considered income subject to
20 apportionment. The after-tax net income of United States
21 corporations excluded from eligibility as affiliated
22 corporations under this Section and possession corporations
23 described in sections 931 through 934 and 936 of the Internal
24 Revenue Code are considered dividends received from
25 corporations incorporated outside the United States. Eighty
26 percent of all dividends apportionable under this Section must

1 be excluded from income subject to apportionment. "Deemed"
2 distributions, as set forth in section 78 of the Internal
3 Revenue Code, and corresponding amounts with respect to
4 dividends considered received under this subsection must be
5 excluded from the income of the water's-edge combined group.
6 The dividends apportionable under this subsection are in lieu
7 of any expenses attributable to dividend income. A dividend
8 from a corporation required to be combined in the water's edge
9 combined group must be eliminated from the calculation of
10 apportionable income.

11 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

12 Sec. 1501. Definitions.

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

16 (1) Business income. The term "business income" means
17 all income that may be treated as apportionable business
18 income under the Constitution of the United States.
19 Business income is net of the deductions allocable thereto.
20 Such term does not include compensation or the deductions
21 allocable thereto. For each taxable year beginning on or
22 after January 1, 2003, a taxpayer may elect to treat all
23 income other than compensation as business income. This
24 election shall be made in accordance with rules adopted by
25 the Department and, once made, shall be irrevocable.

1 (1.5) Captive real estate investment trust:

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

4 (i) that is considered a real estate
5 investment trust for the taxable year under
6 Section 856 of the Internal Revenue Code;

7 (ii) the certificates of beneficial interest
8 or shares of which are not regularly traded on an
9 established securities market; and

10 (iii) of which more than 50% of the voting
11 power or value of the beneficial interest or
12 shares, at any time during the last half of the
13 taxable year, is owned or controlled, directly,
14 indirectly, or constructively, by a single
15 corporation.

16 (B) The term "captive real estate investment
17 trust" does not include:

18 (i) a real estate investment trust of which
19 more than 50% of the voting power or value of the
20 beneficial interest or shares is owned or
21 controlled, directly, indirectly, or
22 constructively, by:

23 (a) a real estate investment trust, other
24 than a captive real estate investment trust;

25 (b) a person who is exempt from taxation
26 under Section 501 of the Internal Revenue Code,

1 and who is not required to treat income
2 received from the real estate investment trust
3 as unrelated business taxable income under
4 Section 512 of the Internal Revenue Code;

5 (c) a listed Australian property trust, if
6 no more than 50% of the voting power or value
7 of the beneficial interest or shares of that
8 trust, at any time during the last half of the
9 taxable year, is owned or controlled, directly
10 or indirectly, by a single person;

11 (d) an entity organized as a trust,
12 provided a listed Australian property trust
13 described in subparagraph (c) owns or
14 controls, directly or indirectly, or
15 constructively, 75% or more of the voting power
16 or value of the beneficial interests or shares
17 of such entity; or

18 (e) an entity that is organized outside of
19 the laws of the United States and that
20 satisfies all of the following criteria:

21 (1) at least 75% of the entity's total
22 asset value at the close of its taxable
23 year is represented by real estate assets
24 (as defined in Section 856(c)(5)(B) of the
25 Internal Revenue Code, thereby including
26 shares or certificates of beneficial

1 interest in any real estate investment
2 trust), cash and cash equivalents, and
3 U.S. Government securities;

4 (2) the entity is not subject to tax on
5 amounts that are distributed to its
6 beneficial owners or is exempt from
7 entity-level taxation;

8 (3) the entity distributes at least
9 85% of its taxable income (as computed in
10 the jurisdiction in which it is organized)
11 to the holders of its shares or
12 certificates of beneficial interest on an
13 annual basis;

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

22 (5) the entity is organized in a
23 country that has entered into a tax treaty
24 with the United States; or

25 (ii) during its first taxable year for which it
26 elects to be treated as a real estate investment

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

12 (C) For the purposes of this subsection (1.5), the
13 constructive ownership rules prescribed under Section
14 318(a) of the Internal Revenue Code, as modified by
15 Section 856(d)(5) of the Internal Revenue Code, apply
16 in determining the ownership of stock, assets, or net
17 profits of any person.

18 (D) For the purposes of this item (1.5), for
19 taxable years ending on or after August 16, 2007, the
20 voting power or value of the beneficial interest or
21 shares of a real estate investment trust does not
22 include any voting power or value of beneficial
23 interest or shares in a real estate investment trust
24 held directly or indirectly in a segregated asset
25 account by a life insurance company (as described in
26 Section 817 of the Internal Revenue Code) to the extent

1 such voting power or value is for the benefit of
2 entities or persons who are either immune from taxation
3 or exempt from taxation under subtitle A of the
4 Internal Revenue Code.

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

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

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

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

19 (6) Director. The term "Director" means the Director of
20 Revenue of this State.

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

24 (8) Financial organization.

25 (A) The term "financial organization" means any
26 bank, bank holding company, trust company, savings

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

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

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

25 (i) A person primarily engaged in one or more
26 of the following businesses: the business of

1 purchasing customer receivables, the business of
2 making loans upon the security of customer
3 receivables, the business of making loans for the
4 express purpose of funding purchases of tangible
5 personal property or services by the borrower, or
6 the business of finance leasing. For purposes of
7 this item (i), "customer receivable" means:

8 (a) a retail installment contract or
9 retail charge agreement within the meaning of
10 the Sales Finance Agency Act, the Retail
11 Installment Sales Act, or the Motor Vehicle
12 Retail Installment Sales Act;

13 (b) an installment, charge, credit, or
14 similar contract or agreement arising from the
15 sale of tangible personal property or services
16 in a transaction involving a deferred payment
17 price payable in one or more installments
18 subsequent to the sale; or

19 (c) the outstanding balance of a contract
20 or agreement described in provisions (a) or (b)
21 of this item (i).

22 A customer receivable need not provide for
23 payment of interest on deferred payments. A sales
24 finance company may purchase a customer receivable
25 from, or make a loan secured by a customer
26 receivable to, the seller in the original

1 transaction or to a person who purchased the
2 customer receivable directly or indirectly from
3 that seller.

4 (ii) A corporation meeting each of the
5 following criteria:

6 (a) the corporation must be a member of an
7 "affiliated group" within the meaning of
8 Section 1504(a) of the Internal Revenue Code,
9 determined without regard to Section 1504(b)
10 of the Internal Revenue Code;

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

1 receivables (within the meaning of item (i))
2 originated by all members of the affiliated
3 group. If the average outstanding balances of
4 the loans made by a corporation to members of
5 its affiliated group exceed the limitation
6 amount, the interest income of that
7 corporation from qualifying loans shall be
8 equal to its interest income from loans to
9 members of its affiliated groups times a
10 fraction equal to the limitation amount
11 divided by the average outstanding balances of
12 the loans made by that corporation to members
13 of its affiliated group;

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

23 (d) more than 50% of all interest-bearing
24 obligations of the affiliated group payable to
25 persons outside the group determined in
26 accordance with generally accepted accounting

1 principles must be obligations of the
2 corporation.

3 This amendatory Act of the 91st General Assembly is
4 declaratory of existing law.

5 (D) Subparagraphs (B) and (C) of this paragraph are
6 declaratory of existing law and apply retroactively,
7 for all tax years beginning on or before December 31,
8 1996, to all original returns, to all amended returns
9 filed no later than 30 days after the effective date of
10 this amendatory Act of 1996, and to all notices issued
11 on or before the effective date of this amendatory Act
12 of 1996 under subsection (a) of Section 903, subsection
13 (a) of Section 904, subsection (e) of Section 909, or
14 Section 912. A taxpayer that is a "financial
15 organization" that engages in any transaction with an
16 affiliate shall be a "financial organization" for all
17 purposes of this Act.

18 (E) For all tax years beginning on or before
19 December 31, 1996, a taxpayer that falls within the
20 definition of a "financial organization" under
21 subparagraphs (B) or (C) of this paragraph, but who
22 does not fall within the definition of a "financial
23 organization" under the Proposed Regulations issued by
24 the Department of Revenue on July 19, 1996, may
25 irrevocably elect to apply the Proposed Regulations
26 for all of those years as though the Proposed

1 Regulations had been lawfully promulgated, adopted,
2 and in effect for all of those years. For purposes of
3 applying subparagraphs (B) or (C) of this paragraph to
4 all of those years, the election allowed by this
5 subparagraph applies only to the taxpayer making the
6 election and to those members of the taxpayer's unitary
7 business group who are ordinarily required to
8 apportion business income under the same subsection of
9 Section 304 of this Act as the taxpayer making the
10 election. No election allowed by this subparagraph
11 shall be made under a claim filed under subsection (d)
12 of Section 909 more than 30 days after the effective
13 date of this amendatory Act of 1996.

14 (F) Finance Leases. For purposes of this
15 subsection, a finance lease shall be treated as a loan
16 or other extension of credit, rather than as a lease,
17 regardless of how the transaction is characterized for
18 any other purpose, including the purposes of any
19 regulatory agency to which the lessor is subject. A
20 finance lease is any transaction in the form of a lease
21 in which the lessee is treated as the owner of the
22 leased asset entitled to any deduction for
23 depreciation allowed under Section 167 of the Internal
24 Revenue Code.

25 (9) Fiscal year. The term "fiscal year" means an
26 accounting period of 12 months ending on the last day of

1 any month other than December.

2 (9.5) Fixed place of business. The term "fixed place of
3 business" has the same meaning as that term is given in
4 Section 864 of the Internal Revenue Code and the related
5 Treasury regulations.

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

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

14 (11.5) Investment partnership.

15 (A) The term "investment partnership" means any
16 entity that is treated as a partnership for federal
17 income tax purposes that meets the following
18 requirements:

19 (i) no less than 90% of the partnership's cost
20 of its total assets consists of qualifying
21 investment securities, deposits at banks or other
22 financial institutions, and office space and
23 equipment reasonably necessary to carry on its
24 activities as an investment partnership;

25 (ii) no less than 90% of its gross income
26 consists of interest, dividends, and gains from

1 the sale or exchange of qualifying investment
2 securities; and

3 (iii) the partnership is not a dealer in
4 qualifying investment securities.

5 (B) For purposes of this paragraph (11.5), the term
6 "qualifying investment securities" includes all of the
7 following:

8 (i) common stock, including preferred or debt
9 securities convertible into common stock, and
10 preferred stock;

11 (ii) bonds, debentures, and other debt
12 securities;

13 (iii) foreign and domestic currency deposits
14 secured by federal, state, or local governmental
15 agencies;

16 (iv) mortgage or asset-backed securities
17 secured by federal, state, or local governmental
18 agencies;

19 (v) repurchase agreements and loan
20 participations;

21 (vi) foreign currency exchange contracts and
22 forward and futures contracts on foreign
23 currencies;

24 (vii) stock and bond index securities and
25 futures contracts and other similar financial
26 securities and futures contracts on those

1 securities;

2 (viii) options for the purchase or sale of any
3 of the securities, currencies, contracts, or
4 financial instruments described in items (i) to
5 (vii), inclusive;

6 (ix) regulated futures contracts;

7 (x) commodities (not described in Section
8 1221(a)(1) of the Internal Revenue Code) or
9 futures, forwards, and options with respect to
10 such commodities, provided, however, that any item
11 of a physical commodity to which title is actually
12 acquired in the partnership's capacity as a dealer
13 in such commodity shall not be a qualifying
14 investment security;

15 (xi) derivatives; and

16 (xii) a partnership interest in another
17 partnership that is an investment partnership.

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

22 (A) arithmetic errors or incorrect computations on
23 the return or supporting schedules;

24 (B) entries on the wrong lines;

25 (C) omission of required supporting forms or
26 schedules or the omission of the information in whole

1 or in part called for thereon; and

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

6 (13) Nonbusiness income. The term "nonbusiness income"
7 means all income other than business income or
8 compensation.

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

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

15 (16) Partnership and partner. The term "partnership"
16 includes a syndicate, group, pool, joint venture or other
17 unincorporated organization, through or by means of which
18 any business, financial operation, or venture is carried
19 on, and which is not, within the meaning of this Act, a
20 trust or estate or a corporation; and the term "partner"
21 includes a member in such syndicate, group, pool, joint
22 venture or organization.

23 The term "partnership" includes any entity, including
24 a limited liability company formed under the Illinois
25 Limited Liability Company Act, classified as a partnership
26 for federal income tax purposes.

1 The term "partnership" does not include a syndicate,
2 group, pool, joint venture, or other unincorporated
3 organization established for the sole purpose of playing
4 the Illinois State Lottery.

5 (17) Part-year resident. The term "part-year resident"
6 means an individual who became a resident during the
7 taxable year or ceased to be a resident during the taxable
8 year. Under Section 1501(a)(20)(A)(i) residence commences
9 with presence in this State for other than a temporary or
10 transitory purpose and ceases with absence from this State
11 for other than a temporary or transitory purpose. Under
12 Section 1501(a)(20)(A)(ii) residence commences with the
13 establishment of domicile in this State and ceases with the
14 establishment of domicile in another State.

15 (18) Person. The term "person" shall be construed to
16 mean and include an individual, a trust, estate,
17 partnership, association, firm, company, corporation,
18 limited liability company, or fiduciary. For purposes of
19 Section 1301 and 1302 of this Act, a "person" means (i) an
20 individual, (ii) a corporation, (iii) an officer, agent, or
21 employee of a corporation, (iv) a member, agent or employee
22 of a partnership, or (v) a member, manager, employee,
23 officer, director, or agent of a limited liability company
24 who in such capacity commits an offense specified in
25 Section 1301 and 1302.

26 (18A) Records. The term "records" includes all data

1 maintained by the taxpayer, whether on paper, microfilm,
2 microfiche, or any type of machine-sensible data
3 compilation.

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

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

7 (A) an individual (i) who is in this State for
8 other than a temporary or transitory purpose during the
9 taxable year; or (ii) who is domiciled in this State
10 but is absent from the State for a temporary or
11 transitory purpose during the taxable year;

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

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

16 (D) An irrevocable trust, the grantor of which was
17 domiciled in this State at the time such trust became
18 irrevocable. For purpose of this subparagraph, a trust
19 shall be considered irrevocable to the extent that the
20 grantor is not treated as the owner thereof under
21 Sections 671 through 678 of the Internal Revenue Code.

22 (21) Sales. The term "sales" means all gross receipts
23 of the taxpayer not allocated under Sections 301, 302 and
24 303.

25 (22) State. The term "state" when applied to a
26 jurisdiction other than this State means any state of the

1 United States, the District of Columbia, the Commonwealth
2 of Puerto Rico, any Territory or Possession of the United
3 States, and any foreign country, or any political
4 subdivision of any of the foregoing. For purposes of the
5 foreign tax credit under Section 601, the term "state"
6 means any state of the United States, the District of
7 Columbia, the Commonwealth of Puerto Rico, and any
8 territory or possession of the United States, or any
9 political subdivision of any of the foregoing, effective
10 for tax years ending on or after December 31, 1989.

11 (23) Taxable year. The term "taxable year" means the
12 calendar year, or the fiscal year ending during such
13 calendar year, upon the basis of which the base income is
14 computed under this Act. "Taxable year" means, in the case
15 of a return made for a fractional part of a year under the
16 provisions of this Act, the period for which such return is
17 made.

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

20 (25) International banking facility. The term
21 international banking facility shall have the same meaning
22 as is set forth in the Illinois Banking Act or as is set
23 forth in the laws of the United States or regulations of
24 the Board of Governors of the Federal Reserve System.

25 (26) Income Tax Return Preparer.

26 (A) The term "income tax return preparer" means any

1 person who prepares for compensation, or who employs
2 one or more persons to prepare for compensation, any
3 return of tax imposed by this Act or any claim for
4 refund of tax imposed by this Act. The preparation of a
5 substantial portion of a return or claim for refund
6 shall be treated as the preparation of that return or
7 claim for refund.

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

10 (i) furnish typing, reproducing, or other
11 mechanical assistance;

12 (ii) prepare returns or claims for refunds for
13 the employer by whom he or she is regularly and
14 continuously employed;

15 (iii) prepare as a fiduciary returns or claims
16 for refunds for any person; or

17 (iv) prepare claims for refunds for a taxpayer
18 in response to any notice of deficiency issued to
19 that taxpayer or in response to any waiver of
20 restriction after the commencement of an audit of
21 that taxpayer or of another taxpayer if a
22 determination in the audit of the other taxpayer
23 directly or indirectly affects the tax liability
24 of the taxpayer whose claims he or she is
25 preparing.

26 (27) Unitary business group.

1 (A) The term "unitary business group" means a group
2 of persons related through common ownership whose
3 business activities are integrated with, dependent
4 upon and contribute to each other. The group will not
5 include those members whose business activity outside
6 the United States is 80% or more of any such member's
7 total business activity; for purposes of this
8 paragraph and clause (a)(3)(B)(ii) of Section 304,
9 business activity within the United States shall be
10 measured by means of the factors ordinarily applicable
11 under subsections (a), (b), (c), (d), or (h) of Section
12 304 except that, in the case of members ordinarily
13 required to apportion business income by means of the 3
14 factor formula of property, payroll and sales
15 specified in subsection (a) of Section 304, including
16 the formula as weighted in subsection (h) of Section
17 304, such members shall not use the sales factor in the
18 computation and the results of the property and payroll
19 factor computations of subsection (a) of Section 304
20 shall be divided by 2 (by one if either the property or
21 payroll factor has a denominator of zero). The
22 computation required by the preceding sentence shall,
23 in each case, involve the division of the member's
24 property, payroll, or revenue miles in the United
25 States, insurance premiums on property or risk in the
26 United States, or financial organization business

1 income from sources within the United States, as the
2 case may be, by the respective worldwide figures for
3 such items. Common ownership in the case of
4 corporations is the direct or indirect control or
5 ownership of more than 50% of the outstanding voting
6 stock of the persons carrying on unitary business
7 activity. Unitary business activity can ordinarily be
8 illustrated where the activities of the members are:
9 (1) in the same general line (such as manufacturing,
10 wholesaling, retailing of tangible personal property,
11 insurance, transportation or finance); or (2) are
12 steps in a vertically structured enterprise or process
13 (such as the steps involved in the production of
14 natural resources, which might include exploration,
15 mining, refining, and marketing); and, in either
16 instance, the members are functionally integrated
17 through the exercise of strong centralized management
18 (where, for example, authority over such matters as
19 purchasing, financing, tax compliance, product line,
20 personnel, marketing and capital investment is not
21 left to each member).

22 (B) In no event, for taxable years ending prior to
23 December 31, 2017, shall any unitary business group
24 include members which are ordinarily required to
25 apportion business income under different subsections
26 of Section 304 except that for tax years ending on or

1 after December 31, 1987 this prohibition shall not
2 apply to a holding company that would otherwise be a
3 member of a unitary business group with taxpayers that
4 apportion business income under any of subsections
5 (b), (c), (c-1), or (d) of Section 304. If a unitary
6 business group would, but for the preceding sentence,
7 include members that are ordinarily required to
8 apportion business income under different subsections
9 of Section 304, then for each subsection of Section 304
10 for which there are two or more members, there shall be
11 a separate unitary business group composed of such
12 members. For purposes of the preceding two sentences, a
13 member is "ordinarily required to apportion business
14 income" under a particular subsection of Section 304 if
15 it would be required to use the apportionment method
16 prescribed by such subsection except for the fact that
17 it derives business income solely from Illinois. As
18 used in this paragraph, for taxable years ending before
19 December 31, 2017, the phrase "United States" means
20 only the 50 states and the District of Columbia, but
21 does not include any territory or possession of the
22 United States or any area over which the United States
23 has asserted jurisdiction or claimed exclusive rights
24 with respect to the exploration for or exploitation of
25 natural resources. For taxable years ending on or after
26 December 31, 2017, the phrase "United States", as used

1 in this paragraph, means only the 50 states, the
2 District of Columbia, and any area over which the
3 United States has asserted jurisdiction or claimed
4 exclusive rights with respect to the exploration for or
5 exploitation of natural resources, but does not
6 include any territory or possession of the United
7 States.

8 (C) Holding companies.

9 (i) For purposes of this subparagraph, a
10 "holding company" is a corporation (other than a
11 corporation that is a financial organization under
12 paragraph (8) of this subsection (a) of Section
13 1501 because it is a bank holding company under the
14 provisions of the Bank Holding Company Act of 1956
15 (12 U.S.C. 1841, et seq.) or because it is owned by
16 a bank or a bank holding company) that owns a
17 controlling interest in one or more other
18 taxpayers ("controlled taxpayers"); that, during
19 the period that includes the taxable year and the 2
20 immediately preceding taxable years or, if the
21 corporation was formed during the current or
22 immediately preceding taxable year, the taxable
23 years in which the corporation has been in
24 existence, derived substantially all its gross
25 income from dividends, interest, rents, royalties,
26 fees or other charges received from controlled

1 taxpayers for the provision of services, and gains
2 on the sale or other disposition of interests in
3 controlled taxpayers or in property leased or
4 licensed to controlled taxpayers or used by the
5 taxpayer in providing services to controlled
6 taxpayers; and that incurs no substantial expenses
7 other than expenses (including interest and other
8 costs of borrowing) incurred in connection with
9 the acquisition and holding of interests in
10 controlled taxpayers and in the provision of
11 services to controlled taxpayers or in the leasing
12 or licensing of property to controlled taxpayers.

13 (ii) The income of a holding company which is a
14 member of more than one unitary business group
15 shall be included in each unitary business group of
16 which it is a member on a pro rata basis, by
17 including in each unitary business group that
18 portion of the base income of the holding company
19 that bears the same proportion to the total base
20 income of the holding company as the gross receipts
21 of the unitary business group bears to the combined
22 gross receipts of all unitary business groups (in
23 both cases without regard to the holding company)
24 or on any other reasonable basis, consistently
25 applied.

26 (iii) A holding company shall apportion its

1 business income under the subsection of Section
2 304 used by the other members of its unitary
3 business group. The apportionment factors of a
4 holding company which would be a member of more
5 than one unitary business group shall be included
6 with the apportionment factors of each unitary
7 business group of which it is a member on a pro
8 rata basis using the same method used in clause
9 (ii).

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

12 (D) If including the base income and factors of a
13 holding company in more than one unitary business group
14 under subparagraph (C) does not fairly reflect the
15 degree of integration between the holding company and
16 one or more of the unitary business groups, the
17 dependence of the holding company and one or more of
18 the unitary business groups upon each other, or the
19 contributions between the holding company and one or
20 more of the unitary business groups, the holding
21 company may petition the Director, under the
22 procedures provided under Section 304(f), for
23 permission to include all base income and factors of
24 the holding company only with members of a unitary
25 business group apportioning their business income
26 under one subsection of subsections (a), (b), (c), or

1 (d) of Section 304. If the petition is granted, the
2 holding company shall be included in a unitary business
3 group only with persons apportioning their business
4 income under the selected subsection of Section 304
5 until the Director grants a petition of the holding
6 company either to be included in more than one unitary
7 business group under subparagraph (C) or to include its
8 base income and factors only with members of a unitary
9 business group apportioning their business income
10 under a different subsection of Section 304.

11 (E) If the unitary business group members'
12 accounting periods differ, the common parent's
13 accounting period or, if there is no common parent, the
14 accounting period of the member that is expected to
15 have, on a recurring basis, the greatest Illinois
16 income tax liability must be used to determine whether
17 to use the apportionment method provided in subsection
18 (a) or subsection (h) of Section 304. The prohibition
19 against membership in a unitary business group for
20 taxpayers ordinarily required to apportion income
21 under different subsections of Section 304 does not
22 apply to taxpayers required to apportion income under
23 subsection (a) and subsection (h) of Section 304. The
24 provisions of this amendatory Act of 1998 apply to tax
25 years ending on or after December 31, 1998.

26 (28) Subchapter S corporation. The term "Subchapter S

1 corporation" means a corporation for which there is in
2 effect an election under Section 1362 of the Internal
3 Revenue Code, or for which there is a federal election to
4 opt out of the provisions of the Subchapter S Revision Act
5 of 1982 and have applied instead the prior federal
6 Subchapter S rules as in effect on July 1, 1982.

7 (30) Foreign person. The term "foreign person" means
8 any person who is a nonresident alien individual and any
9 nonindividual entity, regardless of where created or
10 organized, whose business activity outside the United
11 States is 80% or more of the entity's total business
12 activity.

13 (b) Other definitions.

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

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

19 (B) Words importing the plural include the
20 singular; and

21 (C) Words importing the masculine gender include
22 the feminine as well.

23 (2) "Company" or "association" as including successors
24 and assigns. The word "company" or "association", when used
25 in reference to a corporation, shall be deemed to embrace

1 the words "successors and assigns of such company or
2 association", and in like manner as if these last-named
3 words, or words of similar import, were expressed.

4 (3) Other terms. Any term used in any Section of this
5 Act with respect to the application of, or in connection
6 with, the provisions of any other Section of this Act shall
7 have the same meaning as in such other Section.

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

9 Section 10. The Use Tax Act is amended by changing Section
10 9 as follows:

11 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

12 Sec. 9. Except as to motor vehicles, watercraft, aircraft,
13 and trailers that are required to be registered with an agency
14 of this State, each retailer required or authorized to collect
15 the tax imposed by this Act shall pay to the Department the
16 amount of such tax (except as otherwise provided) at the time
17 when he is required to file his return for the period during
18 which such tax was collected, less the vendor discount amount ~~a~~
19 ~~discount of 2.1% prior to January 1, 1990, and 1.75% on and~~
20 ~~after January 1, 1990, or \$5 per calendar year, whichever is~~
21 ~~greater~~, which is allowed to reimburse the retailer for
22 expenses incurred in collecting the tax, keeping records,
23 preparing and filing returns, remitting the tax and supplying
24 data to the Department on request. On and after January 1, 1990

1 and prior to January 1, 2018, the vendor discount amount shall
2 be 1.75% or \$5 per calendar year, whichever is greater. On and
3 after January 1, 2018, the vendor discount amount shall be the
4 sum of (i) 1.75% of the first \$1,000 collected during the
5 calendar year and (ii) 1% of the amount of proceeds collected
6 during the calendar year that exceeds \$1,000; however, on and
7 after January 1, 2018, in no event shall the discount allowed
8 to any vendor be less than \$5 in any calendar year or more than
9 \$1,500 in any calendar year. In the case of retailers who
10 report and pay the tax on a transaction by transaction basis,
11 as provided in this Section, such discount shall be taken with
12 each such tax remittance instead of when such retailer files
13 his periodic return. The Department may disallow the discount
14 for retailers whose certificate of registration is revoked at
15 the time the return is filed, but only if the Department's
16 decision to revoke the certificate of registration has become
17 final. A retailer need not remit that part of any tax collected
18 by him to the extent that he is required to remit and does
19 remit the tax imposed by the Retailers' Occupation Tax Act,
20 with respect to the sale of the same property.

21 Where such tangible personal property is sold under a
22 conditional sales contract, or under any other form of sale
23 wherein the payment of the principal sum, or a part thereof, is
24 extended beyond the close of the period for which the return is
25 filed, the retailer, in collecting the tax (except as to motor
26 vehicles, watercraft, aircraft, and trailers that are required

1 to be registered with an agency of this State), may collect for
2 each tax return period, only the tax applicable to that part of
3 the selling price actually received during such tax return
4 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 multiplied by the vendor
14 discount amount, and the taxpayer shall be liable for penalties
15 and interest on such difference.

16 If the retailer is otherwise required to file a monthly
17 return and if the retailer's average monthly tax liability to
18 the Department does not exceed \$200, the Department may
19 authorize his returns to be filed on a quarter annual basis,
20 with the return for January, February, and March of a given
21 year being due by April 20 of such year; with the return for
22 April, May and June of a given year being due by July 20 of such
23 year; with the return for July, August and September of a given
24 year being due by October 20 of such year, and with the return
25 for October, November and December of a given year being due by
26 January 20 of the following year.

1 If the retailer is otherwise required to file a monthly or
2 quarterly return and if the retailer's average monthly tax
3 liability to the Department does not exceed \$50, the Department
4 may authorize his returns to be filed on an annual basis, with
5 the return for a given year being due by January 20 of the
6 following year.

7 Such quarter annual and annual returns, as to form and
8 substance, shall be subject to the same requirements as monthly
9 returns.

10 Notwithstanding any other provision in this Act concerning
11 the time within which a retailer may file his return, in the
12 case of any retailer who ceases to engage in a kind of business
13 which makes him responsible for filing returns under this Act,
14 such retailer shall file a final return under this Act with the
15 Department not more than one month after discontinuing such
16 business.

17 In addition, with respect to motor vehicles, watercraft,
18 aircraft, and trailers that are required to be registered with
19 an agency of this State, every retailer selling this kind of
20 tangible personal property shall file, with the Department,
21 upon a form to be prescribed and supplied by the Department, a
22 separate return for each such item of tangible personal
23 property which the retailer sells, except that if, in the same
24 transaction, (i) a retailer of aircraft, watercraft, motor
25 vehicles or trailers transfers more than one aircraft,
26 watercraft, motor vehicle or trailer to another aircraft,

1 watercraft, motor vehicle or trailer retailer for the purpose
2 of resale or (ii) a retailer of aircraft, watercraft, motor
3 vehicles, or trailers transfers more than one aircraft,
4 watercraft, motor vehicle, or trailer to a purchaser for use as
5 a qualifying rolling stock as provided in Section 3-55 of this
6 Act, then that seller may report the transfer of all the
7 aircraft, watercraft, motor vehicles or trailers involved in
8 that transaction to the Department on the same uniform
9 invoice-transaction reporting return form. For purposes of
10 this Section, "watercraft" means a Class 2, Class 3, or Class 4
11 watercraft as defined in Section 3-2 of the Boat Registration
12 and Safety Act, a personal watercraft, or any boat equipped
13 with an inboard motor.

14 The transaction reporting return in the case of motor
15 vehicles or trailers that are required to be registered with an
16 agency of this State, shall be the same document as the Uniform
17 Invoice referred to in Section 5-402 of the Illinois Vehicle
18 Code and must show the name and address of the seller; the name
19 and address of the purchaser; the amount of the selling price
20 including the amount allowed by the retailer for traded-in
21 property, if any; the amount allowed by the retailer for the
22 traded-in tangible personal property, if any, to the extent to
23 which Section 2 of this Act allows an exemption for the value
24 of traded-in property; the balance payable after deducting such
25 trade-in allowance from the total selling price; the amount of
26 tax due from the retailer with respect to such transaction; the

1 amount of tax collected from the purchaser by the retailer on
2 such transaction (or satisfactory evidence that such tax is not
3 due in that particular instance, if that is claimed to be the
4 fact); the place and date of the sale; a sufficient
5 identification of the property sold; such other information as
6 is required in Section 5-402 of the Illinois Vehicle Code, and
7 such other information as the Department may reasonably
8 require.

9 The transaction reporting return in the case of watercraft
10 and aircraft must show the name and address of the seller; the
11 name and address of the purchaser; the amount of the selling
12 price including the amount allowed by the retailer for
13 traded-in property, if any; the amount allowed by the retailer
14 for the traded-in tangible personal property, if any, to the
15 extent to which Section 2 of this Act allows an exemption for
16 the value of traded-in property; the balance payable after
17 deducting such trade-in allowance from the total selling price;
18 the amount of tax due from the retailer with respect to such
19 transaction; the amount of tax collected from the purchaser by
20 the retailer on such transaction (or satisfactory evidence that
21 such tax is not due in that particular instance, if that is
22 claimed to be the fact); the place and date of the sale, a
23 sufficient identification of the property sold, and such other
24 information as the Department may reasonably require.

25 Such transaction reporting return shall be filed not later
26 than 20 days after the date of delivery of the item that is

1 being sold, but may be filed by the retailer at any time sooner
2 than that if he chooses to do so. The transaction reporting
3 return and tax remittance or proof of exemption from the tax
4 that is imposed by this Act may be transmitted to the
5 Department by way of the State agency with which, or State
6 officer with whom, the tangible personal property must be
7 titled or registered (if titling or registration is required)
8 if the Department and such agency or State officer determine
9 that this procedure will expedite the processing of
10 applications for title or registration.

11 With each such transaction reporting return, the retailer
12 shall remit the proper amount of tax due (or shall submit
13 satisfactory evidence that the sale is not taxable if that is
14 the case), to the Department or its agents, whereupon the
15 Department shall issue, in the purchaser's name, a tax receipt
16 (or a certificate of exemption if the Department is satisfied
17 that the particular sale is tax exempt) which such purchaser
18 may submit to the agency with which, or State officer with
19 whom, he must title or register the tangible personal property
20 that is involved (if titling or registration is required) in
21 support of such purchaser's application for an Illinois
22 certificate or other evidence of title or registration to such
23 tangible personal property.

24 No retailer's failure or refusal to remit tax under this
25 Act precludes a user, who has paid the proper tax to the
26 retailer, from obtaining his certificate of title or other

1 evidence of title or registration (if titling or registration
2 is required) upon satisfying the Department that such user has
3 paid the proper tax (if tax is due) to the retailer. The
4 Department shall adopt appropriate rules to carry out the
5 mandate of this paragraph.

6 If the user who would otherwise pay tax to the retailer
7 wants the transaction reporting return filed and the payment of
8 tax or proof of exemption made to the Department before the
9 retailer is willing to take these actions and such user has not
10 paid the tax to the retailer, such user may certify to the fact
11 of such delay by the retailer, and may (upon the Department
12 being satisfied of the truth of such certification) transmit
13 the information required by the transaction reporting return
14 and the remittance for tax or proof of exemption directly to
15 the Department and obtain his tax receipt or exemption
16 determination, in which event the transaction reporting return
17 and tax remittance (if a tax payment was required) shall be
18 credited by the Department to the proper retailer's account
19 with the Department, but without the 2.1% or 1.75% discount
20 provided for in this Section being allowed. When the user pays
21 the tax directly to the Department, he shall pay the tax in the
22 same amount and in the same form in which it would be remitted
23 if the tax had been remitted to the Department by the retailer.

24 Where a retailer collects the tax with respect to the
25 selling price of tangible personal property which he sells and
26 the purchaser thereafter returns such tangible personal

1 property 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 purchased by him at retail from a retailer,
18 but as to which the tax imposed by this Act was not collected
19 from the retailer filing such return, and such retailer shall
20 remit the amount of such tax to the Department when filing such
21 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 Beginning August 1, 2000, each month the Department shall
11 pay into the State and Local Sales Tax Reform Fund 100% of the
12 net revenue realized for the preceding month from the 1.25%
13 rate on the selling price of motor fuel and gasohol. Beginning
14 September 1, 2010, each month the Department shall pay into the
15 State and Local Sales Tax Reform Fund 100% of the net revenue
16 realized for the preceding month from the 1.25% rate on the
17 selling price of sales tax holiday items.

18 Beginning January 1, 1990, each month the Department shall
19 pay into the Local Government Tax Fund 16% of the net revenue
20 realized for the preceding month from the 6.25% general rate on
21 the selling price of tangible personal property which is
22 purchased outside Illinois at retail from a retailer and which
23 is titled or registered by an agency of this State's
24 government.

25 Beginning October 1, 2009, each month the Department shall
26 pay into the Capital Projects Fund an amount that is equal to

1 an amount estimated by the Department to represent 80% of the
2 net revenue realized for the preceding month from the sale of
3 candy, grooming and hygiene products, and soft drinks that had
4 been taxed at a rate of 1% prior to September 1, 2009 but that
5 are now taxed at 6.25%.

6 Beginning July 1, 2011, each month the Department shall pay
7 into the Clean Air Act Permit Fund 80% of the net revenue
8 realized for the preceding month from the 6.25% general rate on
9 the selling price of sorbents used in Illinois in the process
10 of sorbent injection as used to comply with the Environmental
11 Protection Act or the federal Clean Air Act, but the total
12 payment into the Clean Air Act Permit Fund under this Act and
13 the Retailers' Occupation Tax Act shall not exceed \$2,000,000
14 in any fiscal year.

15 Beginning July 1, 2013, each month the Department shall pay
16 into the Underground Storage Tank Fund from the proceeds
17 collected under this Act, the Service Use Tax Act, the Service
18 Occupation Tax Act, and the Retailers' Occupation Tax Act an
19 amount equal to the average monthly deficit in the Underground
20 Storage Tank Fund during the prior year, as certified annually
21 by the Illinois Environmental Protection Agency, but the total
22 payment into the Underground Storage Tank Fund under this Act,
23 the Service Use Tax Act, the Service Occupation Tax Act, and
24 the Retailers' Occupation Tax Act shall not exceed \$18,000,000
25 in any State fiscal year. As used in this paragraph, the
26 "average monthly deficit" shall be equal to the difference

1 between the average monthly claims for payment by the fund and
2 the average monthly revenues deposited into the fund, excluding
3 payments made pursuant to this paragraph.

4 Beginning July 1, 2015, of the remainder of the moneys
5 received by the Department under this Act, the Service Use Tax
6 Act, the Service Occupation Tax Act, and the Retailers'
7 Occupation Tax Act, each month the Department shall deposit
8 \$500,000 into the State Crime Laboratory Fund.

9 Of the remainder of the moneys received by the Department
10 pursuant to this Act, (a) 1.75% thereof shall be paid into the
11 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
12 and after July 1, 1989, 3.8% thereof shall be paid into the
13 Build Illinois Fund; provided, however, that if in any fiscal
14 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
15 may be, of the moneys received by the Department and required
16 to be paid into the Build Illinois Fund pursuant to Section 3
17 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
18 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
19 Service Occupation Tax Act, such Acts being hereinafter called
20 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
21 may be, of moneys being hereinafter called the "Tax Act
22 Amount", and (2) the amount transferred to the Build Illinois
23 Fund from the State and Local Sales Tax Reform Fund shall be
24 less than the Annual Specified Amount (as defined in Section 3
25 of the Retailers' Occupation Tax Act), an amount equal to the
26 difference shall be immediately paid into the Build Illinois

1 Fund from other moneys received by the Department pursuant to
2 the Tax Acts; and further provided, that if on the last
3 business day of any month the sum of (1) the Tax Act Amount
4 required to be deposited into the Build Illinois Bond Account
5 in the Build Illinois Fund during such month and (2) the amount
6 transferred during such month to the Build Illinois Fund from
7 the State and Local Sales Tax Reform Fund shall have been less
8 than 1/12 of the Annual Specified Amount, an amount equal to
9 the difference shall be immediately paid into the Build
10 Illinois Fund from other moneys received by the Department
11 pursuant to the Tax Acts; and, further provided, that in no
12 event shall the payments required under the preceding proviso
13 result in aggregate payments into the Build Illinois Fund
14 pursuant to this clause (b) for any fiscal year in excess of
15 the greater of (i) the Tax Act Amount or (ii) the Annual
16 Specified Amount for such fiscal year; and, further provided,
17 that the amounts payable into the Build Illinois Fund under
18 this clause (b) shall be payable only until such time as the
19 aggregate amount on deposit under each trust indenture securing
20 Bonds issued and outstanding pursuant to the Build Illinois
21 Bond Act is sufficient, taking into account any future
22 investment income, to fully provide, in accordance with such
23 indenture, for the defeasance of or the payment of the
24 principal of, premium, if any, and interest on the Bonds
25 secured by such indenture and on any Bonds expected to be
26 issued thereafter and all fees and costs payable with respect

1 thereto, all as certified by the Director of the Bureau of the
2 Budget (now Governor's Office of Management and Budget). If on
3 the last business day of any month in which Bonds are
4 outstanding pursuant to the Build Illinois Bond Act, the
5 aggregate of the moneys deposited in the Build Illinois Bond
6 Account in the Build Illinois Fund in such month shall be less
7 than the amount required to be transferred in such month from
8 the Build Illinois Bond Account to the Build Illinois Bond
9 Retirement and Interest Fund pursuant to Section 13 of the
10 Build Illinois Bond Act, an amount equal to such deficiency
11 shall be immediately paid from other moneys received by the
12 Department pursuant to the Tax Acts to the Build Illinois Fund;
13 provided, however, that any amounts paid to the Build Illinois
14 Fund in any fiscal year pursuant to this sentence shall be
15 deemed to constitute payments pursuant to clause (b) of the
16 preceding sentence and shall reduce the amount otherwise
17 payable for such fiscal year pursuant to clause (b) of the
18 preceding sentence. The moneys received by the Department
19 pursuant to this Act and required to be deposited into the
20 Build Illinois Fund are subject to the pledge, claim and charge
21 set forth in Section 12 of the Build Illinois Bond Act.

22 Subject to payment of amounts into the Build Illinois Fund
23 as provided in the preceding paragraph or in any amendment
24 thereto hereafter enacted, the following specified monthly
25 installment of the amount requested in the certificate of the
26 Chairman of the Metropolitan Pier and Exposition Authority

1 provided under Section 8.25f of the State Finance Act, but not
2 in excess of the sums designated as "Total Deposit", shall be
3 deposited in the aggregate from collections under Section 9 of
4 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
5 9 of the Service Occupation Tax Act, and Section 3 of the
6 Retailers' Occupation Tax Act into the McCormick Place
7 Expansion Project Fund in the specified fiscal years.

8	Fiscal Year	Total Deposit
9	1993	\$0
10	1994	53,000,000
11	1995	58,000,000
12	1996	61,000,000
13	1997	64,000,000
14	1998	68,000,000
15	1999	71,000,000
16	2000	75,000,000
17	2001	80,000,000
18	2002	93,000,000
19	2003	99,000,000
20	2004	103,000,000
21	2005	108,000,000
22	2006	113,000,000
23	2007	119,000,000
24	2008	126,000,000
25	2009	132,000,000
26	2010	139,000,000

1	2011	146,000,000
2	2012	153,000,000
3	2013	161,000,000
4	2014	170,000,000
5	2015	179,000,000
6	2016	189,000,000
7	2017	199,000,000
8	2018	210,000,000
9	2019	221,000,000
10	2020	233,000,000
11	2021	246,000,000
12	2022	260,000,000
13	2023	275,000,000
14	2024	275,000,000
15	2025	275,000,000
16	2026	279,000,000
17	2027	292,000,000
18	2028	307,000,000
19	2029	322,000,000
20	2030	338,000,000
21	2031	350,000,000
22	2032	350,000,000

23 and
24 each fiscal year
25 thereafter that bonds
26 are outstanding under

1 Section 13.2 of the
2 Metropolitan Pier and
3 Exposition Authority Act,
4 but not after fiscal year 2060.

5 Beginning July 20, 1993 and in each month of each fiscal
6 year thereafter, one-eighth of the amount requested in the
7 certificate of the Chairman of the Metropolitan Pier and
8 Exposition Authority for that fiscal year, less the amount
9 deposited into the McCormick Place Expansion Project Fund by
10 the State Treasurer in the respective month under subsection
11 (g) of Section 13 of the Metropolitan Pier and Exposition
12 Authority Act, plus cumulative deficiencies in the deposits
13 required under this Section for previous months and years,
14 shall be deposited into the McCormick Place Expansion Project
15 Fund, until the full amount requested for the fiscal year, but
16 not in excess of the amount specified above as "Total Deposit",
17 has been deposited.

18 Subject to payment of amounts into the Build Illinois Fund
19 and the McCormick Place Expansion Project Fund pursuant to the
20 preceding paragraphs or in any amendments thereto hereafter
21 enacted, beginning July 1, 1993 and ending on September 30,
22 2013, the Department shall each month pay into the Illinois Tax
23 Increment Fund 0.27% of 80% of the net revenue realized for the
24 preceding month from the 6.25% general rate on the selling
25 price of tangible personal property.

26 Subject to payment of amounts into the Build Illinois Fund

1 and the McCormick Place Expansion Project Fund pursuant to the
2 preceding paragraphs or in any amendments thereto hereafter
3 enacted, beginning with the receipt of the first report of
4 taxes paid by an eligible business and continuing for a 25-year
5 period, the Department shall each month pay into the Energy
6 Infrastructure Fund 80% of the net revenue realized from the
7 6.25% general rate on the selling price of Illinois-mined coal
8 that was sold to an eligible business. For purposes of this
9 paragraph, the term "eligible business" means a new electric
10 generating facility certified pursuant to Section 605-332 of
11 the Department of Commerce and Economic Opportunity Law of the
12 Civil Administrative Code of Illinois.

13 Subject to payment of amounts into the Build Illinois Fund,
14 the McCormick Place Expansion Project Fund, the Illinois Tax
15 Increment Fund, and the Energy Infrastructure Fund pursuant to
16 the preceding paragraphs or in any amendments to this Section
17 hereafter enacted, beginning on the first day of the first
18 calendar month to occur on or after August 26, 2014 (the
19 effective date of Public Act 98-1098) ~~this amendatory Act of~~
20 ~~the 98th General Assembly~~, each month, from the collections
21 made under Section 9 of the Use Tax Act, Section 9 of the
22 Service Use Tax Act, Section 9 of the Service Occupation Tax
23 Act, and Section 3 of the Retailers' Occupation Tax Act, the
24 Department shall pay into the Tax Compliance and Administration
25 Fund, to be used, subject to appropriation, to fund additional
26 auditors and compliance personnel at the Department of Revenue,

1 an amount equal to 1/12 of 5% of 80% of the cash receipts
2 collected during the preceding fiscal year by the Audit Bureau
3 of the Department under the Use Tax Act, the Service Use Tax
4 Act, the Service Occupation Tax Act, the Retailers' Occupation
5 Tax Act, and associated local occupation and use taxes
6 administered by the Department.

7 Of the remainder of the moneys received by the Department
8 pursuant to this Act, 75% thereof shall be paid into the State
9 Treasury and 25% shall be reserved in a special account and
10 used only for the transfer to the Common School Fund as part of
11 the monthly transfer from the General Revenue Fund in
12 accordance with Section 8a of the State Finance Act.

13 As soon as possible after the first day of each month, upon
14 certification of the Department of Revenue, the Comptroller
15 shall order transferred and the Treasurer shall transfer from
16 the General Revenue Fund to the Motor Fuel Tax Fund an amount
17 equal to 1.7% of 80% of the net revenue realized under this Act
18 for the second preceding month. Beginning April 1, 2000, this
19 transfer is no longer required and shall not be made.

20 Net revenue realized for a month shall be the revenue
21 collected by the State pursuant to this Act, less the amount
22 paid out during that month as refunds to taxpayers for
23 overpayment of liability.

24 For greater simplicity of administration, manufacturers,
25 importers and wholesalers whose products are sold at retail in
26 Illinois by numerous retailers, and who wish to do so, may

1 assume the responsibility for accounting and paying to the
2 Department all tax accruing under this Act with respect to such
3 sales, if the retailers who are affected do not make written
4 objection to the Department to this arrangement.

5 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
6 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
7 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
8 eff. 1-27-17; revised 2-3-17.)

9 Section 15. The Service Use Tax Act is amended by changing
10 Section 9 as follows:

11 (35 ILCS 110/9) (from Ch. 120, par. 439.39)

12 Sec. 9. Each serviceman required or authorized to collect
13 the tax herein imposed shall pay to the Department the amount
14 of such tax (except as otherwise provided) at the time when he
15 is required to file his return for the period during which such
16 tax was collected, less the vendor discount amount ~~a discount~~
17 ~~of 2.1% prior to January 1, 1990 and 1.75% on and after January~~
18 ~~1, 1990, or \$5 per calendar year, whichever is greater,~~ which
19 is allowed to reimburse the serviceman for expenses incurred in
20 collecting the tax, keeping records, preparing and filing
21 returns, remitting the tax and supplying data to the Department
22 on request. On and after January 1, 1990 and prior to January
23 1, 2018, the vendor discount amount shall be 1.75% or \$5 per
24 calendar year, whichever is greater. On and after January 1,

1 2018, the vendor discount amount shall be the sum of (i) 1.75%
2 of the first \$1,000 collected during the calendar year and (ii)
3 1% of the amount of proceeds collected during the calendar year
4 that exceeds \$1,000; however, on and after January 1, 2018, in
5 no event shall the discount allowed to any vendor be less than
6 \$5 in any calendar year or more than \$1,500 in any calendar
7 year. The Department may disallow the discount for servicemen
8 whose certificate of registration is revoked at the time the
9 return is filed, but only if the Department's decision to
10 revoke the certificate of registration has become final. A
11 serviceman need not remit that part of any tax collected by him
12 to the extent that he is required to pay and does pay the tax
13 imposed by the Service Occupation Tax Act with respect to his
14 sale of service involving the incidental transfer by him of the
15 same property.

16 Except as provided hereinafter in this Section, on or
17 before the twentieth day of each calendar month, such
18 serviceman shall file a return for the preceding calendar month
19 in accordance with reasonable Rules and Regulations to be
20 promulgated by the Department. Such return shall be filed on a
21 form prescribed by the Department and shall contain such
22 information as the Department may reasonably require.

23 The Department may require returns to be filed on a
24 quarterly basis. If so required, a return for each calendar
25 quarter shall be filed on or before the twentieth day of the
26 calendar month following the end of such calendar quarter. The

1 taxpayer shall also file a return with the Department for each
2 of the first two months of each calendar quarter, on or before
3 the twentieth day of the following calendar month, stating:

4 1. The name of the seller;

5 2. The address of the principal place of business from
6 which he engages in business as a serviceman in this State;

7 3. The total amount of taxable receipts received by him
8 during the preceding calendar month, including receipts
9 from charge and time sales, but less all deductions allowed
10 by law;

11 4. The amount of credit provided in Section 2d of this
12 Act;

13 5. The amount of tax due;

14 5-5. The signature of the taxpayer; and

15 6. Such other reasonable information as the Department
16 may require.

17 If a taxpayer fails to sign a return within 30 days after
18 the proper notice and demand for signature by the Department,
19 the return shall be considered valid and any amount shown to be
20 due on the return shall be deemed assessed.

21 Beginning October 1, 1993, a taxpayer who has an average
22 monthly tax liability of \$150,000 or more shall make all
23 payments required by rules of the Department by electronic
24 funds transfer. Beginning October 1, 1994, a taxpayer who has
25 an average monthly tax liability of \$100,000 or more shall make
26 all payments required by rules of the Department by electronic

1 funds transfer. Beginning October 1, 1995, a taxpayer who has
2 an average monthly tax liability of \$50,000 or more shall make
3 all payments required by rules of the Department by electronic
4 funds transfer. Beginning October 1, 2000, a taxpayer who has
5 an annual tax liability of \$200,000 or more shall make all
6 payments required by rules of the Department by electronic
7 funds transfer. The term "annual tax liability" shall be the
8 sum of the taxpayer's liabilities under this Act, and under all
9 other State and local occupation and use tax laws administered
10 by the Department, for the immediately preceding calendar year.
11 The term "average monthly tax liability" means the sum of the
12 taxpayer's liabilities under this Act, and under all other
13 State and local occupation and use tax laws administered by the
14 Department, for the immediately preceding calendar year
15 divided by 12. Beginning on October 1, 2002, a taxpayer who has
16 a tax liability in the amount set forth in subsection (b) of
17 Section 2505-210 of the Department of Revenue Law shall make
18 all payments required by rules of the Department by electronic
19 funds transfer.

20 Before August 1 of each year beginning in 1993, the
21 Department shall notify all taxpayers required to make payments
22 by electronic funds transfer. All taxpayers required to make
23 payments by electronic funds transfer shall make those payments
24 for a minimum of one year beginning on October 1.

25 Any taxpayer not required to make payments by electronic
26 funds transfer may make payments by electronic funds transfer

1 with the permission of the Department.

2 All taxpayers required to make payment by electronic funds
3 transfer and any taxpayers authorized to voluntarily make
4 payments by electronic funds transfer shall make those payments
5 in the manner authorized by the Department.

6 The Department shall adopt such rules as are necessary to
7 effectuate a program of electronic funds transfer and the
8 requirements of this Section.

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

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

26 Such quarter annual and annual returns, as to form and

1 substance, shall be subject to the same requirements as monthly
2 returns.

3 Notwithstanding any other provision in this Act concerning
4 the time within which a serviceman may file his return, in the
5 case of any serviceman who ceases to engage in a kind of
6 business which makes him responsible for filing returns under
7 this Act, such serviceman shall file a final return under this
8 Act with the Department not more than 1 month after
9 discontinuing such business.

10 Where a serviceman collects the tax with respect to the
11 selling price of property which he sells and the purchaser
12 thereafter returns such property and the serviceman refunds the
13 selling price thereof to the purchaser, such serviceman shall
14 also refund, to the purchaser, the tax so collected from the
15 purchaser. When filing his return for the period in which he
16 refunds such tax to the purchaser, the serviceman may deduct
17 the amount of the tax so refunded by him to the purchaser from
18 any other Service Use Tax, Service Occupation Tax, retailers'
19 occupation tax or use tax which such serviceman may be required
20 to pay or remit to the Department, as shown by such return,
21 provided that the amount of the tax to be deducted shall
22 previously have been remitted to the Department by such
23 serviceman. If the serviceman shall not previously have
24 remitted the amount of such tax to the Department, he shall be
25 entitled to no deduction hereunder upon refunding such tax to
26 the purchaser.

1 Any serviceman filing a return hereunder shall also include
2 the total tax upon the selling price of tangible personal
3 property purchased for use by him as an incident to a sale of
4 service, and such serviceman shall remit the amount of such tax
5 to the Department when filing such return.

6 If experience indicates such action to be practicable, the
7 Department may prescribe and furnish a combination or joint
8 return which will enable servicemen, who are required to file
9 returns hereunder and also under the Service Occupation Tax
10 Act, to furnish all the return information required by both
11 Acts on the one form.

12 Where the serviceman has more than one business registered
13 with the Department under separate registration hereunder,
14 such serviceman shall not file each return that is due as a
15 single return covering all such registered businesses, but
16 shall file separate returns for each such registered business.

17 Beginning January 1, 1990, each month the Department shall
18 pay into the State and Local Tax Reform Fund, a special fund in
19 the State Treasury, the net revenue realized for the preceding
20 month from the 1% tax on sales of food for human consumption
21 which is to be consumed off the premises where it is sold
22 (other than alcoholic beverages, soft drinks and food which has
23 been prepared for immediate consumption) and prescription and
24 nonprescription medicines, drugs, medical appliances, products
25 classified as Class III medical devices, by the United States
26 Food and Drug Administration that are used for cancer treatment

1 pursuant to a prescription, as well as any accessories and
2 components related to those devices, and insulin, urine testing
3 materials, syringes and needles used by diabetics.

4 Beginning January 1, 1990, each month the Department shall
5 pay into the State and Local Sales Tax Reform Fund 20% of the
6 net revenue realized for the preceding month from the 6.25%
7 general rate on transfers of tangible personal property, other
8 than tangible personal property which is purchased outside
9 Illinois at retail from a retailer and which is titled or
10 registered by an agency of this State's government.

11 Beginning August 1, 2000, each month the Department shall
12 pay into the State and Local Sales Tax Reform Fund 100% of the
13 net revenue realized for the preceding month from the 1.25%
14 rate on the selling price of motor fuel and gasohol.

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, 2013, each month the Department shall pay
23 into the Underground Storage Tank Fund from the proceeds
24 collected under this Act, the Use Tax Act, the Service
25 Occupation Tax Act, and the Retailers' Occupation Tax Act an
26 amount equal to the average monthly deficit in the Underground

1 Storage Tank Fund during the prior year, as certified annually
2 by the Illinois Environmental Protection Agency, but the total
3 payment into the Underground Storage Tank Fund under this Act,
4 the Use Tax Act, the Service Occupation Tax Act, and the
5 Retailers' Occupation Tax Act shall not exceed \$18,000,000 in
6 any State fiscal year. As used in this paragraph, the "average
7 monthly deficit" shall be equal to the difference between the
8 average monthly claims for payment by the fund and the average
9 monthly revenues deposited into the fund, excluding payments
10 made pursuant to this paragraph.

11 Beginning July 1, 2015, of the remainder of the moneys
12 received by the Department under the Use Tax Act, this Act, the
13 Service Occupation Tax Act, and the Retailers' Occupation Tax
14 Act, each month the Department shall deposit \$500,000 into the
15 State Crime Laboratory Fund.

16 Of the remainder of the moneys received by the Department
17 pursuant to this Act, (a) 1.75% thereof shall be paid into the
18 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
19 and after July 1, 1989, 3.8% thereof shall be paid into the
20 Build Illinois Fund; provided, however, that if in any fiscal
21 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
22 may be, of the moneys received by the Department and required
23 to be paid into the Build Illinois Fund pursuant to Section 3
24 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
25 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
26 Service Occupation Tax Act, such Acts being hereinafter called

1 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
2 may be, of moneys being hereinafter called the "Tax Act
3 Amount", and (2) the amount transferred to the Build Illinois
4 Fund from the State and Local Sales Tax Reform Fund shall be
5 less than the Annual Specified Amount (as defined in Section 3
6 of the Retailers' Occupation Tax Act), 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 if on the last
10 business day of any month the sum of (1) the Tax Act Amount
11 required to be deposited into the Build Illinois Bond Account
12 in the Build Illinois Fund during such month and (2) the amount
13 transferred during such month to the Build Illinois Fund from
14 the State and Local Sales Tax Reform Fund shall have been less
15 than 1/12 of the Annual Specified Amount, an amount equal to
16 the difference shall be immediately paid into the Build
17 Illinois Fund from other moneys received by the Department
18 pursuant to the Tax Acts; and, further provided, that in no
19 event shall the payments required under the preceding proviso
20 result in aggregate payments into the Build Illinois Fund
21 pursuant to this clause (b) for any fiscal year in excess of
22 the greater of (i) the Tax Act Amount or (ii) the Annual
23 Specified Amount for such fiscal year; and, further provided,
24 that the amounts payable into the Build Illinois Fund under
25 this clause (b) shall be payable only until such time as the
26 aggregate amount on deposit under each trust indenture securing

1 Bonds issued and outstanding pursuant to the Build Illinois
2 Bond Act is sufficient, taking into account any future
3 investment income, to fully provide, in accordance with such
4 indenture, for the defeasance of or the payment of the
5 principal of, premium, if any, and interest on the Bonds
6 secured by such indenture and on any Bonds expected to be
7 issued thereafter and all fees and costs payable with respect
8 thereto, all as certified by the Director of the Bureau of the
9 Budget (now Governor's Office of Management and Budget). If on
10 the last business day of any month in which Bonds are
11 outstanding pursuant to the Build Illinois Bond Act, the
12 aggregate of the moneys deposited in the Build Illinois Bond
13 Account in the Build Illinois Fund in such month shall be less
14 than the amount required to be transferred in such month from
15 the Build Illinois Bond Account to the Build Illinois Bond
16 Retirement and Interest Fund pursuant to Section 13 of the
17 Build Illinois Bond Act, an amount equal to such deficiency
18 shall be immediately paid from other moneys received by the
19 Department pursuant to the Tax Acts to the Build Illinois Fund;
20 provided, however, that any amounts paid to the Build Illinois
21 Fund in any fiscal year pursuant to this sentence shall be
22 deemed to constitute payments pursuant to clause (b) of the
23 preceding sentence and shall reduce the amount otherwise
24 payable for such fiscal year pursuant to clause (b) of the
25 preceding sentence. The moneys received by the Department
26 pursuant to this Act and required to be deposited into the

1 Build Illinois Fund are subject to the pledge, claim and charge
 2 set forth in Section 12 of the Build Illinois Bond Act.

3 Subject to payment of amounts into the Build Illinois Fund
 4 as provided in the preceding paragraph or in any amendment
 5 thereto hereafter enacted, the following specified monthly
 6 installment of the amount requested in the certificate of the
 7 Chairman of the Metropolitan Pier and Exposition Authority
 8 provided under Section 8.25f of the State Finance Act, but not
 9 in excess of the sums designated as "Total Deposit", shall be
 10 deposited in the aggregate from collections under Section 9 of
 11 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 12 9 of the Service Occupation Tax Act, and Section 3 of the
 13 Retailers' Occupation Tax Act into the McCormick Place
 14 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
15		
16	1993	\$0
17	1994	53,000,000
18	1995	58,000,000
19	1996	61,000,000
20	1997	64,000,000
21	1998	68,000,000
22	1999	71,000,000
23	2000	75,000,000
24	2001	80,000,000
25	2002	93,000,000

1	2003	99,000,000
2	2004	103,000,000
3	2005	108,000,000
4	2006	113,000,000
5	2007	119,000,000
6	2008	126,000,000
7	2009	132,000,000
8	2010	139,000,000
9	2011	146,000,000
10	2012	153,000,000
11	2013	161,000,000
12	2014	170,000,000
13	2015	179,000,000
14	2016	189,000,000
15	2017	199,000,000
16	2018	210,000,000
17	2019	221,000,000
18	2020	233,000,000
19	2021	246,000,000
20	2022	260,000,000
21	2023	275,000,000
22	2024	275,000,000
23	2025	275,000,000
24	2026	279,000,000
25	2027	292,000,000
26	2028	307,000,000

1	2029	322,000,000
2	2030	338,000,000
3	2031	350,000,000
4	2032	350,000,000

5 and

6 each fiscal year

7 thereafter that bonds

8 are outstanding under

9 Section 13.2 of the

10 Metropolitan Pier and

11 Exposition Authority Act,

12 but not after fiscal year 2060.

13 Beginning July 20, 1993 and in each month of each fiscal
14 year thereafter, one-eighth of the amount requested in the
15 certificate of the Chairman of the Metropolitan Pier and
16 Exposition Authority for that fiscal year, less the amount
17 deposited into the McCormick Place Expansion Project Fund by
18 the State Treasurer in the respective month under subsection
19 (g) of Section 13 of the Metropolitan Pier and Exposition
20 Authority Act, plus cumulative deficiencies in the deposits
21 required under this Section for previous months and years,
22 shall be deposited into the McCormick Place Expansion Project
23 Fund, until the full amount requested for the fiscal year, but
24 not in excess of the amount specified above as "Total Deposit",
25 has been deposited.

26 Subject to payment of amounts into the Build Illinois Fund

1 and the McCormick Place Expansion Project Fund pursuant to the
2 preceding paragraphs or in any amendments thereto hereafter
3 enacted, beginning July 1, 1993 and ending on September 30,
4 2013, the Department shall each month pay into the Illinois Tax
5 Increment Fund 0.27% of 80% of the net revenue realized for the
6 preceding month from the 6.25% general rate on the selling
7 price of tangible personal property.

8 Subject to payment of amounts into the Build Illinois Fund
9 and the McCormick Place Expansion Project Fund pursuant to the
10 preceding paragraphs or in any amendments thereto hereafter
11 enacted, beginning with the receipt of the first report of
12 taxes paid by an eligible business and continuing for a 25-year
13 period, the Department shall each month pay into the Energy
14 Infrastructure Fund 80% of the net revenue realized from the
15 6.25% general rate on the selling price of Illinois-mined coal
16 that was sold to an eligible business. For purposes of this
17 paragraph, the term "eligible business" means a new electric
18 generating facility certified pursuant to Section 605-332 of
19 the Department of Commerce and Economic Opportunity Law of the
20 Civil Administrative Code of Illinois.

21 Subject to payment of amounts into the Build Illinois Fund,
22 the McCormick Place Expansion Project Fund, the Illinois Tax
23 Increment Fund, and the Energy Infrastructure Fund pursuant to
24 the preceding paragraphs or in any amendments to this Section
25 hereafter enacted, beginning on the first day of the first
26 calendar month to occur on or after the effective date of this

1 amendatory Act of the 98th General Assembly, each month, from
2 the collections made under Section 9 of the Use Tax Act,
3 Section 9 of the Service Use Tax Act, Section 9 of the Service
4 Occupation Tax Act, and Section 3 of the Retailers' Occupation
5 Tax Act, the Department shall pay into the Tax Compliance and
6 Administration Fund, to be used, subject to appropriation, to
7 fund additional auditors and compliance personnel at the
8 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
9 the cash receipts collected during the preceding fiscal year by
10 the Audit Bureau of the Department under the Use Tax Act, the
11 Service Use Tax Act, the Service Occupation Tax Act, the
12 Retailers' Occupation Tax Act, and associated local occupation
13 and use taxes administered by the Department.

14 Of the remainder of the moneys received by the Department
15 pursuant to this Act, 75% thereof shall be paid into the
16 General Revenue Fund of the State Treasury and 25% shall be
17 reserved in a special account and used only for the transfer to
18 the Common School Fund as part of the monthly transfer from the
19 General Revenue Fund in accordance with Section 8a of the State
20 Finance Act.

21 As soon as possible after the first day of each month, upon
22 certification of the Department of Revenue, the Comptroller
23 shall order transferred and the Treasurer shall transfer from
24 the General Revenue Fund to the Motor Fuel Tax Fund an amount
25 equal to 1.7% of 80% of the net revenue realized under this Act
26 for the second preceding month. Beginning April 1, 2000, this

1 transfer is no longer required and shall not be made.

2 Net revenue realized for a month shall be the revenue
3 collected by the State pursuant to this Act, less the amount
4 paid out during that month as refunds to taxpayers for
5 overpayment of liability.

6 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
7 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
8 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff.
9 8-19-16.)

10 Section 20. The Service Occupation Tax Act is amended by
11 changing Section 9 as follows:

12 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

13 Sec. 9. Each serviceman required or authorized to collect
14 the tax herein imposed shall pay to the Department the amount
15 of such tax at the time when he is required to file his return
16 for the period during which such tax was collectible, less the
17 vendor discount amount ~~a discount of 2.1% prior to January 1,~~
18 ~~1990, and 1.75% on and after January 1, 1990, or \$5 per~~
19 ~~calendar year, whichever is greater,~~ which is allowed to
20 reimburse the serviceman for expenses incurred in collecting
21 the tax, keeping records, preparing and filing returns,
22 remitting the tax and supplying data to the Department on
23 request. On and after January 1, 1990 and prior to January 1,
24 2018, the vendor discount amount shall be 1.75% or \$5 per

1 calendar year, whichever is greater. On and after January 1,
2 2018, the vendor discount amount shall be the sum of (i) 1.75%
3 of the first \$1,000 collected during the calendar year and (ii)
4 1% of the amount of proceeds collected during the calendar year
5 that exceeds \$1,000; however, on and after January 1, 2018, in
6 no event shall the discount allowed to any vendor be less than
7 \$5 in any calendar year or more than \$1,500 in any calendar
8 year. The Department may disallow the discount for servicemen
9 whose certificate of registration is revoked at the time the
10 return is filed, but only if the Department's decision to
11 revoke the certificate of registration has become final.

12 Where such tangible personal property is sold under a
13 conditional sales contract, or under any other form of sale
14 wherein the payment of the principal sum, or a part thereof, is
15 extended beyond the close of the period for which the return is
16 filed, the serviceman, in collecting the tax may collect, for
17 each tax return period, only the tax applicable to the part of
18 the selling price actually received during such tax return
19 period.

20 Except as provided hereinafter in this Section, on or
21 before the twentieth day of each calendar month, such
22 serviceman shall file a return for the preceding calendar month
23 in accordance with reasonable rules and regulations to be
24 promulgated by the Department of Revenue. Such return shall be
25 filed on a form prescribed by the Department and shall contain
26 such information as the Department may reasonably require.

1 The Department may require returns to be filed on a
2 quarterly basis. If so required, a return for each calendar
3 quarter shall be filed on or before the twentieth day of the
4 calendar month following the end of such calendar quarter. The
5 taxpayer shall also file a return with the Department for each
6 of the first two months of each calendar quarter, on or before
7 the twentieth day of the following calendar month, stating:

8 1. The name of the seller;

9 2. The address of the principal place of business from
10 which he engages in business as a serviceman in this State;

11 3. The total amount of taxable receipts received by him
12 during the preceding calendar month, including receipts
13 from charge and time sales, but less all deductions allowed
14 by law;

15 4. The amount of credit provided in Section 2d of this
16 Act;

17 5. The amount of tax due;

18 5-5. The signature of the taxpayer; and

19 6. Such other reasonable information as the Department
20 may require.

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

25 Prior to October 1, 2003, and on and after September 1,
26 2004 a serviceman may accept a Manufacturer's Purchase Credit

1 certification from a purchaser in satisfaction of Service Use
2 Tax as provided in Section 3-70 of the Service Use Tax Act if
3 the purchaser provides the appropriate documentation as
4 required by Section 3-70 of the Service Use Tax Act. A
5 Manufacturer's Purchase Credit certification, accepted prior
6 to October 1, 2003 or on or after September 1, 2004 by a
7 serviceman as provided in Section 3-70 of the Service Use Tax
8 Act, may be used by that serviceman to satisfy Service
9 Occupation Tax liability in the amount claimed in the
10 certification, not to exceed 6.25% of the receipts subject to
11 tax from a qualifying purchase. A Manufacturer's Purchase
12 Credit reported on any original or amended return filed under
13 this Act after October 20, 2003 for reporting periods prior to
14 September 1, 2004 shall be disallowed. Manufacturer's Purchase
15 Credit reported on annual returns due on or after January 1,
16 2005 will be disallowed for periods prior to September 1, 2004.
17 No Manufacturer's Purchase Credit may be used after September
18 30, 2003 through August 31, 2004 to satisfy any tax liability
19 imposed under this Act, including any audit liability.

20 If the serviceman's average monthly tax liability to the
21 Department does not exceed \$200, the Department may authorize
22 his returns to be filed on a quarter annual basis, with the
23 return for January, February and March of a given year being
24 due by April 20 of such year; with the return for April, May
25 and June of a given year being due by July 20 of such year; with
26 the return for July, August and September of a given year being

1 due by October 20 of such year, and with the return for
2 October, November and December of a given year being due by
3 January 20 of the following year.

4 If the serviceman's average monthly tax liability to the
5 Department does not exceed \$50, the Department may authorize
6 his returns to be filed on an annual basis, with the return for
7 a given year being due by January 20 of the following year.

8 Such quarter annual and annual returns, as to form and
9 substance, shall be subject to the same requirements as monthly
10 returns.

11 Notwithstanding any other provision in this Act concerning
12 the time within which a serviceman may file his return, in the
13 case of any serviceman who ceases to engage in a kind of
14 business which makes him responsible for filing returns under
15 this Act, such serviceman shall file a final return under this
16 Act with the Department not more than 1 month after
17 discontinuing such business.

18 Beginning October 1, 1993, a taxpayer who has an average
19 monthly tax liability of \$150,000 or more shall make all
20 payments required by rules of the Department by electronic
21 funds transfer. Beginning October 1, 1994, a taxpayer who has
22 an average monthly tax liability of \$100,000 or more shall make
23 all payments required by rules of the Department by electronic
24 funds transfer. Beginning October 1, 1995, a taxpayer who has
25 an average monthly tax liability of \$50,000 or more shall make
26 all payments required by rules of the Department by electronic

1 funds transfer. Beginning October 1, 2000, a taxpayer who has
2 an annual tax liability of \$200,000 or more shall make all
3 payments required by rules of the Department by electronic
4 funds transfer. The term "annual tax liability" shall be the
5 sum of the taxpayer's liabilities under this Act, and under all
6 other State and local occupation and use tax laws administered
7 by the Department, for the immediately preceding calendar year.
8 The term "average monthly tax liability" means the sum of the
9 taxpayer's liabilities under this Act, and under all other
10 State and local occupation and use tax laws administered by the
11 Department, for the immediately preceding calendar year
12 divided by 12. Beginning on October 1, 2002, a taxpayer who has
13 a tax liability in the amount set forth in subsection (b) of
14 Section 2505-210 of the Department of Revenue Law shall make
15 all payments required by rules of the Department by electronic
16 funds transfer.

17 Before August 1 of each year beginning in 1993, the
18 Department shall notify all taxpayers required to make payments
19 by electronic funds transfer. All taxpayers required to make
20 payments by electronic funds transfer shall make those payments
21 for a minimum of one year beginning on October 1.

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

25 All taxpayers required to make payment by electronic funds
26 transfer and any taxpayers authorized to voluntarily make

1 payments by electronic funds transfer shall make those payments
2 in the manner authorized by the Department.

3 The Department shall adopt such rules as are necessary to
4 effectuate a program of electronic funds transfer and the
5 requirements of this Section.

6 Where a serviceman collects the tax with respect to the
7 selling price of tangible personal property which he sells and
8 the purchaser thereafter returns such tangible personal
9 property and the serviceman refunds the selling price thereof
10 to the purchaser, such serviceman shall also refund, to the
11 purchaser, the tax so collected from the purchaser. When filing
12 his return for the period in which he refunds such tax to the
13 purchaser, the serviceman may deduct the amount of the tax so
14 refunded by him to the purchaser from any other Service
15 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
16 Use Tax which such serviceman may be required to pay or remit
17 to the Department, as shown by such return, provided that the
18 amount of the tax to be deducted shall previously have been
19 remitted to the Department by such serviceman. If the
20 serviceman shall not previously have remitted the amount of
21 such tax to the Department, he shall be entitled to no
22 deduction hereunder upon refunding such tax to the purchaser.

23 If experience indicates such action to be practicable, the
24 Department may prescribe and furnish a combination or joint
25 return which will enable servicemen, who are required to file
26 returns hereunder and also under the Retailers' Occupation Tax

1 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
2 the return information required by all said Acts on the one
3 form.

4 Where the serviceman has more than one business registered
5 with the Department under separate registrations hereunder,
6 such serviceman shall file separate returns for each registered
7 business.

8 Beginning January 1, 1990, each month the Department shall
9 pay into the Local Government Tax Fund the revenue realized for
10 the preceding month from the 1% tax on sales of food for human
11 consumption which is to be consumed off the premises where it
12 is sold (other than alcoholic beverages, soft drinks and food
13 which has been prepared for immediate consumption) and
14 prescription and nonprescription medicines, drugs, medical
15 appliances, products classified as Class III medical devices by
16 the United States Food and Drug Administration that are used
17 for cancer treatment pursuant to a prescription, as well as any
18 accessories and components related to those devices, and
19 insulin, urine testing materials, syringes and needles used by
20 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 revenue realized for the preceding month from the 6.25% general
24 rate.

25 Beginning August 1, 2000, each month the Department shall
26 pay into the County and Mass Transit District Fund 20% of the

1 net revenue realized for the preceding month from the 1.25%
2 rate on the selling price of motor fuel and gasohol.

3 Beginning January 1, 1990, each month the Department shall
4 pay into the Local Government Tax Fund 16% of the revenue
5 realized for the preceding month from the 6.25% general rate on
6 transfers of tangible personal property.

7 Beginning August 1, 2000, each month the Department shall
8 pay into the Local Government Tax Fund 80% of the net revenue
9 realized for the preceding month from the 1.25% rate on the
10 selling price of motor fuel and gasohol.

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, 2013, each month the Department shall pay
19 into the Underground Storage Tank Fund from the proceeds
20 collected under this Act, the Use Tax Act, the Service Use Tax
21 Act, and the Retailers' Occupation Tax Act an amount equal to
22 the average monthly deficit in the Underground Storage Tank
23 Fund during the prior year, as certified annually by the
24 Illinois Environmental Protection Agency, but the total
25 payment into the Underground Storage Tank Fund under this Act,
26 the Use Tax Act, the Service Use Tax Act, and the Retailers'

1 Occupation Tax Act shall not exceed \$18,000,000 in any State
2 fiscal year. As used in this paragraph, the "average monthly
3 deficit" shall be equal to the difference between the average
4 monthly claims for payment by the fund and the average monthly
5 revenues deposited into the fund, excluding payments made
6 pursuant to this paragraph.

7 Beginning July 1, 2015, of the remainder of the moneys
8 received by the Department under the Use Tax Act, the Service
9 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
10 each month the Department shall deposit \$500,000 into the State
11 Crime Laboratory Fund.

12 Of the remainder of the moneys received by the Department
13 pursuant to this Act, (a) 1.75% thereof shall be paid into the
14 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
15 and after July 1, 1989, 3.8% thereof shall be paid into the
16 Build Illinois Fund; provided, however, that if in any fiscal
17 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
18 may be, of the moneys received by the Department and required
19 to be paid into the Build Illinois Fund pursuant to Section 3
20 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
21 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
22 Service Occupation Tax Act, such Acts being hereinafter called
23 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
24 may be, of moneys being hereinafter called the "Tax Act
25 Amount", and (2) the amount transferred to the Build Illinois
26 Fund from the State and Local Sales Tax Reform Fund shall be

1 less than the Annual Specified Amount (as defined in Section 3
2 of the Retailers' Occupation Tax Act), an amount equal to the
3 difference shall be immediately paid into the Build Illinois
4 Fund from other moneys received by the Department pursuant to
5 the Tax Acts; and further provided, that if on the last
6 business day of any month the sum of (1) the Tax Act Amount
7 required to be deposited into the Build Illinois Account in the
8 Build Illinois Fund during such month and (2) the amount
9 transferred during such month to the Build Illinois Fund from
10 the State and Local Sales Tax Reform Fund shall have been less
11 than 1/12 of the Annual Specified Amount, an amount equal to
12 the difference shall be immediately paid into the Build
13 Illinois Fund from other moneys received by the Department
14 pursuant to the Tax Acts; and, further provided, that in no
15 event shall the payments required under the preceding proviso
16 result in aggregate payments into the Build Illinois Fund
17 pursuant to this clause (b) for any fiscal year in excess of
18 the greater of (i) the Tax Act Amount or (ii) the Annual
19 Specified Amount for such fiscal year; and, further provided,
20 that the amounts payable into the Build Illinois Fund under
21 this clause (b) shall be payable only until such time as the
22 aggregate amount on deposit under each trust indenture securing
23 Bonds issued and outstanding pursuant to the Build Illinois
24 Bond Act is sufficient, taking into account any future
25 investment income, to fully provide, in accordance with such
26 indenture, for the defeasance of or the payment of the

1 principal of, premium, if any, and interest on the Bonds
2 secured by such indenture and on any Bonds expected to be
3 issued thereafter and all fees and costs payable with respect
4 thereto, all as certified by the Director of the Bureau of the
5 Budget (now Governor's Office of Management and Budget). If on
6 the last business day of any month in which Bonds are
7 outstanding pursuant to the Build Illinois Bond Act, the
8 aggregate of the moneys deposited in the Build Illinois Bond
9 Account in the Build Illinois Fund in such month shall be less
10 than the amount required to be transferred in such month from
11 the Build Illinois Bond Account to the Build Illinois Bond
12 Retirement and Interest Fund pursuant to Section 13 of the
13 Build Illinois Bond Act, an amount equal to such deficiency
14 shall be immediately paid from other moneys received by the
15 Department pursuant to the Tax Acts to the Build Illinois Fund;
16 provided, however, that any amounts paid to the Build Illinois
17 Fund in any fiscal year pursuant to this sentence shall be
18 deemed to constitute payments pursuant to clause (b) of the
19 preceding sentence and shall reduce the amount otherwise
20 payable for such fiscal year pursuant to clause (b) of the
21 preceding sentence. The moneys received by the Department
22 pursuant to this Act and required to be deposited into the
23 Build Illinois Fund are subject to the pledge, claim and charge
24 set forth in Section 12 of the Build Illinois Bond Act.

25 Subject to payment of amounts into the Build Illinois Fund
26 as provided in the preceding paragraph or in any amendment

1 thereto hereafter enacted, the following specified monthly
2 installment of the amount requested in the certificate of the
3 Chairman of the Metropolitan Pier and Exposition Authority
4 provided under Section 8.25f of the State Finance Act, but not
5 in excess of the sums designated as "Total Deposit", shall be
6 deposited in the aggregate from collections under Section 9 of
7 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
8 9 of the Service Occupation Tax Act, and Section 3 of the
9 Retailers' Occupation Tax Act into the McCormick Place
10 Expansion Project Fund in the specified fiscal years.

		Total
	Fiscal Year	Deposit
11		
12	1993	\$0
13	1994	53,000,000
14	1995	58,000,000
15	1996	61,000,000
16	1997	64,000,000
17	1998	68,000,000
18	1999	71,000,000
19	2000	75,000,000
20	2001	80,000,000
21	2002	93,000,000
22	2003	99,000,000
23	2004	103,000,000
24	2005	108,000,000
25	2006	113,000,000

1	2007	119,000,000
2	2008	126,000,000
3	2009	132,000,000
4	2010	139,000,000
5	2011	146,000,000
6	2012	153,000,000
7	2013	161,000,000
8	2014	170,000,000
9	2015	179,000,000
10	2016	189,000,000
11	2017	199,000,000
12	2018	210,000,000
13	2019	221,000,000
14	2020	233,000,000
15	2021	246,000,000
16	2022	260,000,000
17	2023	275,000,000
18	2024	275,000,000
19	2025	275,000,000
20	2026	279,000,000
21	2027	292,000,000
22	2028	307,000,000
23	2029	322,000,000
24	2030	338,000,000
25	2031	350,000,000
26	2032	350,000,000

1 and
2 each fiscal year
3 thereafter that bonds
4 are outstanding under
5 Section 13.2 of the
6 Metropolitan Pier and
7 Exposition Authority Act,
8 but not after fiscal year 2060.

9 Beginning July 20, 1993 and in each month of each fiscal
10 year thereafter, one-eighth of the amount requested in the
11 certificate of the Chairman of the Metropolitan Pier and
12 Exposition Authority for that fiscal year, less the amount
13 deposited into the McCormick Place Expansion Project Fund by
14 the State Treasurer in the respective month under subsection
15 (g) of Section 13 of the Metropolitan Pier and Exposition
16 Authority Act, plus cumulative deficiencies in the deposits
17 required under this Section for previous months and years,
18 shall be deposited into the McCormick Place Expansion Project
19 Fund, until the full amount requested for the fiscal year, but
20 not in excess of the amount specified above as "Total Deposit",
21 has been deposited.

22 Subject to payment of amounts into the Build Illinois Fund
23 and the McCormick Place Expansion Project Fund pursuant to the
24 preceding paragraphs or in any amendments thereto hereafter
25 enacted, beginning July 1, 1993 and ending on September 30,
26 2013, the Department shall each month pay into the Illinois Tax

1 Increment Fund 0.27% of 80% of the net revenue realized for the
2 preceding month from the 6.25% general rate on the selling
3 price of tangible personal property.

4 Subject to payment of amounts into the Build Illinois Fund
5 and the McCormick Place Expansion Project Fund pursuant to the
6 preceding paragraphs or in any amendments thereto hereafter
7 enacted, beginning with the receipt of the first report of
8 taxes paid by an eligible business and continuing for a 25-year
9 period, the Department shall each month pay into the Energy
10 Infrastructure Fund 80% of the net revenue realized from the
11 6.25% general rate on the selling price of Illinois-mined coal
12 that was sold to an eligible business. For purposes of this
13 paragraph, the term "eligible business" means a new electric
14 generating facility certified pursuant to Section 605-332 of
15 the Department of Commerce and Economic Opportunity Law of the
16 Civil Administrative Code of Illinois.

17 Subject to payment of amounts into the Build Illinois Fund,
18 the McCormick Place Expansion Project Fund, the Illinois Tax
19 Increment Fund, and the Energy Infrastructure Fund pursuant to
20 the preceding paragraphs or in any amendments to this Section
21 hereafter enacted, beginning on the first day of the first
22 calendar month to occur on or after the effective date of this
23 amendatory Act of the 98th General Assembly, each month, from
24 the collections made under Section 9 of the Use Tax Act,
25 Section 9 of the Service Use Tax Act, Section 9 of the Service
26 Occupation Tax Act, and Section 3 of the Retailers' Occupation

1 Tax Act, the Department shall pay into the Tax Compliance and
2 Administration Fund, to be used, subject to appropriation, to
3 fund additional auditors and compliance personnel at the
4 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
5 the cash receipts collected during the preceding fiscal year by
6 the Audit Bureau of the Department under the Use Tax Act, the
7 Service Use Tax Act, the Service Occupation Tax Act, the
8 Retailers' Occupation Tax Act, and associated local occupation
9 and use taxes administered by the Department.

10 Of the remainder of the moneys received by the Department
11 pursuant to this Act, 75% shall be paid into the General
12 Revenue Fund of the State Treasury and 25% shall be reserved in
13 a special account and used only for the transfer to the Common
14 School Fund as part of the monthly transfer from the General
15 Revenue Fund in accordance with Section 8a of the State Finance
16 Act.

17 The Department may, upon separate written notice to a
18 taxpayer, require the taxpayer to prepare and file with the
19 Department on a form prescribed by the Department within not
20 less than 60 days after receipt of the notice an annual
21 information return for the tax year specified in the notice.
22 Such annual return to the Department shall include a statement
23 of gross receipts as shown by the taxpayer's last Federal
24 income tax return. If the total receipts of the business as
25 reported in the Federal income tax return do not agree with the
26 gross receipts reported to the Department of Revenue for the

1 same period, the taxpayer shall attach to his annual return a
2 schedule showing a reconciliation of the 2 amounts and the
3 reasons for the difference. The taxpayer's annual return to the
4 Department shall also disclose the cost of goods sold by the
5 taxpayer during the year covered by such return, opening and
6 closing inventories of such goods for such year, cost of goods
7 used from stock or taken from stock and given away by the
8 taxpayer during such year, pay roll information of the
9 taxpayer's business during such year and any additional
10 reasonable information which the Department deems would be
11 helpful in determining the accuracy of the monthly, quarterly
12 or annual returns filed by such taxpayer as hereinbefore
13 provided for in this Section.

14 If the annual information return required by this Section
15 is not filed when and as required, the taxpayer shall be liable
16 as follows:

17 (i) Until January 1, 1994, the taxpayer shall be liable
18 for a penalty equal to $\frac{1}{6}$ of 1% of the tax due from such
19 taxpayer under this Act during the period to be covered by
20 the annual return for each month or fraction of a month
21 until such return is filed as required, the penalty to be
22 assessed and collected in the same manner as any other
23 penalty provided for in this Act.

24 (ii) On and after January 1, 1994, the taxpayer shall
25 be liable for a penalty as described in Section 3-4 of the
26 Uniform Penalty and Interest Act.

1 The chief executive officer, proprietor, owner or highest
2 ranking manager shall sign the annual return to certify the
3 accuracy of the information contained therein. Any person who
4 willfully signs the annual return containing false or
5 inaccurate information shall be guilty of perjury and punished
6 accordingly. The annual return form prescribed by the
7 Department shall include a warning that the person signing the
8 return may be liable for perjury.

9 The foregoing portion of this Section concerning the filing
10 of an annual information return shall not apply to a serviceman
11 who is not required to file an income tax return with the
12 United States Government.

13 As soon as possible after the first day of each month, upon
14 certification of the Department of Revenue, the Comptroller
15 shall order transferred and the Treasurer shall transfer from
16 the General Revenue Fund to the Motor Fuel Tax Fund an amount
17 equal to 1.7% of 80% of the net revenue realized under this Act
18 for the second preceding month. Beginning April 1, 2000, this
19 transfer is no longer required and shall not be made.

20 Net revenue realized for a month shall be the revenue
21 collected by the State pursuant to this Act, less the amount
22 paid out during that month as refunds to taxpayers for
23 overpayment of liability.

24 For greater simplicity of administration, it shall be
25 permissible for manufacturers, importers and wholesalers whose
26 products are sold by numerous servicemen in Illinois, and who

1 wish to do so, to assume the responsibility for accounting and
2 paying to the Department all tax accruing under this Act with
3 respect to such sales, if the servicemen who are affected do
4 not make written objection to the Department to this
5 arrangement.

6 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
7 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
8 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff.
9 8-19-16.)

10 Section 25. The Retailers' Occupation Tax Act is amended by
11 changing Section 3 as follows:

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 at retail
16 in this State during the preceding calendar month shall file a
17 return with the Department, stating:

18 1. The name of the seller;

19 2. His residence address and the address of his
20 principal place of business and the address of the
21 principal place of business (if that is a different
22 address) from which he engages in the business of selling
23 tangible personal property at retail in this State;

24 3. Total amount of receipts received by him during the

1 preceding calendar month or quarter, as the case may be,
2 from sales of tangible personal property, and from services
3 furnished, by him during such preceding calendar month or
4 quarter;

5 4. Total amount received by him during the preceding
6 calendar month or quarter on charge and time sales of
7 tangible personal property, and from services furnished,
8 by him prior to the month or quarter for which the return
9 is filed;

10 5. Deductions allowed by law;

11 6. Gross receipts which were received by him during the
12 preceding calendar month or quarter and upon the basis of
13 which the tax is imposed;

14 7. The amount of credit provided in Section 2d of this
15 Act;

16 8. The amount of tax due;

17 9. The signature of the taxpayer; and

18 10. Such other reasonable information as the
19 Department may require.

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

24 Each return shall be accompanied by the statement of
25 prepaid tax issued pursuant to Section 2e for which credit is
26 claimed.

1 Prior to October 1, 2003, and on and after September 1,
2 2004 a retailer may accept a Manufacturer's Purchase Credit
3 certification from a purchaser in satisfaction of Use Tax as
4 provided in Section 3-85 of the Use Tax Act if the purchaser
5 provides the appropriate documentation as required by Section
6 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit
7 certification, accepted by a retailer prior to October 1, 2003
8 and on and after September 1, 2004 as provided in Section 3-85
9 of the Use Tax Act, may be used by that retailer to satisfy
10 Retailers' Occupation Tax liability in the amount claimed in
11 the certification, not to exceed 6.25% of the receipts subject
12 to tax from a qualifying purchase. A Manufacturer's Purchase
13 Credit reported on any original or amended return filed under
14 this Act after October 20, 2003 for reporting periods prior to
15 September 1, 2004 shall be disallowed. Manufacturer's
16 Purchaser Credit reported on annual returns due on or after
17 January 1, 2005 will be disallowed for periods prior to
18 September 1, 2004. No Manufacturer's Purchase Credit may be
19 used after September 30, 2003 through August 31, 2004 to
20 satisfy any tax liability imposed under this Act, including any
21 audit liability.

22 The Department may require returns to be filed on a
23 quarterly basis. If so required, a return for each calendar
24 quarter shall be filed on or before the twentieth day of the
25 calendar month following the end of such calendar quarter. The
26 taxpayer shall also file a return with the Department for each

1 of the first two months of each calendar quarter, on or before
2 the twentieth day of the following calendar month, stating:

3 1. The name of the seller;

4 2. The address of the principal place of business from
5 which he engages in the business of selling tangible
6 personal property at retail in this State;

7 3. The total amount of taxable receipts received by him
8 during the preceding calendar month from sales of tangible
9 personal property by him during such preceding calendar
10 month, including receipts from charge and time sales, but
11 less all deductions allowed by law;

12 4. The amount of credit provided in Section 2d of this
13 Act;

14 5. The amount of tax due; and

15 6. Such other reasonable information as the Department
16 may require.

17 Beginning on October 1, 2003, any person who is not a
18 licensed distributor, importing distributor, or manufacturer,
19 as defined in the Liquor Control Act of 1934, but is engaged in
20 the business of selling, at retail, alcoholic liquor shall file
21 a statement with the Department of Revenue, in a format and at
22 a time prescribed by the Department, showing the total amount
23 paid for alcoholic liquor purchased during the preceding month
24 and such other information as is reasonably required by the
25 Department. The Department may adopt rules to require that this
26 statement be filed in an electronic or telephonic format. Such

1 rules may provide for exceptions from the filing requirements
2 of this paragraph. For the purposes of this paragraph, the term
3 "alcoholic liquor" shall have the meaning prescribed in the
4 Liquor Control Act of 1934.

5 Beginning on October 1, 2003, every distributor, importing
6 distributor, and manufacturer of alcoholic liquor as defined in
7 the Liquor Control Act of 1934, shall file a statement with the
8 Department of Revenue, no later than the 10th day of the month
9 for the preceding month during which transactions occurred, by
10 electronic means, showing the total amount of gross receipts
11 from the sale of alcoholic liquor sold or distributed during
12 the preceding month to purchasers; identifying the purchaser to
13 whom it was sold or distributed; the purchaser's tax
14 registration number; and such other information reasonably
15 required by the Department. A distributor, importing
16 distributor, or manufacturer of alcoholic liquor must
17 personally deliver, mail, or provide by electronic means to
18 each retailer listed on the monthly statement a report
19 containing a cumulative total of that distributor's, importing
20 distributor's, or manufacturer's total sales of alcoholic
21 liquor to that retailer no later than the 10th day of the month
22 for the preceding month during which the transaction occurred.
23 The distributor, importing distributor, or manufacturer shall
24 notify the retailer as to the method by which the distributor,
25 importing distributor, or manufacturer will provide the sales
26 information. If the retailer is unable to receive the sales

1 information by electronic means, the distributor, importing
2 distributor, or manufacturer shall furnish the sales
3 information by personal delivery or by mail. For purposes of
4 this paragraph, the term "electronic means" includes, but is
5 not limited to, the use of a secure Internet website, e-mail,
6 or facsimile.

7 If a total amount of less than \$1 is payable, refundable or
8 creditable, such amount shall be disregarded if it is less than
9 50 cents and shall be increased to \$1 if it is 50 cents or more.

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" shall be the sum of

1 the 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 Any amount which is required to be shown or reported on any
25 return or other document under this Act shall, if such amount
26 is not a whole-dollar amount, be increased to the nearest

1 whole-dollar amount in any case where the fractional part of a
2 dollar is 50 cents or more, and decreased to the nearest
3 whole-dollar amount where the fractional part of a dollar is
4 less than 50 cents.

5 If the retailer is otherwise required to file a monthly
6 return and if the retailer's average monthly tax liability to
7 the Department does not exceed \$200, the Department may
8 authorize his returns to be filed on a quarter annual basis,
9 with the return for January, February and March of a given year
10 being due by April 20 of such year; with the return for April,
11 May and June of a given year being due by July 20 of such year;
12 with the return for July, August and September of a given year
13 being due by October 20 of such year, and with the return for
14 October, November and December of a given year being due by
15 January 20 of the following year.

16 If the retailer is otherwise required to file a monthly or
17 quarterly return and if the retailer's average monthly tax
18 liability with the Department does not exceed \$50, the
19 Department may authorize his returns to be filed on an annual
20 basis, with the return for a given year being due by January 20
21 of the following year.

22 Such quarter annual and annual returns, as to form and
23 substance, shall be subject to the same requirements as monthly
24 returns.

25 Notwithstanding any other provision in this Act concerning
26 the time within which a retailer may file his return, in the

1 case of any retailer who ceases to engage in a kind of business
2 which makes him responsible for filing returns under this Act,
3 such retailer shall file a final return under this Act with the
4 Department not more than one month after discontinuing such
5 business.

6 Where the same person has more than one business registered
7 with the Department under separate registrations under this
8 Act, such person may not file each return that is due as a
9 single return covering all such registered businesses, but
10 shall file separate returns for each such registered business.

11 In addition, with respect to motor vehicles, watercraft,
12 aircraft, and trailers that are required to be registered with
13 an agency of this State, every retailer selling this kind of
14 tangible personal property shall file, with the Department,
15 upon a form to be prescribed and supplied by the Department, a
16 separate return for each such item of tangible personal
17 property which the retailer sells, except that if, in the same
18 transaction, (i) a retailer of aircraft, watercraft, motor
19 vehicles or trailers transfers more than one aircraft,
20 watercraft, motor vehicle or trailer to another aircraft,
21 watercraft, motor vehicle retailer or trailer retailer for the
22 purpose of resale or (ii) a retailer of aircraft, watercraft,
23 motor vehicles, or trailers transfers more than one aircraft,
24 watercraft, motor vehicle, or trailer to a purchaser for use as
25 a qualifying rolling stock as provided in Section 2-5 of this
26 Act, then that seller may report the transfer of all aircraft,

1 watercraft, motor vehicles or trailers involved in that
2 transaction to the Department on the same uniform
3 invoice-transaction reporting return form. For purposes of
4 this Section, "watercraft" means a Class 2, Class 3, or Class 4
5 watercraft as defined in Section 3-2 of the Boat Registration
6 and Safety Act, a personal watercraft, or any boat equipped
7 with an inboard motor.

8 Any retailer who sells only motor vehicles, watercraft,
9 aircraft, or trailers that are required to be registered with
10 an agency of this State, so that all retailers' occupation tax
11 liability is required to be reported, and is reported, on such
12 transaction reporting returns and who is not otherwise required
13 to file monthly or quarterly returns, need not file monthly or
14 quarterly returns. However, those retailers shall be required
15 to file returns on an annual basis.

16 The transaction reporting return, in the case of motor
17 vehicles or trailers that are required to be registered with an
18 agency of this State, shall be the same document as the Uniform
19 Invoice referred to in Section 5-402 of The Illinois Vehicle
20 Code and must show the name and address of the seller; the name
21 and address of the purchaser; the amount of the selling price
22 including the amount allowed by the retailer for traded-in
23 property, if any; the amount allowed by the retailer for the
24 traded-in tangible personal property, if any, to the extent to
25 which Section 1 of this Act allows an exemption for the value
26 of traded-in property; the balance payable after deducting such

1 trade-in allowance from the total selling price; the amount of
2 tax due from the retailer with respect to such transaction; the
3 amount of tax collected from the purchaser by the retailer on
4 such transaction (or satisfactory evidence that such tax is not
5 due in that particular instance, if that is claimed to be the
6 fact); the place and date of the sale; a sufficient
7 identification of the property sold; such other information as
8 is required in Section 5-402 of The Illinois Vehicle Code, and
9 such other information as the Department may reasonably
10 require.

11 The transaction reporting return in the case of watercraft
12 or aircraft must show the name and address of the seller; the
13 name and address of the purchaser; the amount of the selling
14 price including the amount allowed by the retailer for
15 traded-in property, if any; the amount allowed by the retailer
16 for the traded-in tangible personal property, if any, to the
17 extent to which Section 1 of this Act allows an exemption for
18 the value of traded-in property; the balance payable after
19 deducting such trade-in allowance from the total selling price;
20 the amount of tax due from the retailer with respect to such
21 transaction; the amount of tax collected from the purchaser by
22 the retailer on such transaction (or satisfactory evidence that
23 such tax is not due in that particular instance, if that is
24 claimed to be the fact); the place and date of the sale, a
25 sufficient identification of the property sold, and such other
26 information as the Department may reasonably require.

1 Such transaction reporting return shall be filed not later
2 than 20 days after the day of delivery of the item that is
3 being sold, but may be filed by the retailer at any time sooner
4 than that if he chooses to do so. The transaction reporting
5 return and tax remittance or proof of exemption from the
6 Illinois use tax may be transmitted to the Department by way of
7 the State agency with which, or State officer with whom the
8 tangible personal property must be titled or registered (if
9 titling or registration is required) if the Department and such
10 agency or State officer determine that this procedure will
11 expedite the processing of applications for title or
12 registration.

13 With each such transaction reporting return, the retailer
14 shall remit the proper amount of tax due (or shall submit
15 satisfactory evidence that the sale is not taxable if that is
16 the case), to the Department or its agents, whereupon the
17 Department shall issue, in the purchaser's name, a use tax
18 receipt (or a certificate of exemption if the Department is
19 satisfied that the particular sale is tax exempt) which such
20 purchaser may submit to the agency with which, or State officer
21 with whom, he must title or register the tangible personal
22 property that is involved (if titling or registration is
23 required) in support of such purchaser's application for an
24 Illinois certificate or other evidence of title or registration
25 to such tangible personal property.

26 No retailer's failure or refusal to remit tax under this

1 Act precludes a user, who has paid the proper tax to the
2 retailer, from obtaining his certificate of title or other
3 evidence of title or registration (if titling or registration
4 is required) upon satisfying the Department that such user has
5 paid the proper tax (if tax is due) to the retailer. The
6 Department shall adopt appropriate rules to carry out the
7 mandate of this paragraph.

8 If the user who would otherwise pay tax to the retailer
9 wants the transaction reporting return filed and the payment of
10 the tax or proof of exemption made to the Department before the
11 retailer is willing to take these actions and such user has not
12 paid the tax to the retailer, such user may certify to the fact
13 of such delay by the retailer and may (upon the Department
14 being satisfied of the truth of such certification) transmit
15 the information required by the transaction reporting return
16 and the remittance for tax or proof of exemption directly to
17 the Department and obtain his tax receipt or exemption
18 determination, in which event the transaction reporting return
19 and tax remittance (if a tax payment was required) shall be
20 credited by the Department to the proper retailer's account
21 with the Department, but without the vendor's ~~2.1% or 1.75%~~
22 discount provided for in this Section being allowed. When the
23 user pays the tax directly to the Department, he shall pay the
24 tax in the same amount and in the same form in which it would be
25 remitted if the tax had been remitted to the Department by the
26 retailer.

1 Refunds made by the seller during the preceding return
2 period to purchasers, on account of tangible personal property
3 returned to the seller, shall be allowed as a deduction under
4 subdivision 5 of his monthly or quarterly return, as the case
5 may be, in case the seller had theretofore included the
6 receipts from the sale of such tangible personal property in a
7 return filed by him and had paid the tax imposed by this Act
8 with respect to such receipts.

9 Where the seller is a corporation, the return filed on
10 behalf of such corporation shall be signed by the president,
11 vice-president, secretary or treasurer or by the properly
12 accredited agent of such corporation.

13 Where the seller is a limited liability company, the return
14 filed on behalf of the limited liability company shall be
15 signed by a manager, member, or properly accredited agent of
16 the limited liability company.

17 Except as provided in this Section, the retailer filing the
18 return under this Section shall, at the time of filing such
19 return, pay to the Department the amount of tax imposed by this
20 Act less the vendor discount amount ~~a discount of 2.1% prior to~~
21 ~~January 1, 1990 and 1.75% on and after January 1, 1990, or \$5~~
22 ~~per calendar year, whichever is greater~~, which is allowed to
23 reimburse the retailer for the expenses incurred in keeping
24 records, preparing and filing returns, remitting the tax and
25 supplying data to the Department on request. On and after
26 January 1, 1990 and prior to January 1, 2018, the vendor

1 discount amount shall be 1.75% or \$5 per calendar year,
2 whichever is greater. On and after January 1, 2018, the vendor
3 discount amount shall be the sum of (i) 1.75% of the first
4 \$1,000 collected during the calendar year and (ii) 1% of the
5 amount of proceeds collected during the calendar year that
6 exceeds \$1,000; however, on and after January 1, 2018, in no
7 event shall the discount allowed to any vendor be less than \$5
8 in any calendar year or more than \$1,500 in any calendar year.

9 Any prepayment made pursuant to Section 2d of this Act shall be
10 included in the amount on which such 2.1% or 1.75% discount is
11 computed. In the case of retailers who report and pay the tax
12 on a transaction by transaction basis, as provided in this
13 Section, such discount shall be taken with each such tax
14 remittance instead of when such retailer files his periodic
15 return. The Department may disallow the discount for retailers
16 whose certificate of registration is revoked at the time the
17 return is filed, but only if the Department's decision to
18 revoke the certificate of registration has become final.

19 Before October 1, 2000, if the taxpayer's average monthly
20 tax liability to the Department under this Act, the Use Tax
21 Act, the Service Occupation Tax Act, and the Service Use Tax
22 Act, excluding any liability for prepaid sales tax to be
23 remitted in accordance with Section 2d of this Act, was \$10,000
24 or more during the preceding 4 complete calendar quarters, he
25 shall file a return with the Department each month by the 20th
26 day of the month next following the month during which such tax

1 liability is incurred and shall make payments to the Department
2 on or before the 7th, 15th, 22nd and last day of the month
3 during which such liability is incurred. On and after October
4 1, 2000, if the taxpayer's average monthly tax liability to the
5 Department under this Act, the Use Tax Act, the Service
6 Occupation Tax Act, and the Service Use Tax Act, excluding any
7 liability for prepaid sales tax to be remitted in accordance
8 with Section 2d of this Act, was \$20,000 or more during the
9 preceding 4 complete calendar quarters, he shall file a return
10 with the Department each month by the 20th day of the month
11 next following the month during which such tax liability is
12 incurred and shall make payment to the Department on or before
13 the 7th, 15th, 22nd and last day of the month during which such
14 liability is incurred. If the month during which such tax
15 liability is incurred began prior to January 1, 1985, each
16 payment shall be in an amount equal to 1/4 of the taxpayer's
17 actual liability for the month or an amount set by the
18 Department not to exceed 1/4 of the average monthly liability
19 of the taxpayer to the Department for the preceding 4 complete
20 calendar quarters (excluding the month of highest liability and
21 the month of lowest liability in such 4 quarter period). If the
22 month during which such tax liability is incurred begins on or
23 after January 1, 1985 and prior to January 1, 1987, each
24 payment shall be in an amount equal to 22.5% of the taxpayer's
25 actual liability for the month or 27.5% of the taxpayer's
26 liability for the same calendar month of the preceding year. If

1 the month during which such tax liability is incurred begins on
2 or after January 1, 1987 and prior to January 1, 1988, each
3 payment shall be in an amount equal to 22.5% of the taxpayer's
4 actual liability for the month or 26.25% of the taxpayer's
5 liability for the same calendar month of the preceding year. If
6 the month during which such tax liability is incurred begins on
7 or after January 1, 1988, and prior to January 1, 1989, or
8 begins on or after January 1, 1996, each payment shall be in an
9 amount equal to 22.5% of the taxpayer's actual liability for
10 the month or 25% of the taxpayer's liability for the same
11 calendar month of the preceding year. If the month during which
12 such tax liability is incurred begins on or after January 1,
13 1989, and prior to January 1, 1996, each payment shall be in an
14 amount equal to 22.5% of the taxpayer's actual liability for
15 the month or 25% of the taxpayer's liability for the same
16 calendar month of the preceding year or 100% of the taxpayer's
17 actual liability for the quarter monthly reporting period. The
18 amount of such quarter monthly payments shall be credited
19 against the final tax liability of the taxpayer's return for
20 that month. Before October 1, 2000, once applicable, the
21 requirement of the making of quarter monthly payments to the
22 Department by taxpayers having an average monthly tax liability
23 of \$10,000 or more as determined in the manner provided above
24 shall continue until such taxpayer's average monthly liability
25 to the Department during the preceding 4 complete calendar
26 quarters (excluding the month of highest liability and the

1 month of lowest liability) is less than \$9,000, or until such
2 taxpayer's average monthly liability to the Department as
3 computed for each calendar quarter of the 4 preceding complete
4 calendar quarter period is less than \$10,000. However, if a
5 taxpayer can show the Department that a substantial change in
6 the taxpayer's business has occurred which causes the taxpayer
7 to anticipate that his average monthly tax liability for the
8 reasonably foreseeable future will fall below the \$10,000
9 threshold stated above, then such taxpayer may petition the
10 Department for a change in such taxpayer's reporting status. On
11 and after October 1, 2000, once applicable, the requirement of
12 the making of quarter monthly payments to the Department by
13 taxpayers having an average monthly tax liability of \$20,000 or
14 more as determined in the manner provided above shall continue
15 until such taxpayer's average monthly liability to the
16 Department during the preceding 4 complete calendar quarters
17 (excluding the month of highest liability and the month of
18 lowest liability) is less than \$19,000 or until such taxpayer's
19 average monthly liability to the Department as computed for
20 each calendar quarter of the 4 preceding complete calendar
21 quarter period is less than \$20,000. However, if a taxpayer can
22 show the Department that a substantial change in the taxpayer's
23 business has occurred which causes the taxpayer to anticipate
24 that his average monthly tax liability for the reasonably
25 foreseeable future will fall below the \$20,000 threshold stated
26 above, then such taxpayer may petition the Department for a

1 change in such taxpayer's reporting status. The Department
2 shall change such taxpayer's reporting status unless it finds
3 that such change is seasonal in nature and not likely to be
4 long term. If any such quarter monthly payment is not paid at
5 the time or in the amount required by this Section, then the
6 taxpayer shall be liable for penalties and interest on the
7 difference between the minimum amount due as a payment and the
8 amount of such quarter monthly payment actually and timely
9 paid, except insofar as the taxpayer has previously made
10 payments for that month to the Department in excess of the
11 minimum payments previously due as provided in this Section.
12 The Department shall make reasonable rules and regulations to
13 govern the quarter monthly payment amount and quarter monthly
14 payment dates for taxpayers who file on other than a calendar
15 monthly basis.

16 The provisions of this paragraph apply before October 1,
17 2001. Without regard to whether a taxpayer is required to make
18 quarter monthly payments as specified above, any taxpayer who
19 is required by Section 2d of this Act to collect and remit
20 prepaid taxes and has collected prepaid taxes which average in
21 excess of \$25,000 per month during the preceding 2 complete
22 calendar quarters, shall file a return with the Department as
23 required by Section 2f and shall make payments to the
24 Department on or before the 7th, 15th, 22nd and last day of the
25 month during which such liability is incurred. If the month
26 during which such tax liability is incurred began prior to

1 September 1, 1985 (the effective date of Public Act 84-221)
2 ~~this amendatory Act of 1985~~, each payment shall be in an amount
3 not less than 22.5% of the taxpayer's actual liability under
4 Section 2d. If the month during which such tax liability is
5 incurred begins on or after January 1, 1986, each payment shall
6 be in an amount equal to 22.5% of the taxpayer's actual
7 liability for the month or 27.5% of the taxpayer's liability
8 for the same calendar month of the preceding calendar year. If
9 the month during which such tax liability is incurred begins on
10 or after January 1, 1987, each payment shall be in an amount
11 equal to 22.5% of the taxpayer's actual liability for the month
12 or 26.25% of the taxpayer's liability for the same calendar
13 month of the preceding year. The amount of such quarter monthly
14 payments shall be credited against the final tax liability of
15 the taxpayer's return for that month filed under this Section
16 or Section 2f, as the case may be. Once applicable, the
17 requirement of the making of quarter monthly payments to the
18 Department pursuant to this paragraph shall continue until such
19 taxpayer's average monthly prepaid tax collections during the
20 preceding 2 complete calendar quarters is \$25,000 or less. If
21 any such quarter monthly payment is not paid at the time or in
22 the amount required, the taxpayer shall be liable for penalties
23 and interest on such difference, except insofar as the taxpayer
24 has previously made payments for that month in excess of the
25 minimum payments previously due.

26 The provisions of this paragraph apply on and after October

1 1, 2001. Without regard to whether a taxpayer is required to
2 make quarter monthly payments as specified above, any taxpayer
3 who is required by Section 2d of this Act to collect and remit
4 prepaid taxes and has collected prepaid taxes that average in
5 excess of \$20,000 per month during the preceding 4 complete
6 calendar quarters shall file a return with the Department as
7 required by Section 2f and shall make payments to the
8 Department on or before the 7th, 15th, 22nd and last day of the
9 month during which the liability is incurred. Each payment
10 shall be in an amount equal to 22.5% of the taxpayer's actual
11 liability for the month or 25% of the taxpayer's liability for
12 the same calendar month of the preceding year. The amount of
13 the quarter monthly payments shall be credited against the
14 final tax liability of the taxpayer's return for that month
15 filed under this Section or Section 2f, as the case may be.
16 Once applicable, the requirement of the making of quarter
17 monthly payments to the Department pursuant to this paragraph
18 shall continue until the taxpayer's average monthly prepaid tax
19 collections during the preceding 4 complete calendar quarters
20 (excluding the month of highest liability and the month of
21 lowest liability) is less than \$19,000 or until such taxpayer's
22 average monthly liability to the Department as computed for
23 each calendar quarter of the 4 preceding complete calendar
24 quarters is less than \$20,000. If any such quarter monthly
25 payment is not paid at the time or in the amount required, the
26 taxpayer shall be liable for penalties and interest on such

1 difference, except insofar as the taxpayer has previously made
2 payments for that month in excess of the minimum payments
3 previously due.

4 If any payment provided for in this Section exceeds the
5 taxpayer's liabilities under this Act, the Use Tax Act, the
6 Service Occupation Tax Act and the Service Use Tax Act, as
7 shown on an original monthly return, the Department shall, if
8 requested by the taxpayer, issue to the taxpayer a credit
9 memorandum no later than 30 days after the date of payment. The
10 credit evidenced by such credit memorandum may be assigned by
11 the taxpayer to a similar taxpayer under this Act, the Use Tax
12 Act, the Service Occupation Tax Act or the Service Use Tax Act,
13 in accordance with reasonable rules and regulations to be
14 prescribed by the Department. If no such request is made, the
15 taxpayer may credit such excess payment against tax liability
16 subsequently to be remitted to the Department under this Act,
17 the Use Tax Act, the Service Occupation Tax Act or the Service
18 Use Tax Act, in accordance with reasonable rules and
19 regulations prescribed by the Department. If the Department
20 subsequently determined that all or any part of the credit
21 taken was not actually due to the taxpayer, the taxpayer's ~~2.1%~~
22 ~~and 1.75%~~ vendor's discount shall be reduced by ~~2.1% or 1.75%~~
23 ~~of~~ the difference between the credit taken and that actually
24 due multiplied by the vendor discount amount, and that taxpayer
25 shall be liable for penalties and interest on such difference.

26 If a retailer of motor fuel is entitled to a credit under

1 Section 2d of this Act which exceeds the taxpayer's liability
2 to the Department under this Act for the month which the
3 taxpayer is filing a return, the Department shall issue the
4 taxpayer a credit memorandum for the excess.

5 Beginning January 1, 1990, each month the Department shall
6 pay into the Local Government Tax Fund, a special fund in the
7 State treasury which is hereby created, the net revenue
8 realized for the preceding month from the 1% tax on sales of
9 food for human consumption which is to be consumed off the
10 premises where it is sold (other than alcoholic beverages, soft
11 drinks and food which has been prepared for immediate
12 consumption) and prescription and nonprescription medicines,
13 drugs, medical appliances, products classified as Class III
14 medical devices by the United States Food and Drug
15 Administration that are used for cancer treatment pursuant to a
16 prescription, as well as any accessories and components related
17 to those devices, and insulin, urine testing materials,
18 syringes and needles used by diabetics.

19 Beginning January 1, 1990, each month the Department shall
20 pay into the County and Mass Transit District Fund, a special
21 fund in the State treasury which is hereby created, 4% of the
22 net revenue realized for the preceding month from the 6.25%
23 general rate.

24 Beginning August 1, 2000, each month the Department shall
25 pay into the County and Mass Transit District Fund 20% of the
26 net revenue realized for the preceding month from the 1.25%

1 rate on the selling price of motor fuel and gasohol. Beginning
2 September 1, 2010, each month the Department shall pay into the
3 County and Mass Transit District Fund 20% of the net revenue
4 realized for the preceding month from the 1.25% rate on the
5 selling price of sales tax holiday items.

6 Beginning January 1, 1990, each month the Department shall
7 pay into the Local Government Tax Fund 16% of the net revenue
8 realized for the preceding month from the 6.25% general rate on
9 the selling price of tangible personal property.

10 Beginning August 1, 2000, each month the Department shall
11 pay into the Local Government Tax Fund 80% of the net revenue
12 realized for the preceding month from the 1.25% rate on the
13 selling price of motor fuel and gasohol. Beginning September 1,
14 2010, each month the Department shall pay into the Local
15 Government Tax Fund 80% of the net revenue realized for the
16 preceding month from the 1.25% rate on the selling price of
17 sales tax holiday items.

18 Beginning October 1, 2009, each month the Department shall
19 pay into the Capital Projects Fund an amount that is equal to
20 an amount estimated by the Department to represent 80% of the
21 net revenue realized for the preceding month from the sale of
22 candy, grooming and hygiene products, and soft drinks that had
23 been taxed at a rate of 1% prior to September 1, 2009 but that
24 are now taxed at 6.25%.

25 Beginning July 1, 2011, each month the Department shall pay
26 into the Clean Air Act Permit Fund 80% of the net revenue

1 realized for the preceding month from the 6.25% general rate on
2 the selling price of sorbents used in Illinois in the process
3 of sorbent injection as used to comply with the Environmental
4 Protection Act or the federal Clean Air Act, but the total
5 payment into the Clean Air Act Permit Fund under this Act and
6 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

7 Beginning July 1, 2013, each month the Department shall pay
8 into the Underground Storage Tank Fund from the proceeds
9 collected under this Act, the Use Tax Act, the Service Use Tax
10 Act, and the Service Occupation Tax Act an amount equal to the
11 average monthly deficit in the Underground Storage Tank Fund
12 during the prior year, as certified annually by the Illinois
13 Environmental Protection Agency, but the total payment into the
14 Underground Storage Tank Fund under this Act, the Use Tax Act,
15 the Service Use Tax Act, and the Service Occupation Tax Act
16 shall not exceed \$18,000,000 in any State fiscal year. As used
17 in this paragraph, the "average monthly deficit" shall be equal
18 to the difference between the average monthly claims for
19 payment by the fund and the average monthly revenues deposited
20 into the fund, excluding payments made pursuant to this
21 paragraph.

22 Beginning July 1, 2015, of the remainder of the moneys
23 received by the Department under the Use Tax Act, the Service
24 Use Tax Act, the Service Occupation Tax Act, and this Act, each
25 month the Department shall deposit \$500,000 into the State
26 Crime Laboratory Fund.

1 Of the remainder of the moneys received by the Department
2 pursuant to this Act, (a) 1.75% thereof shall be paid into the
3 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
4 and after July 1, 1989, 3.8% thereof shall be paid into the
5 Build Illinois Fund; provided, however, that if in any fiscal
6 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
7 may be, of the moneys received by the Department and required
8 to be paid into the Build Illinois Fund pursuant to this Act,
9 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
10 Act, and Section 9 of the Service Occupation Tax Act, such Acts
11 being hereinafter called the "Tax Acts" and such aggregate of
12 2.2% or 3.8%, as the case may be, of moneys being hereinafter
13 called the "Tax Act Amount", and (2) the amount transferred to
14 the Build Illinois Fund from the State and Local Sales Tax
15 Reform Fund shall be less than the Annual Specified Amount (as
16 hereinafter defined), an amount equal to the difference shall
17 be immediately paid into the Build Illinois Fund from other
18 moneys received by the Department pursuant to the Tax Acts; the
19 "Annual Specified Amount" means the amounts specified below for
20 fiscal years 1986 through 1993:

21	Fiscal Year	Annual Specified Amount
22	1986	\$54,800,000
23	1987	\$76,650,000
24	1988	\$80,480,000
25	1989	\$88,510,000
26	1990	\$115,330,000

1	1991	\$145,470,000
2	1992	\$182,730,000
3	1993	\$206,520,000;

4 and means the Certified Annual Debt Service Requirement (as
5 defined in Section 13 of the Build Illinois Bond Act) or the
6 Tax Act Amount, whichever is greater, for fiscal year 1994 and
7 each fiscal year thereafter; and further provided, that if on
8 the last business day of any month the sum of (1) the Tax Act
9 Amount required to be deposited into the Build Illinois Bond
10 Account in the Build Illinois Fund during such month and (2)
11 the amount transferred to the Build Illinois Fund from the
12 State and Local Sales Tax Reform Fund shall have been less than
13 1/12 of the Annual Specified Amount, an amount equal to the
14 difference shall be immediately paid into the Build Illinois
15 Fund from other moneys received by the Department pursuant to
16 the Tax Acts; and, further provided, that in no event shall the
17 payments required under the preceding proviso result in
18 aggregate payments into the Build Illinois Fund pursuant to
19 this clause (b) for any fiscal year in excess of the greater of
20 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
21 such fiscal year. The amounts payable into the Build Illinois
22 Fund under clause (b) of the first sentence in this paragraph
23 shall be payable only until such time as the aggregate amount
24 on deposit under each trust indenture securing Bonds issued and
25 outstanding pursuant to the Build Illinois Bond Act is
26 sufficient, taking into account any future investment income,

1 to fully provide, in accordance with such indenture, for the
2 defeasance of or the payment of the principal of, premium, if
3 any, and interest on the Bonds secured by such indenture and on
4 any Bonds expected to be issued thereafter and all fees and
5 costs payable with respect thereto, all as certified by the
6 Director of the Bureau of the Budget (now Governor's Office of
7 Management and Budget). If on the last business day of any
8 month in which Bonds are outstanding pursuant to the Build
9 Illinois Bond Act, the aggregate of moneys deposited in the
10 Build Illinois Bond Account in the Build Illinois Fund in such
11 month shall be less than the amount required to be transferred
12 in such month from the Build Illinois Bond Account to the Build
13 Illinois Bond Retirement and Interest Fund pursuant to Section
14 13 of the Build Illinois Bond Act, an amount equal to such
15 deficiency shall be immediately paid from other moneys received
16 by the Department pursuant to the Tax Acts to the Build
17 Illinois Fund; provided, however, that any amounts paid to the
18 Build Illinois Fund in any fiscal year pursuant to this
19 sentence shall be deemed to constitute payments pursuant to
20 clause (b) of the first sentence of this paragraph and shall
21 reduce the amount otherwise payable for such fiscal year
22 pursuant to that clause (b). The moneys received by the
23 Department pursuant to this Act and required to be deposited
24 into the Build Illinois Fund are subject to the pledge, claim
25 and charge set forth in Section 12 of the Build Illinois Bond
26 Act.

1 Subject to payment of amounts into the Build Illinois Fund
 2 as provided in the preceding paragraph or in any amendment
 3 thereto hereafter enacted, the following specified monthly
 4 installment of the amount requested in the certificate of the
 5 Chairman of the Metropolitan Pier and Exposition Authority
 6 provided under Section 8.25f of the State Finance Act, but not
 7 in excess of sums designated as "Total Deposit", shall be
 8 deposited in the aggregate from collections under Section 9 of
 9 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 10 9 of the Service Occupation Tax Act, and Section 3 of the
 11 Retailers' Occupation Tax Act into the McCormick Place
 12 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
14	1993	\$0
15	1994	53,000,000
16	1995	58,000,000
17	1996	61,000,000
18	1997	64,000,000
19	1998	68,000,000
20	1999	71,000,000
21	2000	75,000,000
22	2001	80,000,000
23	2002	93,000,000
24	2003	99,000,000
25	2004	103,000,000

1	2005	108,000,000
2	2006	113,000,000
3	2007	119,000,000
4	2008	126,000,000
5	2009	132,000,000
6	2010	139,000,000
7	2011	146,000,000
8	2012	153,000,000
9	2013	161,000,000
10	2014	170,000,000
11	2015	179,000,000
12	2016	189,000,000
13	2017	199,000,000
14	2018	210,000,000
15	2019	221,000,000
16	2020	233,000,000
17	2021	246,000,000
18	2022	260,000,000
19	2023	275,000,000
20	2024	275,000,000
21	2025	275,000,000
22	2026	279,000,000
23	2027	292,000,000
24	2028	307,000,000
25	2029	322,000,000
26	2030	338,000,000

1 2031 350,000,000

2 2032 350,000,000

3 and

4 each fiscal year

5 thereafter that bonds

6 are outstanding under

7 Section 13.2 of the

8 Metropolitan Pier and

9 Exposition Authority Act,

10 but not after fiscal year 2060.

11 Beginning July 20, 1993 and in each month of each fiscal
12 year thereafter, one-eighth of the amount requested in the
13 certificate of the Chairman of the Metropolitan Pier and
14 Exposition Authority for that fiscal year, less the amount
15 deposited into the McCormick Place Expansion Project Fund by
16 the State Treasurer in the respective month under subsection
17 (g) of Section 13 of the Metropolitan Pier and Exposition
18 Authority Act, plus cumulative deficiencies in the deposits
19 required under this Section for previous months and years,
20 shall be deposited into the McCormick Place Expansion Project
21 Fund, until the full amount requested for the fiscal year, but
22 not in excess of the amount specified above as "Total Deposit",
23 has been deposited.

24 Subject to payment of amounts into the Build Illinois Fund
25 and the McCormick Place Expansion Project Fund pursuant to the
26 preceding paragraphs or in any amendments thereto hereafter

1 enacted, beginning July 1, 1993 and ending on September 30,
2 2013, the Department shall each month pay into the Illinois Tax
3 Increment Fund 0.27% of 80% of the net revenue realized for the
4 preceding month from the 6.25% general rate on the selling
5 price of tangible personal property.

6 Subject to payment of amounts into the Build Illinois Fund
7 and the McCormick Place Expansion Project Fund pursuant to the
8 preceding paragraphs or in any amendments thereto hereafter
9 enacted, beginning with the receipt of the first report of
10 taxes paid by an eligible business and continuing for a 25-year
11 period, the Department shall each month pay into the Energy
12 Infrastructure Fund 80% of the net revenue realized from the
13 6.25% general rate on the selling price of Illinois-mined coal
14 that was sold to an eligible business. For purposes of this
15 paragraph, the term "eligible business" means a new electric
16 generating facility certified pursuant to Section 605-332 of
17 the Department of Commerce and Economic Opportunity Law of the
18 Civil Administrative Code of Illinois.

19 Subject to payment of amounts into the Build Illinois Fund,
20 the McCormick Place Expansion Project Fund, the Illinois Tax
21 Increment Fund, and the Energy Infrastructure Fund pursuant to
22 the preceding paragraphs or in any amendments to this Section
23 hereafter enacted, beginning on the first day of the first
24 calendar month to occur on or after August 26, 2014 (the
25 effective date of Public Act 98-1098) ~~this amendatory Act of~~
26 ~~the 98th General Assembly~~, each month, from the collections

1 made under Section 9 of the Use Tax Act, Section 9 of the
2 Service Use Tax Act, Section 9 of the Service Occupation Tax
3 Act, and Section 3 of the Retailers' Occupation Tax Act, the
4 Department shall pay into the Tax Compliance and Administration
5 Fund, to be used, subject to appropriation, to fund additional
6 auditors and compliance personnel at the Department of Revenue,
7 an amount equal to 1/12 of 5% of 80% of the cash receipts
8 collected during the preceding fiscal year by the Audit Bureau
9 of the Department under the Use Tax Act, the Service Use Tax
10 Act, the Service Occupation Tax Act, the Retailers' Occupation
11 Tax Act, and associated local occupation and use taxes
12 administered by the Department.

13 Of the remainder of the moneys received by the Department
14 pursuant to this Act, 75% thereof shall be paid into the State
15 Treasury and 25% shall be reserved in a special account and
16 used only for the transfer to the Common School Fund as part of
17 the monthly transfer from the General Revenue Fund in
18 accordance with Section 8a of the State Finance Act.

19 The Department may, upon separate written notice to a
20 taxpayer, require the taxpayer to prepare and file with the
21 Department on a form prescribed by the Department within not
22 less than 60 days after receipt of the notice an annual
23 information return for the tax year specified in the notice.
24 Such annual return to the Department shall include a statement
25 of gross receipts as shown by the retailer's last Federal
26 income tax return. If the total receipts of the business as

1 reported in the Federal income tax return do not agree with the
2 gross receipts reported to the Department of Revenue for the
3 same period, the retailer shall attach to his annual return a
4 schedule showing a reconciliation of the 2 amounts and the
5 reasons for the difference. The retailer's annual return to the
6 Department shall also disclose the cost of goods sold by the
7 retailer during the year covered by such return, opening and
8 closing inventories of such goods for such year, costs of goods
9 used from stock or taken from stock and given away by the
10 retailer during such year, payroll information of the
11 retailer's business during such year and any additional
12 reasonable information which the Department deems would be
13 helpful in determining the accuracy of the monthly, quarterly
14 or annual returns filed by such retailer as provided for in
15 this Section.

16 If the annual information return required by this Section
17 is not filed when and as required, the taxpayer shall be liable
18 as follows:

19 (i) Until January 1, 1994, the taxpayer shall be liable
20 for a penalty equal to $\frac{1}{6}$ of 1% of the tax due from such
21 taxpayer under this Act during the period to be covered by
22 the annual return for each month or fraction of a month
23 until such return is filed as required, the penalty to be
24 assessed and collected in the same manner as any other
25 penalty provided for in this Act.

26 (ii) On and after January 1, 1994, the taxpayer shall

1 be liable for a penalty as described in Section 3-4 of the
2 Uniform Penalty and Interest Act.

3 The chief executive officer, proprietor, owner or highest
4 ranking manager shall sign the annual return to certify the
5 accuracy of the information contained therein. Any person who
6 willfully signs the annual return containing false or
7 inaccurate information shall be guilty of perjury and punished
8 accordingly. The annual return form prescribed by the
9 Department shall include a warning that the person signing the
10 return may be liable for perjury.

11 The provisions of this Section concerning the filing of an
12 annual information return do not apply to a retailer who is not
13 required to file an income tax return with the United States
14 Government.

15 As soon as possible after the first day of each month, upon
16 certification of the Department of Revenue, the Comptroller
17 shall order transferred and the Treasurer shall transfer from
18 the General Revenue Fund to the Motor Fuel Tax Fund an amount
19 equal to 1.7% of 80% of the net revenue realized under this Act
20 for the second preceding month. Beginning April 1, 2000, this
21 transfer is no longer required and shall not be made.

22 Net revenue realized for a month shall be the revenue
23 collected by the State pursuant to this Act, less the amount
24 paid out during that month as refunds to taxpayers for
25 overpayment of liability.

26 For greater simplicity of administration, manufacturers,

1 importers and wholesalers whose products are sold at retail in
2 Illinois by numerous retailers, and who wish to do so, may
3 assume the responsibility for accounting and paying to the
4 Department all tax accruing under this Act with respect to such
5 sales, if the retailers who are affected do not make written
6 objection to the Department to this arrangement.

7 Any person who promotes, organizes, provides retail
8 selling space for concessionaires or other types of sellers at
9 the Illinois State Fair, DuQuoin State Fair, county fairs,
10 local fairs, art shows, flea markets and similar exhibitions or
11 events, including any transient merchant as defined by Section
12 2 of the Transient Merchant Act of 1987, is required to file a
13 report with the Department providing the name of the merchant's
14 business, the name of the person or persons engaged in
15 merchant's business, the permanent address and Illinois
16 Retailers Occupation Tax Registration Number of the merchant,
17 the dates and location of the event and other reasonable
18 information that the Department may require. The report must be
19 filed not later than the 20th day of the month next following
20 the month during which the event with retail sales was held.
21 Any person who fails to file a report required by this Section
22 commits a business offense and is subject to a fine not to
23 exceed \$250.

24 Any person engaged in the business of selling tangible
25 personal property at retail as a concessionaire or other type
26 of seller at the Illinois State Fair, county fairs, art shows,

1 flea markets and similar exhibitions or events, or any
2 transient merchants, as defined by Section 2 of the Transient
3 Merchant Act of 1987, may be required to make a daily report of
4 the amount of such sales to the Department and to make a daily
5 payment of the full amount of tax due. The Department shall
6 impose this requirement when it finds that there is a
7 significant risk of loss of revenue to the State at such an
8 exhibition or event. Such a finding shall be based on evidence
9 that a substantial number of concessionaires or other sellers
10 who are not residents of Illinois will be engaging in the
11 business of selling tangible personal property at retail at the
12 exhibition or event, or other evidence of a significant risk of
13 loss of revenue to the State. The Department shall notify
14 concessionaires and other sellers affected by the imposition of
15 this requirement. In the absence of notification by the
16 Department, the concessionaires and other sellers shall file
17 their returns as otherwise required in this Section.

18 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
19 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
20 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
21 eff. 1-27-17; revised 2-3-17.)

22 Section 30. The Cigarette Tax Act is amended by changing
23 Section 2 as follows:

24 (35 ILCS 130/2) (from Ch. 120, par. 453.2)

1 Sec. 2. Tax imposed; rate; collection, payment, and
2 distribution; discount.

3 (a) A tax is imposed upon any person engaged in business as
4 a retailer of cigarettes in this State at the rate of 5 1/2
5 mills per cigarette sold, or otherwise disposed of in the
6 course of such business in this State. In addition to any other
7 tax imposed by this Act, a tax is imposed upon any person
8 engaged in business as a retailer of cigarettes in this State
9 at a rate of 1/2 mill per cigarette sold or otherwise disposed
10 of in the course of such business in this State on and after
11 January 1, 1947, and shall be paid into the Metropolitan Fair
12 and Exposition Authority Reconstruction Fund or as otherwise
13 provided in Section 29. On and after December 1, 1985, in
14 addition to any other tax imposed by this Act, a tax is imposed
15 upon any person engaged in business as a retailer of cigarettes
16 in this State at a rate of 4 mills per cigarette sold or
17 otherwise disposed of in the course of such business in this
18 State. Of the additional tax imposed by this amendatory Act of
19 1985, \$9,000,000 of the moneys received by the Department of
20 Revenue pursuant to this Act shall be paid each month into the
21 Common School Fund. On and after the effective date of this
22 amendatory Act of 1989, in addition to any other tax imposed by
23 this Act, a tax is imposed upon any person engaged in business
24 as a retailer of cigarettes at the rate of 5 mills per
25 cigarette sold or otherwise disposed of in the course of such
26 business in this State. On and after the effective date of this

1 amendatory Act of 1993, in addition to any other tax imposed by
2 this Act, a tax is imposed upon any person engaged in business
3 as a retailer of cigarettes at the rate of 7 mills per
4 cigarette sold or otherwise disposed of in the course of such
5 business in this State. On and after December 15, 1997, in
6 addition to any other tax imposed by this Act, a tax is imposed
7 upon any person engaged in business as a retailer of cigarettes
8 at the rate of 7 mills per cigarette sold or otherwise disposed
9 of in the course of such business of this State. All of the
10 moneys received by the Department of Revenue pursuant to this
11 Act and the Cigarette Use Tax Act from the additional taxes
12 imposed by this amendatory Act of 1997, shall be paid each
13 month into the Common School Fund. On and after July 1, 2002,
14 in addition to any other tax imposed by this Act, a tax is
15 imposed upon any person engaged in business as a retailer of
16 cigarettes at the rate of 20.0 mills per cigarette sold or
17 otherwise disposed of in the course of such business in this
18 State. Beginning on June 24, 2012, in addition to any other tax
19 imposed by this Act, a tax is imposed upon any person engaged
20 in business as a retailer of cigarettes at the rate of 50 mills
21 per cigarette sold or otherwise disposed of in the course of
22 such business in this State. All moneys received by the
23 Department of Revenue under this Act and the Cigarette Use Tax
24 Act from the additional taxes imposed by this amendatory Act of
25 the 97th General Assembly shall be paid each month into the
26 Healthcare Provider Relief Fund. The payment of such taxes

1 shall be evidenced by a stamp affixed to each original package
2 of cigarettes, or an authorized substitute for such stamp
3 imprinted on each original package of such cigarettes
4 underneath the sealed transparent outside wrapper of such
5 original package, as hereinafter provided. However, such taxes
6 are not imposed upon any activity in such business in
7 interstate commerce or otherwise, which activity may not under
8 the Constitution and statutes of the United States be made the
9 subject of taxation by this State.

10 Beginning on the effective date of this amendatory Act of
11 the 92nd General Assembly and through June 30, 2006, all of the
12 moneys received by the Department of Revenue pursuant to this
13 Act and the Cigarette Use Tax Act, other than the moneys that
14 are dedicated to the Common School Fund, shall be distributed
15 each month as follows: first, there shall be paid into the
16 General Revenue Fund an amount which, when added to the amount
17 paid into the Common School Fund for that month, equals
18 \$33,300,000, except that in the month of August of 2004, this
19 amount shall equal \$83,300,000; then, from the moneys
20 remaining, if any amounts required to be paid into the General
21 Revenue Fund in previous months remain unpaid, those amounts
22 shall be paid into the General Revenue Fund; then, beginning on
23 April 1, 2003, from the moneys remaining, \$5,000,000 per month
24 shall be paid into the School Infrastructure Fund; then, if any
25 amounts required to be paid into the School Infrastructure Fund
26 in previous months remain unpaid, those amounts shall be paid

1 into the School Infrastructure Fund; then the moneys remaining,
2 if any, shall be paid into the Long-Term Care Provider Fund. To
3 the extent that more than \$25,000,000 has been paid into the
4 General Revenue Fund and Common School Fund per month for the
5 period of July 1, 1993 through the effective date of this
6 amendatory Act of 1994 from combined receipts of the Cigarette
7 Tax Act and the Cigarette Use Tax Act, notwithstanding the
8 distribution provided in this Section, the Department of
9 Revenue is hereby directed to adjust the distribution provided
10 in this Section to increase the next monthly payments to the
11 Long Term Care Provider Fund by the amount paid to the General
12 Revenue Fund and Common School Fund in excess of \$25,000,000
13 per month and to decrease the next monthly payments to the
14 General Revenue Fund and Common School Fund by that same excess
15 amount.

16 Beginning on July 1, 2006, all of the moneys received by
17 the Department of Revenue pursuant to this Act and the
18 Cigarette Use Tax Act, other than the moneys that are dedicated
19 to the Common School Fund and, beginning on the effective date
20 of this amendatory Act of the 97th General Assembly, other than
21 the moneys from the additional taxes imposed by this amendatory
22 Act of the 97th General Assembly that must be paid each month
23 into the Healthcare Provider Relief Fund, shall be distributed
24 each month as follows: first, there shall be paid into the
25 General Revenue Fund an amount that, when added to the amount
26 paid into the Common School Fund for that month, equals

1 \$29,200,000; then, from the moneys remaining, if any amounts
2 required to be paid into the General Revenue Fund in previous
3 months remain unpaid, those amounts shall be paid into the
4 General Revenue Fund; then from the moneys remaining,
5 \$5,000,000 per month shall be paid into the School
6 Infrastructure Fund; then, if any amounts required to be paid
7 into the School Infrastructure Fund in previous months remain
8 unpaid, those amounts shall be paid into the School
9 Infrastructure Fund; then the moneys remaining, if any, shall
10 be paid into the Long-Term Care Provider Fund.

11 Moneys collected from the tax imposed on little cigars
12 under Section 10-10 of the Tobacco Products Tax Act of 1995
13 shall be included with the moneys collected under the Cigarette
14 Tax Act and the Cigarette Use Tax Act when making distributions
15 to the Common School Fund, the Healthcare Provider Relief Fund,
16 the General Revenue Fund, the School Infrastructure Fund, and
17 the Long-Term Care Provider Fund under this Section.

18 When any tax imposed herein terminates or has terminated,
19 distributors who have bought stamps while such tax was in
20 effect and who therefore paid such tax, but who can show, to
21 the Department's satisfaction, that they sold the cigarettes to
22 which they affixed such stamps after such tax had terminated
23 and did not recover the tax or its equivalent from purchasers,
24 shall be allowed by the Department to take credit for such
25 absorbed tax against subsequent tax stamp purchases from the
26 Department by such distributor.

1 The impact of the tax levied by this Act is imposed upon
2 the retailer and shall be prepaid or pre-collected by the
3 distributor for the purpose of convenience and facility only,
4 and the amount of the tax shall be added to the price of the
5 cigarettes sold by such distributor. Collection of the tax
6 shall be evidenced by a stamp or stamps affixed to each
7 original package of cigarettes, as hereinafter provided.

8 Each distributor shall collect the tax from the retailer at
9 or before the time of the sale, shall affix the stamps as
10 hereinafter required, and shall remit the tax collected from
11 retailers to the Department, as hereinafter provided. Any
12 distributor who fails to properly collect and pay the tax
13 imposed by this Act shall be liable for the tax. Any
14 distributor having cigarettes to which stamps have been affixed
15 in his possession for sale on the effective date of this
16 amendatory Act of 1989 shall not be required to pay the
17 additional tax imposed by this amendatory Act of 1989 on such
18 stamped cigarettes. Any distributor having cigarettes to which
19 stamps have been affixed in his or her possession for sale at
20 12:01 a.m. on the effective date of this amendatory Act of
21 1993, is required to pay the additional tax imposed by this
22 amendatory Act of 1993 on such stamped cigarettes. This
23 payment, less the discount provided in subsection (b), shall be
24 due when the distributor first makes a purchase of cigarette
25 tax stamps after the effective date of this amendatory Act of
26 1993, or on the first due date of a return under this Act after

1 the effective date of this amendatory Act of 1993, whichever
2 occurs first. Any distributor having cigarettes to which stamps
3 have been affixed in his possession for sale on December 15,
4 1997 shall not be required to pay the additional tax imposed by
5 this amendatory Act of 1997 on such stamped cigarettes.

6 Any distributor having cigarettes to which stamps have been
7 affixed in his or her possession for sale on July 1, 2002 shall
8 not be required to pay the additional tax imposed by this
9 amendatory Act of the 92nd General Assembly on those stamped
10 cigarettes.

11 Any retailer having cigarettes in his or her possession on
12 June 24, 2012 to which tax stamps have been affixed is not
13 required to pay the additional tax that begins on June 24, 2012
14 imposed by this amendatory Act of the 97th General Assembly on
15 those stamped cigarettes. Any distributor having cigarettes in
16 his or her possession on June 24, 2012 to which tax stamps have
17 been affixed, and any distributor having stamps in his or her
18 possession on June 24, 2012 that have not been affixed to
19 packages of cigarettes before June 24, 2012, is required to pay
20 the additional tax that begins on June 24, 2012 imposed by this
21 amendatory Act of the 97th General Assembly to the extent the
22 calendar year 2012 average monthly volume of cigarette stamps
23 in the distributor's possession exceeds the average monthly
24 volume of cigarette stamps purchased by the distributor in
25 calendar year 2011. This payment, less the discount provided in
26 subsection (b), is due when the distributor first makes a

1 purchase of cigarette stamps on or after June 24, 2012 or on
2 the first due date of a return under this Act occurring on or
3 after June 24, 2012, whichever occurs first. Those distributors
4 may elect to pay the additional tax on packages of cigarettes
5 to which stamps have been affixed and on any stamps in the
6 distributor's possession that have not been affixed to packages
7 of cigarettes over a period not to exceed 12 months from the
8 due date of the additional tax by notifying the Department in
9 writing. The first payment for distributors making such
10 election is due when the distributor first makes a purchase of
11 cigarette tax stamps on or after June 24, 2012 or on the first
12 due date of a return under this Act occurring on or after June
13 24, 2012, whichever occurs first. Distributors making such an
14 election are not entitled to take the discount provided in
15 subsection (b) on such payments.

16 Distributors making sales of cigarettes to secondary
17 distributors shall add the amount of the tax to the price of
18 the cigarettes sold by the distributors. Secondary
19 distributors making sales of cigarettes to retailers shall
20 include the amount of the tax in the price of the cigarettes
21 sold to retailers. The amount of tax shall not be less than the
22 amount of taxes imposed by the State and all local
23 jurisdictions. The amount of local taxes shall be calculated
24 based on the location of the retailer's place of business shown
25 on the retailer's certificate of registration or
26 sub-registration issued to the retailer pursuant to Section 2a

1 of the Retailers' Occupation Tax Act. The original packages of
2 cigarettes sold to the retailer shall bear all the required
3 stamps, or other indicia, for the taxes included in the price
4 of cigarettes.

5 The amount of the Cigarette Tax imposed by this Act shall
6 be separately stated, apart from the price of the goods, by
7 distributors, manufacturer representatives, secondary
8 distributors, and retailers, in all bills and sales invoices.

9 (b) The distributor shall be required to collect the taxes
10 provided under paragraph (a) hereof, and, to cover the costs of
11 such collection, shall be allowed a discount during any year
12 commencing July 1st and ending the following June 30th in
13 accordance with the schedule set out hereinbelow, which
14 discount shall be allowed at the time of purchase of the stamps
15 when purchase is required by this Act, or at the time when the
16 tax is remitted to the Department without the purchase of
17 stamps from the Department when that method of paying the tax
18 is required or authorized by this Act. Prior to December 1,
19 1985, a discount equal to $1 \frac{2}{3}\%$ of the amount of the tax up to
20 and including the first \$700,000 paid hereunder by such
21 distributor to the Department during any such year; $1 \frac{1}{3}\%$ of
22 the next \$700,000 of tax or any part thereof, paid hereunder by
23 such distributor to the Department during any such year; 1% of
24 the next \$700,000 of tax, or any part thereof, paid hereunder
25 by such distributor to the Department during any such year, and
26 $\frac{2}{3}$ of 1% of the amount of any additional tax paid hereunder by

1 such distributor to the Department during any such year shall
2 apply. On and after December 1, 1985, a discount ~~equal to 1.75%~~
3 ~~of the amount of the tax payable under this Act up to and~~
4 ~~including the first \$3,000,000 paid hereunder by such~~
5 ~~distributor to the Department during any such year and 1.5% of~~
6 ~~the amount of any additional tax paid hereunder by such~~
7 ~~distributor to the Department during any such year~~ shall apply.
8 On and after December 1, 1985 and until January 1, 2018, the
9 discount amount shall be 1.75% of the amount of the tax payable
10 under this Act up to and including the first \$3,000,000 paid
11 hereunder by such distributor to the Department during any such
12 year and 1.5% of the amount of any additional tax paid
13 hereunder by such distributor to the Department during any the
14 year. On and after January 1, 2018, the discount amount shall
15 be the sum of (i) 1.75% of the first \$1,000 of the tax payable
16 under this Act during the calendar year and (ii) 1% of the
17 amount of the tax payable under this Act during the calendar
18 year that exceeds \$1,000; however, on and after January 1,
19 2018, in no event shall the discount allowed to any distributor
20 be less than \$5 in any calendar year or more than \$1,500 in any
21 calendar year.

22 Two or more distributors that use a common means of
23 affixing revenue tax stamps or that are owned or controlled by
24 the same interests shall be treated as a single distributor for
25 the purpose of computing the discount.

26 (c) The taxes herein imposed are in addition to all other

1 occupation or privilege taxes imposed by the State of Illinois,
2 or by any political subdivision thereof, or by any municipal
3 corporation.

4 (Source: P.A. 97-587, eff. 8-26-11; 97-688, eff. 6-14-12;
5 98-273, eff. 8-9-13.)

6 Section 35. The Cigarette Use Tax Act is amended by
7 changing Section 3 as follows:

8 (35 ILCS 135/3) (from Ch. 120, par. 453.33)

9 Sec. 3. Stamp payment. The tax hereby imposed shall be
10 collected by a distributor maintaining a place of business in
11 this State or a distributor authorized by the Department
12 pursuant to Section 7 hereof to collect the tax, and the amount
13 of the tax shall be added to the price of the cigarettes sold
14 by such distributor. Collection of the tax shall be evidenced
15 by a stamp or stamps affixed to each original package of
16 cigarettes or by an authorized substitute for such stamp
17 imprinted on each original package of such cigarettes
18 underneath the sealed transparent outside wrapper of such
19 original package, except as hereinafter provided. Each
20 distributor who is required or authorized to collect the tax
21 herein imposed, before delivering or causing to be delivered
22 any original packages of cigarettes in this State to any
23 purchaser, shall firmly affix a proper stamp or stamps to each
24 such package, or (in the case of manufacturers of cigarettes in

1 original packages which are contained inside a sealed
2 transparent wrapper) shall imprint the required language on the
3 original package of cigarettes beneath such outside wrapper as
4 hereinafter provided. Such stamp or stamps need not be affixed
5 to the original package of any cigarettes with respect to which
6 the distributor is required to affix a like stamp or stamps by
7 virtue of the Cigarette Tax Act, however, and no tax imprint
8 need be placed underneath the sealed transparent wrapper of an
9 original package of cigarettes with respect to which the
10 distributor is required or authorized to employ a like tax
11 imprint by virtue of the Cigarette Tax Act.

12 No stamp or imprint may be affixed to, or made upon, any
13 package of cigarettes unless that package complies with all
14 requirements of the federal Cigarette Labeling and Advertising
15 Act, 15 U.S.C. 1331 and following, for the placement of labels,
16 warnings, or any other information upon a package of cigarettes
17 that is sold within the United States. Under the authority of
18 Section 6, the Department shall revoke the license of any
19 distributor that is determined to have violated this paragraph.
20 A person may not affix a stamp on a package of cigarettes,
21 cigarette papers, wrappers, or tubes if that individual package
22 has been marked for export outside the United States with a
23 label or notice in compliance with Section 290.185 of Title 27
24 of the Code of Federal Regulations. It is not a defense to a
25 proceeding for violation of this paragraph that the label or
26 notice has been removed, mutilated, obliterated, or altered in

1 any manner.

2 Only distributors licensed under this Act and
3 transporters, as defined in Section 9c of the Cigarette Tax
4 Act, may possess unstamped original packages of cigarettes.
5 Prior to shipment to an Illinois retailer or secondary
6 distributor, a stamp shall be applied to each original package
7 of cigarettes sold to the retailer or secondary distributor. A
8 distributor may apply a tax stamp only to an original package
9 of cigarettes purchased or obtained directly from an in-state
10 maker, manufacturer, or fabricator licensed as a distributor
11 under Section 4 of this Act or an out-of-state maker,
12 manufacturer, or fabricator holding a permit under Section 7 of
13 this Act. A licensed distributor may ship or otherwise cause to
14 be delivered unstamped original packages of cigarettes in,
15 into, or from this State. A licensed distributor may transport
16 unstamped original packages of cigarettes to a facility,
17 wherever located, owned or controlled by such distributor;
18 however, a distributor may not transport unstamped original
19 packages of cigarettes to a facility where retail sales of
20 cigarettes take place or to a facility where a secondary
21 distributor makes sales for resale. Any licensed distributor
22 that ships or otherwise causes to be delivered unstamped
23 original packages of cigarettes into, within, or from this
24 State shall ensure that the invoice or equivalent documentation
25 and the bill of lading or freight bill for the shipment
26 identifies the true name and address of the consignor or

1 seller, the true name and address of the consignee or
2 purchaser, and the quantity by brand style of the cigarettes so
3 transported, provided that this Section shall not be construed
4 as to impose any requirement or liability upon any common or
5 contract carrier.

6 Distributors making sales of cigarettes to secondary
7 distributors shall add the amount of the tax to the price of
8 the cigarettes sold by the distributors. Secondary
9 distributors making sales of cigarettes to retailers shall
10 include the amount of the tax in the price of the cigarettes
11 sold to retailers. The amount of tax shall not be less than the
12 amount of taxes imposed by the State and all local
13 jurisdictions. The amount of local taxes shall be calculated
14 based on the location of the retailer's place of business shown
15 on the retailer's certificate of registration or
16 sub-registration issued to the retailer pursuant to Section 2a
17 of the Retailers' Occupation Tax Act. The original packages of
18 cigarettes sold by the retailer shall bear all the required
19 stamps, or other indicia, for the taxes included in the price
20 of cigarettes.

21 Stamps, when required hereunder, shall be purchased from
22 the Department, or any person authorized by the Department, by
23 distributors. On and after July 1, 2003, payment for such
24 stamps must be made by means of electronic funds transfer. The
25 Department may refuse to sell stamps to any person who does not
26 comply with the provisions of this Act. Beginning on June 6,

1 2002 and through June 30, 2002, persons holding valid licenses
2 as distributors may purchase cigarette tax stamps up to an
3 amount equal to 115% of the distributor's average monthly
4 cigarette tax stamp purchases over the 12 calendar months prior
5 to June 6, 2002.

6 Prior to December 1, 1985, the Department shall allow a
7 distributor 21 days in which to make final payment of the
8 amount to be paid for such stamps, by allowing the distributor
9 to make payment for the stamps at the time of purchasing them
10 with a draft which shall be in such form as the Department
11 prescribes, and which shall be payable within 21 days
12 thereafter: Provided that such distributor has filed with the
13 Department, and has received the Department's approval of, a
14 bond, which is in addition to the bond required under Section 4
15 of this Act, payable to the Department in an amount equal to
16 80% of such distributor's average monthly tax liability to the
17 Department under this Act during the preceding calendar year or
18 \$500,000, whichever is less. The bond shall be joint and
19 several and shall be in the form of a surety company bond in
20 such form as the Department prescribes, or it may be in the
21 form of a bank certificate of deposit or bank letter of credit.
22 The bond shall be conditioned upon the distributor's payment of
23 the amount of any 21-day draft which the Department accepts
24 from that distributor for the delivery of stamps to that
25 distributor under this Act. The distributor's failure to pay
26 any such draft, when due, shall also make such distributor

1 automatically liable to the Department for a penalty equal to
2 25% of the amount of such draft.

3 On and after December 1, 1985 and until July 1, 2003, the
4 Department shall allow a distributor 30 days in which to make
5 final payment of the amount to be paid for such stamps, by
6 allowing the distributor to make payment for the stamps at the
7 time of purchasing them with a draft which shall be in such
8 form as the Department prescribes, and which shall be payable
9 within 30 days thereafter, and beginning on January 1, 2003 and
10 thereafter, the draft shall be payable by means of electronic
11 funds transfer: Provided that such distributor has filed with
12 the Department, and has received the Department's approval of,
13 a bond, which is in addition to the bond required under Section
14 4 of this Act, payable to the Department in an amount equal to
15 150% of such distributor's average monthly tax liability to the
16 Department under this Act during the preceding calendar year or
17 \$750,000, whichever is less, except that as to bonds filed on
18 or after January 1, 1987, such additional bond shall be in an
19 amount equal to 100% of such distributor's average monthly tax
20 liability under this Act during the preceding calendar year or
21 \$750,000, whichever is less. The bond shall be joint and
22 several and shall be in the form of a surety company bond in
23 such form as the Department prescribes, or it may be in the
24 form of a bank certificate of deposit or bank letter of credit.
25 The bond shall be conditioned upon the distributor's payment of
26 the amount of any 30-day draft which the Department accepts

1 from that distributor for the delivery of stamps to that
2 distributor under this Act. The distributor's failure to pay
3 any such draft, when due, shall also make such distributor
4 automatically liable to the Department for a penalty equal to
5 25% of the amount of such draft.

6 Every prior continuous compliance taxpayer shall be exempt
7 from all requirements under this Section concerning the
8 furnishing of such bond, as defined in this Section, as a
9 condition precedent to his being authorized to engage in the
10 business licensed under this Act. This exemption shall continue
11 for each such taxpayer until such time as he may be determined
12 by the Department to be delinquent in the filing of any
13 returns, or is determined by the Department (either through the
14 Department's issuance of a final assessment which has become
15 final under the Act, or by the taxpayer's filing of a return
16 which admits tax to be due that is not paid) to be delinquent
17 or deficient in the paying of any tax under this Act, at which
18 time that taxpayer shall become subject to the bond
19 requirements of this Section and, as a condition of being
20 allowed to continue to engage in the business licensed under
21 this Act, shall be required to furnish bond to the Department
22 in such form as provided in this Section. Such taxpayer shall
23 furnish such bond for a period of 2 years, after which, if the
24 taxpayer has not been delinquent in the filing of any returns,
25 or delinquent or deficient in the paying of any tax under this
26 Act, the Department may reinstate such person as a prior

1 continuance compliance taxpayer. Any taxpayer who fails to pay
2 an admitted or established liability under this Act may also be
3 required to post bond or other acceptable security with the
4 Department guaranteeing the payment of such admitted or
5 established liability.

6 Except as otherwise provided in this Section, any person
7 aggrieved by any decision of the Department under this Section
8 may, within the time allowed by law, protest and request a
9 hearing before the Department, whereupon the Department shall
10 give notice and shall hold a hearing in conformity with the
11 provisions of this Act and then issue its final administrative
12 decision in the matter to such person. Effective July 1, 2013,
13 protests concerning matters that are subject to the
14 jurisdiction of the Illinois Independent Tax Tribunal shall be
15 filed in accordance with the Illinois Independent Tax Tribunal
16 Act of 2012, and hearings concerning those matters shall be
17 held before the Tribunal in accordance with that Act. With
18 respect to protests filed with the Department prior to July 1,
19 2013 that would otherwise be subject to the jurisdiction of the
20 Illinois Independent Tax Tribunal, the person filing the
21 protest may elect to be subject to the provisions of the
22 Illinois Independent Tax Tribunal Act of 2012 at any time on or
23 after July 1, 2013, but not later than 30 days after the date
24 on which the protest was filed. If made, the election shall be
25 irrevocable. In the absence of such a protest filed within the
26 time allowed by law, the Department's decision shall become

1 final without any further determination being made or notice
2 given.

3 The Department shall discharge any surety and shall release
4 and return any bond or security deposited, assigned, pledged,
5 or otherwise provided to it by a taxpayer under this Section
6 within 30 days after:

7 (1) such Taxpayer becomes a prior continuous
8 compliance taxpayer; or

9 (2) such taxpayer has ceased to collect receipts on
10 which he is required to remit tax to the Department, has
11 filed a final tax return, and has paid to the Department an
12 amount sufficient to discharge his remaining tax liability
13 as determined by the Department under this Act. The
14 Department shall make a final determination of the
15 taxpayer's outstanding tax liability as expeditiously as
16 possible after his final tax return has been filed. If the
17 Department cannot make such final determination within 45
18 days after receiving the final tax return, within such
19 period it shall so notify the taxpayer, stating its reasons
20 therefor.

21 At the time of purchasing such stamps from the Department
22 when purchase is required by this Act, or at the time when the
23 tax which he has collected is remitted by a distributor to the
24 Department without the purchase of stamps from the Department
25 when that method of remitting the tax that has been collected
26 is required or authorized by this Act, the distributor shall be

1 allowed a discount during any year commencing July 1 and ending
2 the following June 30 in accordance with the schedule set out
3 hereinbelow, from the amount to be paid by him to the
4 Department for such stamps, or to be paid by him to the
5 Department on the basis of monthly remittances (as the case may
6 be), to cover the cost, to such distributor, of collecting the
7 tax herein imposed by affixing such stamps to the original
8 packages of cigarettes sold by such distributor or by placing
9 tax imprints underneath the sealed transparent wrapper of
10 original packages of cigarettes sold by such distributor (as
11 the case may be). ~~(1) Prior to December 1, 1985, a discount~~
12 ~~equal to 1-2/3% of the amount of the tax up to and including~~
13 ~~the first \$700,000 paid hereunder by such distributor to the~~
14 ~~Department during any such year; 1-1/3% of the next \$700,000 of~~
15 ~~tax or any part thereof, paid hereunder by such distributor to~~
16 ~~the Department during any such year; 1% of the next \$700,000 of~~
17 ~~tax, or any part thereof, paid hereunder by such distributor to~~
18 ~~the Department during any such year; and 2/3 of 1% of the~~
19 ~~amount of any additional tax paid hereunder by such distributor~~
20 ~~to the Department during any such year or (2) On and after~~
21 December 1, 1985 and until January 1, 2018, the a discount
22 shall be equal to 1.75% of the amount of the tax payable under
23 this Act up to and including the first \$3,000,000 paid
24 hereunder by such distributor to the Department during any such
25 year and 1.5% of the amount of any additional tax paid
26 hereunder by such distributor to the Department during any such

1 year. On and after January 1, 2018, the discount shall be equal
2 to the sum of (i) 1.75% of the first \$1,000 of the tax payable
3 under this Act during the calendar year and (ii) 1% of the
4 amount of the tax payable under this Act during the calendar
5 year that exceeds \$1,000; however, on and after January 1,
6 2018, in no event shall the discount allowed to any distributor
7 be less than \$5 in any calendar year or more than \$1,500 in any
8 calendar year.

9 Two or more distributors that use a common means of
10 affixing revenue tax stamps or that are owned or controlled by
11 the same interests shall be treated as a single distributor for
12 the purpose of computing the discount.

13 Cigarette manufacturers who are distributors under Section
14 7(a) of this Act, and who place their cigarettes in original
15 packages which are contained inside a sealed transparent
16 wrapper, shall be required to remit the tax which they are
17 required to collect under this Act to the Department by
18 remitting the amount thereof to the Department by the 5th day
19 of each month, covering cigarettes shipped or otherwise
20 delivered to points in Illinois to purchasers during the
21 preceding calendar month, but a distributor need not remit to
22 the Department the tax so collected by him from purchasers
23 under this Act to the extent to which such distributor is
24 required to remit the tax imposed by the Cigarette Tax Act to
25 the Department with respect to the same cigarettes. All taxes
26 upon cigarettes under this Act are a direct tax upon the retail

1 consumer and shall conclusively be presumed to be precollected
2 for the purpose of convenience and facility only. Cigarette
3 manufacturers that are distributors licensed under Section
4 7(a) of this Act and who place their cigarettes in original
5 packages which are contained inside a sealed transparent
6 wrapper, before delivering such cigarettes or causing such
7 cigarettes to be delivered in this State to purchasers, shall
8 evidence their obligation to collect and remit the tax due with
9 respect to such cigarettes by imprinting language to be
10 prescribed by the Department on each original package of such
11 cigarettes underneath the sealed transparent outside wrapper
12 of such original package, in such place thereon and in such
13 manner as the Department may prescribe; provided (as stated
14 hereinbefore) that this requirement does not apply when such
15 distributor is required or authorized by the Cigarette Tax Act
16 to place the tax imprint provided for in the last paragraph of
17 Section 3 of that Act underneath the sealed transparent wrapper
18 of such original package of cigarettes. Such imprinted language
19 shall acknowledge the manufacturer's collection and payment of
20 or liability for the tax imposed by this Act with respect to
21 such cigarettes.

22 The Department shall adopt the design or designs of the tax
23 stamps and shall procure the printing of such stamps in such
24 amounts and denominations as it deems necessary to provide for
25 the affixation of the proper amount of tax stamps to each
26 original package of cigarettes.

1 Where tax stamps are required, the Department may authorize
2 distributors to affix revenue tax stamps by imprinting tax
3 meter stamps upon original packages of cigarettes. The
4 Department shall adopt rules and regulations relating to the
5 imprinting of such tax meter stamps as will result in payment
6 of the proper taxes as herein imposed. No distributor may affix
7 revenue tax stamps to original packages of cigarettes by
8 imprinting meter stamps thereon unless such distributor has
9 first obtained permission from the Department to employ this
10 method of affixation. The Department shall regulate the use of
11 tax meters and may, to assure the proper collection of the
12 taxes imposed by this Act, revoke or suspend the privilege,
13 theretofore granted by the Department to any distributor, to
14 imprint tax meter stamps upon original packages of cigarettes.

15 The tax hereby imposed and not paid pursuant to this
16 Section shall be paid to the Department directly by any person
17 using such cigarettes within this State, pursuant to Section 12
18 hereof.

19 A distributor shall not affix, or cause to be affixed, any
20 stamp or imprint to a package of cigarettes, as provided for in
21 this Section, if the tobacco product manufacturer, as defined
22 in Section 10 of the Tobacco Product Manufacturers' Escrow Act,
23 that made or sold the cigarettes has failed to become a
24 participating manufacturer, as defined in subdivision (a)(1)
25 of Section 15 of the Tobacco Product Manufacturers' Escrow Act,
26 or has failed to create a qualified escrow fund for any

1 cigarettes manufactured by the tobacco product manufacturer
2 and sold in this State or otherwise failed to bring itself into
3 compliance with subdivision (a) (2) of Section 15 of the Tobacco
4 Product Manufacturers' Escrow Act.

5 (Source: P.A. 96-782, eff. 1-1-10; 96-1027, eff. 7-12-10;
6 97-1129, eff. 8-28-12.)

7 Section 40. The Hotel Operators' Occupation Tax Act is
8 amended by changing Sections 2 and 6 as follows:

9 (35 ILCS 145/2) (from Ch. 120, par. 481b.32)

10 Sec. 2. As used in this Act, unless the context otherwise
11 requires:

12 ~~(1)~~ "Hotel" means any building or buildings in which
13 the public may, for a consideration, obtain living
14 quarters, sleeping or housekeeping accommodations. The
15 term includes inns, motels, tourist homes or courts,
16 lodging houses, rooming houses and apartment houses.

17 ~~(2)~~ "Operator" means any person operating a hotel,
18 including, but not limited to, an online travel company
19 that sells hotel rooms to the general public.

20 ~~(3)~~ "Occupancy" means the use or possession, or the
21 right to the use or possession, of any room or rooms in a
22 hotel for any purpose, or the right to the use or
23 possession of the furnishings or to the services and
24 accommodations accompanying the use and possession of the

1 room or rooms.

2 "Online travel company" means a retailer that
3 purchases hotel rooms in the State at a wholesale price and
4 resells those rooms to the general public via an Internet
5 website.

6 ~~(4)~~ "Room" or "rooms" means any living quarters,
7 sleeping or housekeeping accommodations.

8 ~~(5)~~ "Permanent resident" means any person who occupied
9 or has the right to occupy any room or rooms, regardless of
10 whether or not it is the same room or rooms, in a hotel for
11 at least 30 consecutive days.

12 ~~(6)~~ "Rent" or "rental" means the consideration
13 received for occupancy, valued in money, whether received
14 in money or otherwise, including all receipts, cash,
15 credits and property or services of any kind or nature.

16 ~~(7)~~ "Department" means the Department of Revenue.

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

23 (Source: P.A. 87-951; 88-480.)

24 (35 ILCS 145/6) (from Ch. 120, par. 481b.36)

25 Sec. 6. Except as provided hereinafter in this Section, on

1 or before the last day of each calendar month, every person
2 engaged in the business of renting, leasing or letting rooms in
3 a hotel in this State during the preceding calendar month shall
4 file a return with the Department, stating:

5 1. The name of the operator;

6 2. His residence address and the address of his
7 principal place of business and the address of the
8 principal place of business (if that is a different
9 address) from which he engages in the business of renting,
10 leasing or letting rooms in a hotel in this State;

11 3. Total amount of rental receipts received by him
12 during the preceding calendar month from renting, leasing
13 or letting rooms during such preceding calendar month;

14 4. Total amount of rental receipts received by him
15 during the preceding calendar month from renting, leasing
16 or letting rooms to permanent residents during such
17 preceding calendar month;

18 5. Total amount of other exclusions from gross rental
19 receipts allowed by this Act;

20 6. Gross rental receipts which were received by him
21 during the preceding calendar month and upon the basis of
22 which the tax is imposed;

23 7. The amount of tax due;

24 8. Such other reasonable information as the Department
25 may require.

26 If the operator's average monthly tax liability to the

1 Department does not exceed \$200, the Department may authorize
2 his returns to be filed on a quarter annual basis, with the
3 return for January, February and March of a given year being
4 due by April 30 of such year; with the return for April, May
5 and June of a given year being due by July 31 of such year; with
6 the return for July, August and September of a given year being
7 due by October 31 of such year, and with the return for
8 October, November and December of a given year being due by
9 January 31 of the following year.

10 If the operator's average monthly tax liability to the
11 Department does not exceed \$50, the Department may authorize
12 his returns to be filed on an annual basis, with the return for
13 a given year being due by January 31 of the following year.

14 Such quarter annual and annual returns, as to form and
15 substance, shall be subject to the same requirements as monthly
16 returns.

17 Notwithstanding any other provision in this Act concerning
18 the time within which an operator may file his return, in the
19 case of any operator who ceases to engage in a kind of business
20 which makes him responsible for filing returns under this Act,
21 such operator shall file a final return under this Act with the
22 Department not more than 1 month after discontinuing such
23 business.

24 Where the same person has more than 1 business registered
25 with the Department under separate registrations under this
26 Act, such person shall not file each return that is due as a

1 single return covering all such registered businesses, but
2 shall file separate returns for each such registered business.

3 In his return, the operator shall determine the value of
4 any consideration other than money received by him in
5 connection with the renting, leasing or letting of rooms in the
6 course of his business and he shall include such value in his
7 return. Such determination shall be subject to review and
8 revision by the Department in the manner hereinafter provided
9 for the correction of returns.

10 Where the operator is a corporation, the return filed on
11 behalf of such corporation shall be signed by the president,
12 vice-president, secretary or treasurer or by the properly
13 accredited agent of such corporation.

14 The person filing the return herein provided for shall, at
15 the time of filing such return, pay to the Department the
16 amount of tax herein imposed. The operator filing the return
17 under this Section shall, at the time of filing such return,
18 pay to the Department the amount of tax imposed by this Act
19 less the vendor discount amount ~~a discount of 2.1% or \$25 per~~
20 ~~calendar year, whichever is greater~~, which is allowed to
21 reimburse the operator for the expenses incurred in keeping
22 records, preparing and filing returns, remitting the tax and
23 supplying data to the Department on request. Prior to January
24 1, 2018, the vendor discount amount shall be 2.1% or \$25 per
25 calendar year, whichever is greater. On and after January 1,
26 2018, the vendor discount amount shall be the sum of (i) 1.75%

1 of the first \$1,000 collected during the calendar year and (ii)
2 1% of the amount of proceeds collected during the calendar year
3 that exceeds \$1,000; however, on and after January 1, 2018, in
4 no event shall the discount allowed to any person be less than
5 \$25 in any calendar year or more than \$1,500 in any calendar
6 year.

7 There shall be deposited in the Build Illinois Fund in the
8 State Treasury for each State fiscal year 40% of the amount of
9 total net proceeds from the tax imposed by subsection (a) of
10 Section 3. Of the remaining 60%, \$5,000,000 shall be deposited
11 in the Illinois Sports Facilities Fund and credited to the
12 Subsidy Account each fiscal year by making monthly deposits in
13 the amount of 1/8 of \$5,000,000 plus cumulative deficiencies in
14 such deposits for prior months, and an additional \$8,000,000
15 shall be deposited in the Illinois Sports Facilities Fund and
16 credited to the Advance Account each fiscal year by making
17 monthly deposits in the amount of 1/8 of \$8,000,000 plus any
18 cumulative deficiencies in such deposits for prior months;
19 provided, that for fiscal years ending after June 30, 2001, the
20 amount to be so deposited into the Illinois Sports Facilities
21 Fund and credited to the Advance Account each fiscal year shall
22 be increased from \$8,000,000 to the then applicable Advance
23 Amount and the required monthly deposits beginning with July
24 2001 shall be in the amount of 1/8 of the then applicable
25 Advance Amount plus any cumulative deficiencies in those
26 deposits for prior months. (The deposits of the additional

1 \$8,000,000 or the then applicable Advance Amount, as
2 applicable, during each fiscal year shall be treated as
3 advances of funds to the Illinois Sports Facilities Authority
4 for its corporate purposes to the extent paid to the Authority
5 or its trustee and shall be repaid into the General Revenue
6 Fund in the State Treasury by the State Treasurer on behalf of
7 the Authority pursuant to Section 19 of the Illinois Sports
8 Facilities Authority Act, as amended. If in any fiscal year the
9 full amount of the then applicable Advance Amount is not repaid
10 into the General Revenue Fund, then the deficiency shall be
11 paid from the amount in the Local Government Distributive Fund
12 that would otherwise be allocated to the City of Chicago under
13 the State Revenue Sharing Act.)

14 For purposes of the foregoing paragraph, the term "Advance
15 Amount" means, for fiscal year 2002, \$22,179,000, and for
16 subsequent fiscal years through fiscal year 2032, 105.615% of
17 the Advance Amount for the immediately preceding fiscal year,
18 rounded up to the nearest \$1,000.

19 Of the remaining 60% of the amount of total net proceeds
20 prior to August 1, 2011 from the tax imposed by subsection (a)
21 of Section 3 after all required deposits in the Illinois Sports
22 Facilities Fund, the amount equal to 8% of the net revenue
23 realized from this Act plus an amount equal to 8% of the net
24 revenue realized from any tax imposed under Section 4.05 of the
25 Chicago World's Fair-1992 Authority Act during the preceding
26 month shall be deposited in the Local Tourism Fund each month

1 for purposes authorized by Section 605-705 of the Department of
2 Commerce and Economic Opportunity Law (20 ILCS 605/605-705). Of
3 the remaining 60% of the amount of total net proceeds beginning
4 on August 1, 2011 from the tax imposed by subsection (a) of
5 Section 3 after all required deposits in the Illinois Sports
6 Facilities Fund, an amount equal to 8% of the net revenue
7 realized from this Act plus an amount equal to 8% of the net
8 revenue realized from any tax imposed under Section 4.05 of the
9 Chicago World's Fair-1992 Authority Act during the preceding
10 month shall be deposited as follows: 18% of such amount shall
11 be deposited into the Chicago Travel Industry Promotion Fund
12 for the purposes described in subsection (n) of Section 5 of
13 the Metropolitan Pier and Exposition Authority Act and the
14 remaining 82% of such amount shall be deposited into the Local
15 Tourism Fund each month for purposes authorized by Section
16 605-705 of the Department of Commerce and Economic Opportunity
17 Law. Beginning on August 1, 1999 and ending on July 31, 2011,
18 an amount equal to 4.5% of the net revenue realized from the
19 Hotel Operators' Occupation Tax Act during the preceding month
20 shall be deposited into the International Tourism Fund for the
21 purposes authorized in Section 605-707 of the Department of
22 Commerce and Economic Opportunity Law. Beginning on August 1,
23 2011, an amount equal to 4.5% of the net revenue realized from
24 this Act during the preceding month shall be deposited as
25 follows: 55% of such amount shall be deposited into the Chicago
26 Travel Industry Promotion Fund for the purposes described in

1 subsection (n) of Section 5 of the Metropolitan Pier and
2 Exposition Authority Act and the remaining 45% of such amount
3 deposited into the International Tourism Fund for the purposes
4 authorized in Section 605-707 of the Department of Commerce and
5 Economic Opportunity Law. "Net revenue realized for a month"
6 means the revenue collected by the State under that Act during
7 the previous month less the amount paid out during that same
8 month as refunds to taxpayers for overpayment of liability
9 under that Act.

10 After making all these deposits, all other proceeds of the
11 tax imposed under subsection (a) of Section 3 shall be
12 deposited in the General Revenue Fund in the State Treasury.
13 All moneys received by the Department from the additional tax
14 imposed under subsection (b) of Section 3 shall be deposited
15 into the Build Illinois Fund in the State Treasury.

16 The Department may, upon separate written notice to a
17 taxpayer, require the taxpayer to prepare and file with the
18 Department on a form prescribed by the Department within not
19 less than 60 days after receipt of the notice an annual
20 information return for the tax year specified in the notice.
21 Such annual return to the Department shall include a statement
22 of gross receipts as shown by the operator's last State income
23 tax return. If the total receipts of the business as reported
24 in the State income tax return do not agree with the gross
25 receipts reported to the Department for the same period, the
26 operator shall attach to his annual information return a

1 schedule showing a reconciliation of the 2 amounts and the
2 reasons for the difference. The operator's annual information
3 return to the Department shall also disclose pay roll
4 information of the operator's business during the year covered
5 by such return and any additional reasonable information which
6 the Department deems would be helpful in determining the
7 accuracy of the monthly, quarterly or annual tax returns by
8 such operator as hereinbefore provided for in 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 for a penalty in an amount determined in accordance with
12 Section 3-4 of the Uniform Penalty and Interest Act until such
13 return is filed as required, the penalty to be assessed and
14 collected in the same manner as any other penalty provided for
15 in this Act.

16 The chief executive officer, proprietor, owner or highest
17 ranking manager shall sign the annual return to certify the
18 accuracy of the information contained therein. Any person who
19 willfully signs the annual return containing false or
20 inaccurate information shall be guilty of perjury and punished
21 accordingly. The annual return form prescribed by the
22 Department shall include a warning that the person signing the
23 return may be liable for perjury.

24 The foregoing portion of this Section concerning the filing
25 of an annual information return shall not apply to an operator
26 who is not required to file an income tax return with the

1 United States Government.

2 (Source: P.A. 97-617, eff. 10-26-11.)

3 Section 45. The Motor Fuel Tax Law is amended by changing
4 Sections 2b, 6, and 6a as follows:

5 (35 ILCS 505/2b) (from Ch. 120, par. 418b)

6 Sec. 2b. In addition to the tax collection and reporting
7 responsibilities imposed elsewhere in this Act, a person who is
8 required to pay the tax imposed by Section 2a of this Act shall
9 pay the tax to the Department by return showing all fuel
10 purchased, acquired or received and sold, distributed or used
11 during the preceding calendar month including losses of fuel as
12 the result of evaporation or shrinkage due to temperature
13 variations, and such other reasonable information as the
14 Department may require. Losses of fuel as the result of
15 evaporation or shrinkage due to temperature variations may not
16 exceed 1% of the total gallons in storage at the beginning of
17 the month, plus the receipts of gallonage during the month,
18 minus the gallonage remaining in storage at the end of the
19 month. Any loss reported that is in excess of this amount shall
20 be subject to the tax imposed by Section 2a of this Law. On and
21 after July 1, 2001, for each 6-month period January through
22 June, net losses of fuel (for each category of fuel that is
23 required to be reported on a return) as the result of
24 evaporation or shrinkage due to temperature variations may not

1 exceed 1% of the total gallons in storage at the beginning of
2 each January, plus the receipts of gallonage each January
3 through June, minus the gallonage remaining in storage at the
4 end of each June. On and after July 1, 2001, for each 6-month
5 period July through December, net losses of fuel (for each
6 category of fuel that is required to be reported on a return)
7 as the result of evaporation or shrinkage due to temperature
8 variations may not exceed 1% of the total gallons in storage at
9 the beginning of each July, plus the receipts of gallonage each
10 July through December, minus the gallonage remaining in storage
11 at the end of each December. Any net loss reported that is in
12 excess of this amount shall be subject to the tax imposed by
13 Section 2a of this Law. For purposes of this Section, "net
14 loss" means the number of gallons gained through temperature
15 variations minus the number of gallons lost through temperature
16 variations or evaporation for each of the respective 6-month
17 periods.

18 The return shall be prescribed by the Department and shall
19 be filed between the 1st and 20th days of each calendar month.
20 The Department may, in its discretion, combine the returns
21 filed under this Section, Section 5, and Section 5a of this
22 Act. The return must be accompanied by appropriate
23 computer-generated magnetic media supporting schedule data in
24 the format required by the Department, unless, as provided by
25 rule, the Department grants an exception upon petition of a
26 taxpayer. If the return is filed timely, the seller shall take

1 a discount ~~of 2% through June 30, 2003 and 1.75% thereafter~~
2 which is allowed to reimburse the seller for the expenses
3 incurred in keeping records, preparing and filing returns,
4 collecting and remitting the tax and supplying data to the
5 Department on request. The discount, however, shall be
6 applicable only to the amount of payment which accompanies a
7 return that is filed timely in accordance with this Section.
8 Prior to January 1, 2018, the vendor discount amount shall be
9 1.75%. On and after January 1, 2018, the vendor discount amount
10 shall be the sum of (i) 1.75% of the first \$1,000 collected
11 during the calendar year and (ii) 1% of the amount of proceeds
12 collected during the calendar year that exceeds \$1,000;
13 however, on and after January 1, 2018, in no event shall the
14 discount allowed to any person be more than \$1,500 in any
15 calendar year.

16 (Source: P.A. 92-30, eff. 7-1-01; 93-32, eff. 6-20-03.)

17 (35 ILCS 505/6) (from Ch. 120, par. 422)

18 Sec. 6. Collection of tax; distributors. A distributor who
19 sells or distributes any motor fuel, which he is required by
20 Section 5 to report to the Department when filing a return,
21 shall (except as hereinafter provided) collect at the time of
22 such sale and distribution, the amount of tax imposed under
23 this Act on all such motor fuel sold and distributed, and at
24 the time of making a return, the distributor shall pay to the
25 Department the amount so collected less a discount ~~of 2%~~

1 ~~through June 30, 2003 and 1.75% thereafter~~ which is allowed to
2 reimburse the distributor for the expenses incurred in keeping
3 records, preparing and filing returns, collecting and
4 remitting the tax and supplying data to the Department on
5 request, and shall also pay to the Department an amount equal
6 to the amount that would be collectible as a tax in the event
7 of a sale thereof on all such motor fuel used by said
8 distributor during the period covered by the return. Prior to
9 July 1, 2003, the discount amount shall be 2%. From July 1,
10 2003 through December 31, 2017, the discount amount shall be
11 1.75%. On and after January 1, 2018, the discount amount shall
12 be the sum of (i) 1.75% of the first \$1,000 collected during
13 the calendar year and (ii) 1% of the amount of proceeds
14 collected during the calendar year that exceeds \$1,000;
15 however, on and after January 1, 2018, in no event shall the
16 discount allowed to any distributor be more than \$1,500 in any
17 calendar year. However, no payment shall be made based upon
18 dyed diesel fuel used by the distributor for non-highway
19 purposes. The discount shall only be applicable to the amount
20 of tax payment which accompanies a return which is filed timely
21 in accordance with Section 5 of this Act. In each subsequent
22 sale of motor fuel on which the amount of tax imposed under
23 this Act has been collected as provided in this Section, the
24 amount so collected shall be added to the selling price, so
25 that the amount of tax is paid ultimately by the user of the
26 motor fuel. However, no collection or payment shall be made in

1 the case of the sale or use of any motor fuel to the extent to
2 which such sale or use of motor fuel may not, under the
3 constitution and statutes of the United States, be made the
4 subject of taxation by this State. A person whose license to
5 act as a distributor of fuel has been revoked shall, at the
6 time of making a return, also pay to the Department an amount
7 equal to the amount that would be collectible as a tax in the
8 event of a sale thereof on all motor fuel, which he is required
9 by the second paragraph of Section 5 to report to the
10 Department in making a return, and which he had on hand on the
11 date on which the license was revoked, and with respect to
12 which no tax had been previously paid under this Act.

13 A distributor may make tax free sales of motor fuel, with
14 respect to which he is otherwise required to collect the tax,
15 only as specified in the following items 1 through 7.

16 1. When the sale is made to a person holding a valid
17 unrevoked license as a distributor, by making a specific
18 notation thereof on invoices or sales slip covering each
19 sale.

20 2. When the sale is made with delivery to a purchaser
21 outside of this State.

22 3. When the sale is made to the Federal Government or
23 its instrumentalities.

24 4. When the sale is made to a municipal corporation
25 owning and operating a local transportation system for
26 public service in this State when an official certificate

1 of exemption is obtained in lieu of the tax.

2 5. When the sale is made to a privately owned public
3 utility owning and operating 2 axle vehicles designed and
4 used for transporting more than 7 passengers, which
5 vehicles are used as common carriers in general
6 transportation of passengers, are not devoted to any
7 specialized purpose and are operated entirely within the
8 territorial limits of a single municipality or of any group
9 of contiguous municipalities, or in a close radius thereof,
10 and the operations of which are subject to the regulations
11 of the Illinois Commerce Commission, when an official
12 certificate of exemption is obtained in lieu of the tax.

13 6. When a sale of special fuel is made to a person
14 holding a valid, unrevoked license as a supplier, by making
15 a specific notation thereof on the invoice or sales slip
16 covering each such sale.

17 7. When a sale of dyed diesel fuel is made to someone
18 other than a licensed distributor or a licensed supplier
19 for non-highway purposes and the fuel is (i) delivered from
20 a vehicle designed for the specific purpose of such sales
21 and delivered directly into a stationary bulk storage tank
22 that displays the notice required by Section 4f of this
23 Act, (ii) delivered from a vehicle designed for the
24 specific purpose of such sales and delivered directly into
25 the fuel supply tanks of non-highway vehicles that are not
26 required to be registered for highway use, or (iii)

1 dispensed from a dyed diesel fuel dispensing facility that
2 has withdrawal facilities that are not readily accessible
3 to and are not capable of dispensing dyed diesel fuel into
4 the fuel supply tank of a motor vehicle.

5 A specific notation is required on the invoice or sales
6 slip covering such sales, and any supporting documentation
7 that may be required by the Department must be obtained by
8 the distributor. The distributor shall obtain and keep the
9 supporting documentation in such form as the Department may
10 require by rule.

11 For purposes of this item 7, a dyed diesel fuel
12 dispensing facility is considered to have withdrawal
13 facilities that are "not readily accessible to and not
14 capable of dispensing dyed diesel fuel into the fuel supply
15 tank of a motor vehicle" only if the dyed diesel fuel is
16 delivered from: (i) a dispenser hose that is short enough
17 so that it will not reach the fuel supply tank of a motor
18 vehicle or (ii) a dispenser that is enclosed by a fence or
19 other physical barrier so that a vehicle cannot pull
20 alongside the dispenser to permit fueling.

21 8. (Blank).

22 All special fuel sold or used for non-highway purposes must
23 have a dye added in accordance with Section 4d of this Law.

24 All suits or other proceedings brought for the purpose of
25 recovering any taxes, interest or penalties due the State of
26 Illinois under this Act may be maintained in the name of the

1 Department.

2 (Source: P.A. 96-1384, eff. 7-29-10.)

3 (35 ILCS 505/6a) (from Ch. 120, par. 422a)

4 Sec. 6a. Collection of tax; suppliers. A supplier, other
5 than a licensed distributor, who sells or distributes any
6 special fuel, which he is required by Section 5a to report to
7 the Department when filing a return, shall (except as
8 hereinafter provided) collect at the time of such sale and
9 distribution, the amount of tax imposed under this Act on all
10 such special fuel sold and distributed, and at the time of
11 making a return, the supplier shall pay to the Department the
12 amount so collected less a discount ~~of 2% through June 30, 2003~~
13 ~~and 1.75% thereafter~~ which is allowed to reimburse the supplier
14 for the expenses incurred in keeping records, preparing and
15 filing returns, collecting and remitting the tax and supplying
16 data to the Department on request, and shall also pay to the
17 Department an amount equal to the amount that would be
18 collectible as a tax in the event of a sale thereof on all such
19 special fuel used by said supplier during the period covered by
20 the return. Prior to July 1, 2003, the discount amount shall be
21 2%. From July 1, 2003 through December 31, 2017, the discount
22 amount shall be 1.75%. On and after January 1, 2018, the
23 discount amount shall be the sum of (i) 1.75% of the first
24 \$1,000 collected during the calendar year and (ii) 1% of the
25 amount of proceeds collected during the calendar year that

1 exceeds \$1,000; however, on and after January 1, 2018, in no
2 event shall the discount allowed to any distributor be more
3 than \$1,500 in any calendar year. However, no payment shall be
4 made based upon dyed diesel fuel used by said supplier for
5 non-highway purposes. The discount shall only be applicable to
6 the amount of tax payment which accompanies a return which is
7 filed timely in accordance with Section 5(a) of this Act. In
8 each subsequent sale of special fuel on which the amount of tax
9 imposed under this Act has been collected as provided in this
10 Section, the amount so collected shall be added to the selling
11 price, so that the amount of tax is paid ultimately by the user
12 of the special fuel. However, no collection or payment shall be
13 made in the case of the sale or use of any special fuel to the
14 extent to which such sale or use of motor fuel may not, under
15 the Constitution and statutes of the United States, be made the
16 subject of taxation by this State.

17 A person whose license to act as supplier of special fuel
18 has been revoked shall, at the time of making a return, also
19 pay to the Department an amount equal to the amount that would
20 be collectible as a tax in the event of a sale thereof on all
21 special fuel, which he is required by the 1st paragraph of
22 Section 5a to report to the Department in making a return.

23 A supplier may make tax-free sales of special fuel, with
24 respect to which he is otherwise required to collect the tax,
25 only as specified in the following items 1 through 7.

26 1. When the sale is made to the federal government or

1 its instrumentalities.

2 2. When the sale is made to a municipal corporation
3 owning and operating a local transportation system for
4 public service in this State when an official certificate
5 of exemption is obtained in lieu of the tax.

6 3. When the sale is made to a privately owned public
7 utility owning and operating 2 axle vehicles designed and
8 used for transporting more than 7 passengers, which
9 vehicles are used as common carriers in general
10 transportation of passengers, are not devoted to any
11 specialized purpose and are operated entirely within the
12 territorial limits of a single municipality or of any group
13 of contiguous municipalities, or in a close radius thereof,
14 and the operations of which are subject to the regulations
15 of the Illinois Commerce Commission, when an official
16 certificate of exemption is obtained in lieu of the tax.

17 4. When a sale is made to a person holding a valid
18 unrevoked license as a supplier or a distributor by making
19 a specific notation thereof on invoice or sales slip
20 covering each such sale.

21 5. When a sale of dyed diesel fuel is made to someone
22 other than a licensed distributor or licensed supplier for
23 non-highway purposes and the fuel is (i) delivered from a
24 vehicle designed for the specific purpose of such sales and
25 delivered directly into a stationary bulk storage tank that
26 displays the notice required by Section 4f of this Act,

1 (ii) delivered from a vehicle designed for the specific
2 purpose of such sales and delivered directly into the fuel
3 supply tanks of non-highway vehicles that are not required
4 to be registered for highway use, or (iii) dispensed from a
5 dyed diesel fuel dispensing facility that has withdrawal
6 facilities that are not readily accessible to and are not
7 capable of dispensing dyed diesel fuel into the fuel supply
8 tank of a motor vehicle.

9 A specific notation is required on the invoice or sales
10 slip covering such sales, and any supporting documentation
11 that may be required by the Department must be obtained by
12 the supplier. The supplier shall obtain and keep the
13 supporting documentation in such form as the Department may
14 require by rule.

15 For purposes of this item 5, a dyed diesel fuel
16 dispensing facility is considered to have withdrawal
17 facilities that are "not readily accessible to and not
18 capable of dispensing dyed diesel fuel into the fuel supply
19 tank of a motor vehicle" only if the dyed diesel fuel is
20 delivered from: (i) a dispenser hose that is short enough
21 so that it will not reach the fuel supply tank of a motor
22 vehicle or (ii) a dispenser that is enclosed by a fence or
23 other physical barrier so that a vehicle cannot pull
24 alongside the dispenser to permit fueling.

25 6. (Blank).

26 7. When a sale of special fuel is made to a person

1 where delivery is made outside of this State.

2 All special fuel sold or used for non-highway purposes must
3 have a dye added in accordance with Section 4d of this Law.

4 All suits or other proceedings brought for the purpose of
5 recovering any taxes, interest or penalties due the State of
6 Illinois under this Act may be maintained in the name of the
7 Department.

8 (Source: P.A. 96-1384, eff. 7-29-10.)

9 Section 50. The Telecommunications Excise Tax Act is
10 amended by changing Section 6 as follows:

11 (35 ILCS 630/6) (from Ch. 120, par. 2006)

12 Sec. 6. Except as provided hereinafter in this Section, on
13 or before the last day of each month, each retailer maintaining
14 a place of business in this State shall make a return to the
15 Department for the preceding calendar month, stating:

16 1. His name;

17 2. The address of his principal place of business, or
18 the address of the principal place of business (if that is
19 a different address) from which he engages in the business
20 of transmitting telecommunications;

21 3. Total amount of gross charges billed by him during
22 the preceding calendar month for providing
23 telecommunications during such calendar month;

24 4. Total amount received by him during the preceding

1 calendar month on credit extended;

2 5. Deductions allowed by law;

3 6. Gross charges which were billed by him during the
4 preceding calendar month and upon the basis of which the
5 tax is imposed;

6 7. Amount of tax (computed upon Item 6);

7 8. Such other reasonable information as the Department
8 may require.

9 Any taxpayer required to make payments under this Section
10 may make the payments by electronic funds transfer. The
11 Department shall adopt rules necessary to effectuate a program
12 of electronic funds transfer. Any taxpayer who has average
13 monthly tax billings due to the Department under this Act and
14 the Simplified Municipal Telecommunications Tax Act that
15 exceed \$1,000 shall make all payments by electronic funds
16 transfer as required by rules of the Department and shall file
17 the return required by this Section by electronic means as
18 required by rules of the Department.

19 If the retailer's average monthly tax billings due to the
20 Department under this Act and the Simplified Municipal
21 Telecommunications Tax Act do not exceed \$1,000, the Department
22 may authorize his returns to be filed on a quarter annual
23 basis, with the return for January, February and March of a
24 given year being due by April 30 of such year; with the return
25 for April, May and June of a given year being due by July 31st
26 of such year; with the return for July, August and September of

1 a given year being due by October 31st of such year; and with
2 the return of October, November and December of a given year
3 being due by January 31st of the following year.

4 If the retailer is otherwise required to file a monthly or
5 quarterly return and if the retailer's average monthly tax
6 billings due to the Department under this Act and the
7 Simplified Municipal Telecommunications Tax Act do not exceed
8 \$400, the Department may authorize his or her return to be
9 filed on an annual basis, with the return for a given year
10 being due by January 31st of the following year.

11 Notwithstanding any other provision of this Article
12 containing the time within which a retailer may file his
13 return, in the case of any retailer who ceases to engage in a
14 kind of business which makes him responsible for filing returns
15 under this Article, such retailer shall file a final return
16 under this Article with the Department not more than one month
17 after discontinuing such business.

18 In making such return, the retailer shall determine the
19 value of any consideration other than money received by him and
20 he shall include such value in his return. Such determination
21 shall be subject to review and revision by the Department in
22 the manner hereinafter provided for the correction of returns.

23 Each retailer whose average monthly liability to the
24 Department under this Article and the Simplified Municipal
25 Telecommunications Tax Act was \$25,000 or more during the
26 preceding calendar year, excluding the month of highest

1 liability and the month of lowest liability in such calendar
2 year, and who is not operated by a unit of local government,
3 shall make estimated payments to the Department on or before
4 the 7th, 15th, 22nd and last day of the month during which tax
5 collection liability to the Department is incurred in an amount
6 not less than the lower of either 22.5% of the retailer's
7 actual tax collections for the month or 25% of the retailer's
8 actual tax collections for the same calendar month of the
9 preceding year. The amount of such quarter monthly payments
10 shall be credited against the final liability of the retailer's
11 return for that month. Any outstanding credit, approved by the
12 Department, arising from the retailer's overpayment of its
13 final liability for any month may be applied to reduce the
14 amount of any subsequent quarter monthly payment or credited
15 against the final liability of the retailer's return for any
16 subsequent month. If any quarter monthly payment is not paid at
17 the time or in the amount required by this Section, the
18 retailer shall be liable for penalty and interest on the
19 difference between the minimum amount due as a payment and the
20 amount of such payment actually and timely paid, except insofar
21 as the retailer has previously made payments for that month to
22 the Department in excess of the minimum payments previously
23 due.

24 The retailer making the return herein provided for shall,
25 at the time of making such return, pay to the Department the
26 amount of tax herein imposed, less a discount of 1% which is

1 allowed to reimburse the retailer for the expenses incurred in
2 keeping records, billing the customer, preparing and filing
3 returns, remitting the tax, and supplying data to the
4 Department upon request. No discount may be claimed by a
5 retailer on returns not timely filed and for taxes not timely
6 remitted. On and after January 1, 2018, in no event shall the
7 discount allowed to any retailer be more than \$1,500 in any
8 calendar year.

9 On and after the effective date of this Article of 1985, of
10 the moneys received by the Department of Revenue pursuant to
11 this Article, other than moneys received pursuant to the
12 additional taxes imposed by Public Act 90-548:

13 (1) \$1,000,000 shall be paid each month into the Common
14 School Fund;

15 (2) beginning on the first day of the first calendar
16 month to occur on or after the effective date of this
17 amendatory Act of the 98th General Assembly, an amount
18 equal to 1/12 of 5% of the cash receipts collected during
19 the preceding fiscal year by the Audit Bureau of the
20 Department from the tax under this Act and the Simplified
21 Municipal Telecommunications Tax Act shall be paid each
22 month into the Tax Compliance and Administration Fund;
23 those moneys shall be used, subject to appropriation, to
24 fund additional auditors and compliance personnel at the
25 Department of Revenue; and

26 (3) the remainder shall be deposited into the General

1 Revenue Fund.

2 On and after February 1, 1998, however, of the moneys
3 received by the Department of Revenue pursuant to the
4 additional taxes imposed by Public Act 90-548, one-half shall
5 be deposited into the School Infrastructure Fund and one-half
6 shall be deposited into the Common School Fund. On and after
7 the effective date of this amendatory Act of the 91st General
8 Assembly, if in any fiscal year the total of the moneys
9 deposited into the School Infrastructure Fund under this Act is
10 less than the total of the moneys deposited into that Fund from
11 the additional taxes imposed by Public Act 90-548 during fiscal
12 year 1999, then, as soon as possible after the close of the
13 fiscal year, the Comptroller shall order transferred and the
14 Treasurer shall transfer from the General Revenue Fund to the
15 School Infrastructure Fund an amount equal to the difference
16 between the fiscal year total deposits and the total amount
17 deposited into the Fund in fiscal year 1999.

18 (Source: P.A. 98-1098, eff. 8-26-14.)

19 Section 55. The Liquor Control Act of 1934 is amended by
20 changing Section 8-2 as follows:

21 (235 ILCS 5/8-2) (from Ch. 43, par. 159)

22 Sec. 8-2. It is the duty of each manufacturer with respect
23 to alcoholic liquor produced or imported by such manufacturer,
24 or purchased tax-free by such manufacturer from another

1 manufacturer or importing distributor, and of each importing
2 distributor as to alcoholic liquor purchased by such importing
3 distributor from foreign importers or from anyone from any
4 point in the United States outside of this State or purchased
5 tax-free from another manufacturer or importing distributor,
6 to pay the tax imposed by Section 8-1 to the Department of
7 Revenue on or before the 15th day of the calendar month
8 following the calendar month in which such alcoholic liquor is
9 sold or used by such manufacturer or by such importing
10 distributor other than in an authorized tax-free manner or to
11 pay that tax electronically as provided in this Section.

12 Each manufacturer and each importing distributor shall
13 make payment under one of the following methods: (1) on or
14 before the 15th day of each calendar month, file in person or
15 by United States first-class mail, postage pre-paid, with the
16 Department of Revenue, on forms prescribed and furnished by the
17 Department, a report in writing in such form as may be required
18 by the Department in order to compute, and assure the accuracy
19 of, the tax due on all taxable sales and uses of alcoholic
20 liquor occurring during the preceding month. Payment of the tax
21 in the amount disclosed by the report shall accompany the
22 report or, (2) on or before the 15th day of each calendar
23 month, electronically file with the Department of Revenue, on
24 forms prescribed and furnished by the Department, an electronic
25 report in such form as may be required by the Department in
26 order to compute, and assure the accuracy of, the tax due on

1 all taxable sales and uses of alcoholic liquor occurring during
2 the preceding month. An electronic payment of the tax in the
3 amount disclosed by the report shall accompany the report. A
4 manufacturer or distributor who files an electronic report and
5 electronically pays the tax imposed pursuant to Section 8-1 to
6 the Department of Revenue on or before the 15th day of the
7 calendar month following the calendar month in which such
8 alcoholic liquor is sold or used by that manufacturer or
9 importing distributor other than in an authorized tax-free
10 manner shall pay to the Department the amount of the tax
11 imposed pursuant to Section 8-1, less a discount which is
12 allowed to reimburse the manufacturer or importing distributor
13 for the expenses incurred in keeping and maintaining records,
14 preparing and filing the electronic returns, remitting the tax,
15 and supplying data to the Department upon request.

16 The discount shall be in an amount as follows:

17 (1) For original returns due on or after January 1,
18 2003 through September 30, 2003, the discount shall be
19 1.75% or \$1,250 per return, whichever is less;

20 (2) For original returns due on or after October 1,
21 2003 through September 30, 2004, the discount shall be 2%
22 or \$3,000 per return, whichever is less; ~~and~~

23 (3) For original returns due on or after October 1,
24 2004 through December 31, 2017, the discount shall be 2% or
25 \$2,000 per return, whichever is less; and ~~and~~

26 (4) For original returns due on and after January 1,

1 2018, the sum of (i) 1.75% of the first \$1,000 collected
2 during the calendar year and (ii) 1% of the amount of
3 proceeds collected during the calendar year that exceeds
4 \$1,000; however, on and after January 1, 2018, in no event
5 shall the discount allowed to any manufacturer or
6 distributor be more than \$1,500 in any calendar year.

7 The Department may, if it deems it necessary in order to
8 insure the payment of the tax imposed by this Article, require
9 returns to be made more frequently than and covering periods of
10 less than a month. Such return shall contain such further
11 information as the Department may reasonably require.

12 It shall be presumed that all alcoholic liquors acquired or
13 made by any importing distributor or manufacturer have been
14 sold or used by him in this State and are the basis for the tax
15 imposed by this Article unless proven, to the satisfaction of
16 the Department, that such alcoholic liquors are (1) still in
17 the possession of such importing distributor or manufacturer,
18 or (2) prior to the termination of possession have been lost by
19 theft or through unintentional destruction, or (3) that such
20 alcoholic liquors are otherwise exempt from taxation under this
21 Act.

22 The Department may require any foreign importer to file
23 monthly information returns, by the 15th day of the month
24 following the month which any such return covers, if the
25 Department determines this to be necessary to the proper
26 performance of the Department's functions and duties under this

1 Act. Such return shall contain such information as the
2 Department may reasonably require.

3 Every manufacturer and importing distributor shall also
4 file, with the Department, a bond in an amount not less than
5 \$1,000 and not to exceed \$100,000 on a form to be approved by,
6 and with a surety or sureties satisfactory to, the Department.
7 Such bond shall be conditioned upon the manufacturer or
8 importing distributor paying to the Department all monies
9 becoming due from such manufacturer or importing distributor
10 under this Article. The Department shall fix the penalty of
11 such bond in each case, taking into consideration the amount of
12 alcoholic liquor expected to be sold and used by such
13 manufacturer or importing distributor, and the penalty fixed by
14 the Department shall be sufficient, in the Department's
15 opinion, to protect the State of Illinois against failure to
16 pay any amount due under this Article, but the amount of the
17 penalty fixed by the Department shall not exceed twice the
18 amount of tax liability of a monthly return, nor shall the
19 amount of such penalty be less than \$1,000. The Department
20 shall notify the Commission of the Department's approval or
21 disapproval of any such manufacturer's or importing
22 distributor's bond, or of the termination or cancellation of
23 any such bond, or of the Department's direction to a
24 manufacturer or importing distributor that he must file
25 additional bond in order to comply with this Section. The
26 Commission shall not issue a license to any applicant for a

1 manufacturer's or importing distributor's license unless the
2 Commission has received a notification from the Department
3 showing that such applicant has filed a satisfactory bond with
4 the Department hereunder and that such bond has been approved
5 by the Department. Failure by any licensed manufacturer or
6 importing distributor to keep a satisfactory bond in effect
7 with the Department or to furnish additional bond to the
8 Department, when required hereunder by the Department to do so,
9 shall be grounds for the revocation or suspension of such
10 manufacturer's or importing distributor's license by the
11 Commission. If a manufacturer or importing distributor fails to
12 pay any amount due under this Article, his bond with the
13 Department shall be deemed forfeited, and the Department may
14 institute a suit in its own name on such bond.

15 After notice and opportunity for a hearing the State
16 Commission may revoke or suspend the license of any
17 manufacturer or importing distributor who fails to comply with
18 the provisions of this Section. Notice of such hearing and the
19 time and place thereof shall be in writing and shall contain a
20 statement of the charges against the licensee. Such notice may
21 be given by United States registered or certified mail with
22 return receipt requested, addressed to the person concerned at
23 his last known address and shall be given not less than 7 days
24 prior to the date fixed for the hearing. An order revoking or
25 suspending a license under the provisions of this Section may
26 be reviewed in the manner provided in Section 7-10 of this Act.

1 No new license shall be granted to a person whose license has
2 been revoked for a violation of this Section or, in case of
3 suspension, shall such suspension be terminated until he has
4 paid to the Department all taxes and penalties which he owes
5 the State under the provisions of this Act.

6 Every manufacturer or importing distributor who has, as
7 verified by the Department, continuously complied with the
8 conditions of the bond under this Act for a period of 2 years
9 shall be considered to be a prior continuous compliance
10 taxpayer. In determining the consecutive period of time for
11 qualification as a prior continuous compliance taxpayer, any
12 consecutive period of time of qualifying compliance
13 immediately prior to the effective date of this amendatory Act
14 of 1987 shall be credited to any manufacturer or importing
15 distributor.

16 A manufacturer or importing distributor that is a prior
17 continuous compliance taxpayer under this Section and becomes a
18 successor as the result of an acquisition, merger, or
19 consolidation of a manufacturer or importing distributor shall
20 be deemed to be a prior continuous compliance taxpayer with
21 respect to the acquired, merged, or consolidated entity.

22 Every prior continuous compliance taxpayer shall be exempt
23 from the bond requirements of this Act until the Department has
24 determined the taxpayer to be delinquent in the filing of any
25 return or deficient in the payment of any tax under this Act.
26 Any taxpayer who fails to pay an admitted or established

1 liability under this Act may also be required to post bond or
2 other acceptable security with the Department guaranteeing the
3 payment of such admitted or established liability.

4 The Department shall discharge any surety and shall release
5 and return any bond or security deposit assigned, pledged or
6 otherwise provided to it by a taxpayer under this Section
7 within 30 days after: (1) such taxpayer becomes a prior
8 continuous compliance taxpayer; or (2) such taxpayer has ceased
9 to collect receipts on which he is required to remit tax to the
10 Department, has filed a final tax return, and has paid to the
11 Department an amount sufficient to discharge his remaining tax
12 liability as determined by the Department under this Act.

13 (Source: P.A. 95-769, eff. 7-29-08.)

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.

1		INDEX
2		Statutes amended in order of appearance
3	35 ILCS 5/203	from Ch. 120, par. 2-203
4	35 ILCS 5/304	from Ch. 120, par. 3-304
5	35 ILCS 5/309 new	
6	35 ILCS 5/1501	from Ch. 120, par. 15-1501
7	35 ILCS 105/9	from Ch. 120, par. 439.9
8	35 ILCS 110/9	from Ch. 120, par. 439.39
9	35 ILCS 115/9	from Ch. 120, par. 439.109
10	35 ILCS 120/3	from Ch. 120, par. 442
11	35 ILCS 130/2	from Ch. 120, par. 453.2
12	35 ILCS 135/3	from Ch. 120, par. 453.33
13	35 ILCS 145/2	from Ch. 120, par. 481b.32
14	35 ILCS 145/6	from Ch. 120, par. 481b.36
15	35 ILCS 505/2b	from Ch. 120, par. 418b
16	35 ILCS 505/6	from Ch. 120, par. 422
17	35 ILCS 505/6a	from Ch. 120, par. 422a
18	35 ILCS 630/6	from Ch. 120, par. 2006
19	235 ILCS 5/8-2	from Ch. 43, par. 159