

SB0009



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB0009

Introduced 1/11/2017, by Sen. Toi W. Hutchinson

SYNOPSIS AS INTRODUCED:

See Index

Creates the Sugar-Sweetened Beverage Tax Act. Imposes a tax on distributors of bottled sugar-sweetened beverages, syrups, or powders at the rate of \$0.01 per ounce of bottled sugar-sweetened beverages sold or offered for sale to a retailer for sale in the State to a consumer. Requires those distributors to obtain permits. Provides that 2% of the moneys shall be deposited into the Tax Compliance and Administration Fund for the administrative costs of the Department of Revenue, and 98% of the moneys shall be deposited into the General Revenue Fund. Amends the Illinois Income Tax Act. Makes changes concerning the rate of tax. Extends the research and development credit for tax years ending prior to January 1, 2027. Creates an addition modification in an amount equal to the deduction for qualified domestic production activities allowed under Section 199 of the Internal Revenue Code. Makes changes concerning the definition of "unitary business group". Makes changes concerning estimated taxes. Amends the Film Production Services Tax Credit Act of 2008. Provides that no taxpayer may take a credit awarded under the Act for tax years beginning on or after January 1, 2027. Amends the Business Corporation Act of 1983. Makes changes concerning penalties and reports. Amends the Limited Liability Company Act. Makes changes concerning the fee for filing articles of organization. Effective immediately, but this Act does not take effect at all unless Senate Bills 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, and 13 of the 100th General Assembly become law.

LRB100 06347 HLH 16385 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 1. Short title. This Act may be cited as the
5 Sugar-Sweetened Beverage Tax Act.

6 Section 5. Definitions. For purposes of this Act:

7 "Bottle" means any closed or sealed container regardless of
8 size or shape, including, without limitation, those made of
9 glass, metal, paper, plastic, or any other material or
10 combination of materials.

11 "Bottled sugar-sweetened beverage" means any
12 sugar-sweetened beverage contained in a bottle that is ready
13 for consumption without further processing such as, without
14 limitation, dilution or carbonation.

15 "Caloric sweetener" means any caloric substance suitable
16 for human consumption which adds calories to the diet of a
17 person who consumes that substance, is used as an ingredient of
18 a beverage, syrup, or powder, and includes, without limitation,
19 sucrose, fructose, glucose, fruit juice concentrate, or other
20 sugars. "Caloric sweetener" excludes non-caloric sweeteners.

21 "Consumer" means a person who purchases a sugar-sweetened
22 beverage for consumption and not for sale to another.

23 "Department" means the Department of Revenue.

1 "Distributor" means any person, including manufacturers
2 and wholesale dealers, who receives, stores, manufactures,
3 bottles, or distributes bottled sugar-sweetened beverages,
4 syrups, or powders, for sale to retailers doing business in the
5 State, whether or not that person also sells such products to
6 consumers.

7 "Non-caloric sweetener" means any non-caloric substance
8 suitable for human consumption which does not add calories to
9 the diet of a person who consumes that substance, is used as an
10 ingredient of a beverage, syrup, or powder, and includes,
11 without limitation, aspartame, saccharin, stevia, and
12 sucralose. "Non-caloric sweetener" excludes caloric
13 sweeteners.

14 "Person" means any natural person, partnership,
15 cooperative association, limited liability company,
16 corporation, personal representative, receiver, trustee,
17 assignee, or any other legal entity.

18 "Place of business" means any place where sugar-sweetened
19 beverages, syrups, or powders are manufactured or received for
20 sale in the State.

21 "Powders" means any solid mixture of ingredients used in
22 making, mixing, or compounding sugar-sweetened beverages by
23 mixing the powder with any one or more other ingredients,
24 including without limitation water, ice, syrup, simple syrup,
25 fruits, vegetables, fruit juice, vegetable juice, carbonation
26 or other gas. A powder which indicates on the label that it can

1 be mixed with water is subject to the tax. Notwithstanding any
2 other provision, a powder which indicates on the label that it
3 cannot be mixed with water and is intended by the manufacturer
4 to be mixed only with alcohol or milk is not subject to the
5 tax.

6 "Retailer" means any person who sells or otherwise
7 dispenses in the State a sugar-sweetened beverage to a consumer
8 whether or not that person is also a distributor as defined in
9 this Section.

10 "Sale" means the transfer of title or possession for
11 valuable consideration regardless of the manner by which the
12 transfer is completed.

13 "State" means the State of Illinois.

14 "Sugar-sweetened beverage" means any nonalcoholic
15 beverage, carbonated or noncarbonated, which is intended for
16 human consumption and contains more than 5 grams of caloric
17 sweetener per 12 fluid ounces. As used in this definition,
18 "nonalcoholic beverage" means any beverage that contains less
19 than one-half of one percent alcohol per volume. The term
20 "sugar-sweetened beverage" does not include:

21 (1) beverages sweetened solely with non-caloric
22 sweeteners;

23 (2) beverages sweetened with 5 grams or less of caloric
24 sweeteners per 12 fluid ounces;

25 (3) beverages consisting of 100% natural fruit or
26 vegetable juice with no caloric sweetener; for purposes of

1 this paragraph, "natural fruit juice" and "natural
2 vegetable juice" mean the original liquid resulting from
3 the pressing of fruits or vegetables, juice concentrate, or
4 the liquid resulting from the dilution with water of
5 dehydrated natural fruit juice or natural vegetable juice;

6 (4) beverages in which milk, or soy, rice, or similar
7 milk substitute, is the primary ingredient or the first
8 listed ingredient on the label of the beverage; for
9 purposes of this Act, "milk" means natural liquid milk
10 regardless of animal or plant source or butterfat content,
11 natural milk concentrate, whether or not reconstituted,
12 regardless of animal or plant source or butterfat content,
13 or dehydrated natural milk, whether or not reconstituted
14 and regardless of animal or plant source or butterfat
15 content;

16 (5) coffee or tea without caloric sweetener;

17 (6) infant formula;

18 (7) medically necessary foods, as defined in the
19 federal Orphan Drug Act; and

20 (8) water without any caloric sweeteners.

21 "Syrup" means a liquid mixture of ingredients used in
22 making, mixing, or compounding sugar-sweetened beverages using
23 one or more other ingredients including, without limitation,
24 water, ice, a powder, simple syrup, fruits, vegetables, fruit
25 juice, vegetable juice, carbonation, or other gas. A syrup
26 which indicates on the label that it can be mixed with water is

1 subject to the tax. Notwithstanding any other provision, a
2 syrup which indicates on the label that it cannot be mixed with
3 water, and is intended by the manufacturer to be mixed only
4 with alcohol or milk is not subject to the tax.

5 Section 10. Permit required.

6 (a) Beginning May 1, 2017, every distributor doing business
7 in the State who wishes to engage in the business of selling
8 sugar-sweetened beverages, syrups, or powders subject to tax
9 under this Act shall file with the Department an application
10 for a permit to engage in such business. An application shall
11 be filed for each place of business owned and operated by the
12 distributor. An application for a permit shall be filed on
13 forms to be furnished by the Department for that purpose. Each
14 such application shall be signed and verified and shall state:
15 (1) the name and social security number of the applicant; (2)
16 the address of his principal place of business; (3) the address
17 of the principal place of business from which he engages in the
18 business of distributing sugar-sweetened beverages, syrups, or
19 powders to retailers in this State and the addresses of all
20 other places of business, if any (enumerating such addresses,
21 if any, in a separate list attached to and made a part of the
22 application), from which he engages in the business of
23 distributing sugar-sweetened beverages, syrups, or powders to
24 retailers in this State; (4) the name and address of the person
25 or persons who will be responsible for filing returns and

1 payment of taxes due under this Act; (5) in the case of a
2 corporation, the name, title, and social security number of
3 each corporate officer; (6) in the case of a limited liability
4 company, the name, social security number, and FEIN number of
5 each manager and member; and (7) such other information as the
6 Department may reasonably require. The application shall
7 contain an acceptance of responsibility signed by the person or
8 persons who will be responsible for filing returns and payment
9 of the taxes due under this Act.

10 (b) The Department may deny a permit to any applicant if a
11 person who is named as the owner, a partner, a manager or
12 member of a limited liability company, or a corporate officer
13 of the applicant on the application for the certificate of
14 registration, is or has been named as the owner, a partner, a
15 manager or member of a limited liability company, or a
16 corporate officer, on the application for the permit or
17 certificate of registration of a retailer under the Retailers'
18 Occupation Tax Act that is in default for moneys due under this
19 Act or any other tax or fee Act administered by the Department.
20 For purposes of this paragraph only, in determining whether a
21 person is in default for moneys due, the Department shall
22 include only amounts established as a final liability within
23 the 20 years prior to the date of the Department's notice of
24 denial of a certificate of registration. The Department, in its
25 discretion, may require that the application for permit be
26 submitted electronically.

1 (c) Upon receipt of an application and the annual permit
2 fee of \$250, the Department may issue to the applicant, for the
3 place of business designated, a permit, authorizing the sale of
4 sugar-sweetened beverages, syrups, and powders in the State. No
5 distributor shall sell any sugar-sweetened beverage, syrup, or
6 powders without first obtaining a permit to do so under this
7 Act. Permits issued pursuant to this Section shall expire one
8 year from the date of issuance and may be renewed annually.
9 Fees shall be deposited into the Tax Compliance and
10 Administration Fund.

11 (d) A permit may not be transferred or assigned from one
12 person to another, and a permit shall at all times be
13 prominently displayed in a distributor's place of business. The
14 Department may refuse to issue a permit to any person
15 previously convicted of violations of this Act under such
16 procedures as the Department may establish by regulation.

17 (e) The Department may, in its discretion, issue the permit
18 electronically.

19 Section 15. Tax imposed.

20 (a) Beginning on May 1, 2017, there is imposed a tax on
21 every distributor for the privilege of selling the products
22 governed by this Act in the State. The tax shall be imposed at
23 the rate of \$0.01 per ounce of bottled sugar-sweetened
24 beverages sold or transferred to a retailer in the State. The
25 tax on syrup and powder sold or transferred to a retailer in

1 the State, either as syrup or powder or as a sugar-sweetened
2 beverage derived from that syrup or powder, is equal to \$0.01
3 per ounce for each ounce of sugar-sweetened beverage produced
4 from that syrup or powder. For purposes of calculating the tax,
5 the volume of sugar-sweetened beverage produced from syrup or
6 powder shall be the larger of (i) the largest volume resulting
7 from use of the syrup or powder according to any manufacturer's
8 instructions or (ii) the volume actually produced by the
9 retailer. The taxes imposed by this Section are in addition to
10 any other taxes that may apply to persons or products subject
11 to this Act.

12 (b) A retailer that sells bottled sugar-sweetened
13 beverages, syrups, or powders in the State to a consumer, on
14 which the tax imposed by this Section has not been paid by a
15 distributor, is liable for the tax imposed in subsection (a) at
16 the time of sale to a consumer.

17 Section 20. Pass-through of the tax. A distributor shall
18 add the amount of tax levied by this Act to the price of
19 sugar-sweetened beverages sold to a retailer, and the retailer
20 shall pass the amount of the tax through to the consumer as a
21 component of the final retail purchase price. The amount of the
22 taxes may be stated separately on all invoices, signs, sales or
23 delivery slips, bills, and statements that advertise or
24 indicate the price of those beverages.

1 Section 25. Report of sales and tax remittances.

2 (a) Any distributor or retailer liable for the tax imposed
3 by this Act shall, on or before the twentieth day of each
4 calendar month, return to the Department a statement containing
5 its name and place of business, the quantity of sugar-sweetened
6 beverages, syrup, and powders subject to the tax imposed by
7 this Act sold or offered for sale in the month preceding the
8 month in which the report is due, and any other information
9 required by the Department, along with the tax due.

10 (b) If the taxpayer's average monthly tax liability to the
11 Department under this Act, was \$20,000 or more during the
12 preceding 4 complete calendar quarters, he shall file a return
13 with the Department each month by the twentieth day of the
14 month next following the month during which such tax liability
15 is incurred and shall make payment to the Department on or
16 before the 7th, 15th, 22nd, and last day of the month during
17 which such liability is incurred.

18 (c) The Department, in its discretion, may require that
19 returns be submitted and payments be made electronically.

20 Section 30. Records of distributors. Every distributor and
21 every retailer subject to this Act shall maintain for not less
22 than 4 years accurate books and records, showing all
23 transactions that gave rise, or may have given rise, to tax
24 liability under this Act. Such records are subject to
25 inspection by the Department at all reasonable times during

1 normal business hours.

2 Section 35. Exemptions. The following shall be exempt from
3 the tax imposed under this Act:

4 (1) Bottled sugar-sweetened beverages, syrups, and powders
5 sold by a distributor or a retailer expressly for resale or
6 consumption outside of the State.

7 (2) Bottled sugar-sweetened beverages, syrups, and powders
8 sold by a distributor to another distributor that holds a
9 permit issued under Section 10 if the sales invoice clearly
10 indicates that the sale is exempt. If the sale is to a person
11 who is both a distributor and a retailer, the sale shall also
12 be tax exempt and the tax shall be paid when the purchasing
13 distributor-retailer resells the product to a retailer or a
14 consumer. This exemption does not apply to any other sale to a
15 retailer.

16 Section 40. Penalties.

17 (a) Any distributor, retailer, or other person subject to
18 the provisions of this Act who fails to pay the entire amount
19 of tax imposed by this Act by the date that payment is due,
20 fails to submit a report or maintain records required by this
21 Act, does business in the State of Illinois without first
22 obtaining a permit as required by this Act, or violates any
23 other provision of this Act, or rules and regulations adopted
24 by the Department for the enforcement of this Act, shall be

1 guilty of a misdemeanor and shall also be liable for the
2 penalties set forth and incorporated by reference into this
3 Section.

4 (b) Incorporation by reference. All of the provisions of
5 Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b,
6 6c, 8, 9, 10, 11, 11a, and 12 of the Retailers' Occupation Tax
7 Act, and all applicable provisions of the Uniform Penalty and
8 Interest Act that are not inconsistent with this Act, apply to
9 distributors of sugar-sweetened beverages to the same extent as
10 if those provisions were included in this Act. References in
11 the incorporated Sections of the Retailers' Occupation Tax Act
12 to retailers, to sellers, or to persons engaged in the business
13 of selling tangible personal property mean distributors and
14 retailers when used in this Act. References in the incorporated
15 Sections to sales of tangible personal property mean sales of
16 sugar-sweetened beverages, syrups, or powders when used in this
17 Act.

18 (c) In addition to any other penalty authorized by law, a
19 permit issued pursuant to Section 10 shall be suspended or
20 revoked if any court of competent jurisdiction determines, or
21 the Department finds based on a preponderance of the evidence,
22 after the permittee is afforded notice and an opportunity to be
23 heard, that the permittee, or any of the permittee's agents or
24 employees, has violated any of the requirements, conditions, or
25 prohibitions of this Act. For a first violation of this Act
26 within any 60-month period, the permit shall be suspended for

1 30 days. For a second violation of this Act within any 60-month
2 period, the permit shall be suspended for 90 days. For a third
3 violation of this Act within any 60-month period, the permit
4 shall be suspended for one year. For a fourth or subsequent
5 violation of this Act within any 60-month period, the license
6 shall be revoked.

7 (d) A decision of the Department under this Section is a
8 final administrative decision and is subject to review by the
9 Illinois Independent Tax Tribunal.

10 Section 45. Unpaid taxes a debt. The tax herein required to
11 be collected by any person distributing sugar-sweetened
12 beverages, powders, or syrup for sale to a retailer in the
13 State, and any such tax collected by that person shall
14 constitute a debt owed by that person to this State.

15 Section 50. Revenue distribution. All of the moneys
16 collected by the Department pursuant to the taxes imposed by
17 Section 15 shall be deposited as follows: 2% shall be deposited
18 into the Tax Compliance and Administration Fund for the
19 administrative costs of the Department, and 98% shall be
20 deposited into the General Revenue Fund. All interest earned on
21 moneys in the General Revenue Fund from the tax collected under
22 this Act shall remain in the General Revenue Fund.

23 Section 97. Severability. The provisions of the

1 Sugar-Sweetened Beverage Tax Act are severable under Section
2 1.31 of the Statute on Statutes.

3 Section 900. The Illinois Income Tax Act is amended by
4 changing Sections 201, 203, 212, 804, 901, and 1501 and by
5 adding Section 225 as follows:

6 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

7 Sec. 201. Tax Imposed.

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

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

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

22 (2) In the case of an individual, trust or estate, for
23 taxable years beginning prior to July 1, 1989 and ending
24 after June 30, 1989, an amount equal to the sum of (i) 2

1 1/2% of the taxpayer's net income for the period prior to
2 July 1, 1989, as calculated under Section 202.3, and (ii)
3 3% of the taxpayer's net income for the period after June
4 30, 1989, as calculated under Section 202.3.

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

9 (4) In the case of an individual, trust, or estate, for
10 taxable years beginning prior to January 1, 2011, and
11 ending after December 31, 2010, an amount equal to the sum
12 of (i) 3% of the taxpayer's net income for the period prior
13 to January 1, 2011, as calculated under Section 202.5, and
14 (ii) 5% of the taxpayer's net income for the period after
15 December 31, 2010, as calculated under Section 202.5.

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

20 (5.1) In the case of an individual, trust, or estate,
21 for taxable years beginning prior to January 1, 2015, and
22 ending after December 31, 2014, an amount equal to the sum
23 of (i) 5% of the taxpayer's net income for the period prior
24 to January 1, 2015, as calculated under Section 202.5, and
25 (ii) 3.75% of the taxpayer's net income for the period
26 after December 31, 2014, as calculated under Section 202.5.

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

6 (5.3) In the case of an individual, trust, or estate,
7 for taxable years beginning prior to January 1, 2017
8 ~~January 1, 2025~~, and ending after December 31, 2016
9 ~~December 31, 2024~~, an amount equal to the sum of (i) 3.75%
10 of the taxpayer's net income for the period prior to
11 January 1, 2017 ~~January 1, 2025~~, as calculated under
12 Section 202.5, and (ii) 4.95% ~~3.25%~~ of the taxpayer's net
13 income for the period after December 31, 2016 ~~December 31,~~
14 ~~2024~~, as calculated under Section 202.5.

15 (5.4) In the case of an individual, trust, or estate,
16 for taxable years beginning on or after January 1, 2017
17 ~~January 1, 2025~~, an amount equal to 4.95% ~~3.25%~~ of the
18 taxpayer's net income for the taxable year.

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

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

1 taxpayer's net income for the period after June 30, 1989,
2 as calculated under Section 202.3.

3 (8) In the case of a corporation, for taxable years
4 beginning after June 30, 1989, and ending prior to January
5 1, 2011, an amount equal to 4.8% of the taxpayer's net
6 income for the taxable year.

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

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

18 (11) In the case of a corporation, for taxable years
19 beginning prior to January 1, 2015, and ending after
20 December 31, 2014, an amount equal to the sum of (i) 7% of
21 the taxpayer's net income for the period prior to January
22 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
23 of the taxpayer's net income for the period after December
24 31, 2014, as calculated under Section 202.5.

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

1 January 1, 2017 ~~January 1, 2025~~, an amount equal to 5.25%
2 of the taxpayer's net income for the taxable year.

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

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

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

17 (c) Personal Property Tax Replacement Income Tax.
18 Beginning on July 1, 1979 and thereafter, in addition to such
19 income tax, there is also hereby imposed the Personal Property
20 Tax Replacement Income Tax measured by net income on every
21 corporation (including Subchapter S corporations), partnership
22 and trust, for each taxable year ending after June 30, 1979.
23 Such taxes are imposed on the privilege of earning or receiving
24 income in or as a resident of this State. The Personal Property
25 Tax Replacement Income Tax shall be in addition to the income
26 tax imposed by subsections (a) and (b) of this Section and in

1 addition to all other occupation or privilege taxes imposed by
2 this State or by any municipal corporation or political
3 subdivision thereof.

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

16 (d-1) Rate reduction for certain foreign insurers. In the
17 case of a foreign insurer, as defined by Section 35A-5 of the
18 Illinois Insurance Code, whose state or country of domicile
19 imposes on insurers domiciled in Illinois a retaliatory tax
20 (excluding any insurer whose premiums from reinsurance assumed
21 are 50% or more of its total insurance premiums as determined
22 under paragraph (2) of subsection (b) of Section 304, except
23 that for purposes of this determination premiums from
24 reinsurance do not include premiums from inter-affiliate
25 reinsurance arrangements), beginning with taxable years ending
26 on or after December 31, 1999, the sum of the rates of tax

1 imposed by subsections (b) and (d) shall be reduced (but not
2 increased) to the rate at which the total amount of tax imposed
3 under this Act, net of all credits allowed under this Act,
4 shall equal (i) the total amount of tax that would be imposed
5 on the foreign insurer's net income allocable to Illinois for
6 the taxable year by such foreign insurer's state or country of
7 domicile if that net income were subject to all income taxes
8 and taxes measured by net income imposed by such foreign
9 insurer's state or country of domicile, net of all credits
10 allowed or (ii) a rate of zero if no such tax is imposed on such
11 income by the foreign insurer's state of domicile. For the
12 purposes of this subsection (d-1), an inter-affiliate includes
13 a mutual insurer under common management.

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

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

20 (B) the privilege tax imposed by Section 409 of the
21 Illinois Insurance Code, the fire insurance company
22 tax imposed by Section 12 of the Fire Investigation
23 Act, and the fire department taxes imposed under
24 Section 11-10-1 of the Illinois Municipal Code,
25 equals 1.25% for taxable years ending prior to December 31,
26 2003, or 1.75% for taxable years ending on or after

1 December 31, 2003, of the net taxable premiums written for
2 the taxable year, as described by subsection (1) of Section
3 409 of the Illinois Insurance Code. This paragraph will in
4 no event increase the rates imposed under subsections (b)
5 and (d).

6 (2) Any reduction in the rates of tax imposed by this
7 subsection shall be applied first against the rates imposed
8 by subsection (b) and only after the tax imposed by
9 subsection (a) net of all credits allowed under this
10 Section other than the credit allowed under subsection (i)
11 has been reduced to zero, against the rates imposed by
12 subsection (d).

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

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

18 (1) A taxpayer shall be allowed a credit equal to .5%
19 of the basis of qualified property placed in service during
20 the taxable year, provided such property is placed in
21 service on or after July 1, 1984. There shall be allowed an
22 additional credit equal to .5% of the basis of qualified
23 property placed in service during the taxable year,
24 provided such property is placed in service on or after
25 July 1, 1986, and the taxpayer's base employment within
26 Illinois has increased by 1% or more over the preceding

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

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

24 (2) The term "qualified property" means property
25 which:

26 (A) is tangible, whether new or used, including

1 buildings and structural components of buildings and
2 signs that are real property, but not including land or
3 improvements to real property that are not a structural
4 component of a building such as landscaping, sewer
5 lines, local access roads, fencing, parking lots, and
6 other appurtenances;

7 (B) is depreciable pursuant to Section 167 of the
8 Internal Revenue Code, except that "3-year property"
9 as defined in Section 168(c)(2)(A) of that Code is not
10 eligible for the credit provided by this subsection
11 (e);

12 (C) is acquired by purchase as defined in Section
13 179(d) of the Internal Revenue Code;

14 (D) is used in Illinois by a taxpayer who is
15 primarily engaged in manufacturing, or in mining coal
16 or fluorite, or in retailing, or was placed in service
17 on or after July 1, 2006 in a River Edge Redevelopment
18 Zone established pursuant to the River Edge
19 Redevelopment Zone Act; and

20 (E) has not previously been used in Illinois in
21 such a manner and by such a person as would qualify for
22 the credit provided by this subsection (e) or
23 subsection (f).

24 (3) For purposes of this subsection (e),
25 "manufacturing" means the material staging and production
26 of tangible personal property by procedures commonly

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

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

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

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

1 (7) If during any taxable year, any property ceases to
2 be qualified property in the hands of the taxpayer within
3 48 months after being placed in service, or the situs of
4 any qualified property is moved outside Illinois within 48
5 months after being placed in service, the Personal Property
6 Tax Replacement Income Tax for such taxable year shall be
7 increased. Such increase shall be determined by (i)
8 recomputing the investment credit which would have been
9 allowed for the year in which credit for such property was
10 originally allowed by eliminating such property from such
11 computation and, (ii) subtracting such recomputed credit
12 from the amount of credit previously allowed. For the
13 purposes of this paragraph (7), a reduction of the basis of
14 qualified property resulting from a redetermination of the
15 purchase price shall be deemed a disposition of qualified
16 property to the extent of such reduction.

17 (8) Unless the investment credit is extended by law,
18 the basis of qualified property shall not include costs
19 incurred after December 31, 2018, except for costs incurred
20 pursuant to a binding contract entered into on or before
21 December 31, 2018.

22 (9) Each taxable year ending before December 31, 2000,
23 a partnership may elect to pass through to its partners the
24 credits to which the partnership is entitled under this
25 subsection (e) for the taxable year. A partner may use the
26 credit allocated to him or her under this paragraph only

1 against the tax imposed in subsections (c) and (d) of this
2 Section. If the partnership makes that election, those
3 credits shall be allocated among the partners in the
4 partnership in accordance with the rules set forth in
5 Section 704(b) of the Internal Revenue Code, and the rules
6 promulgated under that Section, and the allocated amount of
7 the credits shall be allowed to the partners for that
8 taxable year. The partnership shall make this election on
9 its Personal Property Tax Replacement Income Tax return for
10 that taxable year. The election to pass through the credits
11 shall be irrevocable.

12 For taxable years ending on or after December 31, 2000,
13 a partner that qualifies its partnership for a subtraction
14 under subparagraph (I) of paragraph (2) of subsection (d)
15 of Section 203 or a shareholder that qualifies a Subchapter
16 S corporation for a subtraction under subparagraph (S) of
17 paragraph (2) of subsection (b) of Section 203 shall be
18 allowed a credit under this subsection (e) equal to its
19 share of the credit earned under this subsection (e) during
20 the taxable year by the partnership or Subchapter S
21 corporation, determined in accordance with the
22 determination of income and distributive share of income
23 under Sections 702 and 704 and Subchapter S of the Internal
24 Revenue Code. This paragraph is exempt from the provisions
25 of Section 250.

26 (f) Investment credit; Enterprise Zone; River Edge

1 Redevelopment Zone.

2 (1) A taxpayer shall be allowed a credit against the
3 tax imposed by subsections (a) and (b) of this Section for
4 investment in qualified property which is placed in service
5 in an Enterprise Zone created pursuant to the Illinois
6 Enterprise Zone Act or, for property placed in service on
7 or after July 1, 2006, a River Edge Redevelopment Zone
8 established pursuant to the River Edge Redevelopment Zone
9 Act. For partners, shareholders of Subchapter S
10 corporations, and owners of limited liability companies,
11 if the liability company is treated as a partnership for
12 purposes of federal and State income taxation, there shall
13 be allowed a credit under this subsection (f) to be
14 determined in accordance with the determination of income
15 and distributive share of income under Sections 702 and 704
16 and Subchapter S of the Internal Revenue Code. The credit
17 shall be .5% of the basis for such property. The credit
18 shall be available only in the taxable year in which the
19 property is placed in service in the Enterprise Zone or
20 River Edge Redevelopment Zone and shall not be allowed to
21 the extent that it would reduce a taxpayer's liability for
22 the tax imposed by subsections (a) and (b) of this Section
23 to below zero. For tax years ending on or after December
24 31, 1985, the credit shall be allowed for the tax year in
25 which the property is placed in service, or, if the amount
26 of the credit exceeds the tax liability for that year,

1 whether it exceeds the original liability or the liability
2 as later amended, such excess may be carried forward and
3 applied to the tax liability of the 5 taxable years
4 following the excess credit year. The credit shall be
5 applied to the earliest year for which there is a
6 liability. If there is credit from more than one tax year
7 that is available to offset a liability, the credit
8 accruing first in time shall be applied first.

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

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

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

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

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

21 (E) has not been previously used in Illinois in
22 such a manner and by such a person as would qualify for
23 the credit provided by this subsection (f) or
24 subsection (e).

25 (3) The basis of qualified property shall be the basis
26 used to compute the depreciation deduction for federal

1 income tax purposes.

2 (4) If the basis of the property for federal income tax
3 depreciation purposes is increased after it has been placed
4 in service in the Enterprise Zone or River Edge
5 Redevelopment Zone by the taxpayer, the amount of such
6 increase shall be deemed property placed in service on the
7 date of such increase in basis.

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

10 (6) If during any taxable year, any property ceases to
11 be qualified property in the hands of the taxpayer within
12 48 months after being placed in service, or the situs of
13 any qualified property is moved outside the Enterprise Zone
14 or River Edge Redevelopment Zone within 48 months after
15 being placed in service, the tax imposed under subsections
16 (a) and (b) of this Section for such taxable year shall be
17 increased. Such increase shall be determined by (i)
18 recomputing the investment credit which would have been
19 allowed for the year in which credit for such property was
20 originally allowed by eliminating such property from such
21 computation, and (ii) subtracting such recomputed credit
22 from the amount of credit previously allowed. For the
23 purposes of this paragraph (6), a reduction of the basis of
24 qualified property resulting from a redetermination of the
25 purchase price shall be deemed a disposition of qualified
26 property to the extent of such reduction.

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

18 (g) (Blank).

19 (h) Investment credit; High Impact Business.

20 (1) Subject to subsections (b) and (b-5) of Section 5.5
21 of the Illinois Enterprise Zone Act, a taxpayer shall be
22 allowed a credit against the tax imposed by subsections (a)
23 and (b) of this Section for investment in qualified
24 property which is placed in service by a Department of
25 Commerce and Economic Opportunity designated High Impact
26 Business. The credit shall be .5% of the basis for such

1 property. The credit shall not be available (i) until the
2 minimum investments in qualified property set forth in
3 subdivision (a)(3)(A) of Section 5.5 of the Illinois
4 Enterprise Zone Act have been satisfied or (ii) until the
5 time authorized in subsection (b-5) of the Illinois
6 Enterprise Zone Act for entities designated as High Impact
7 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
8 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
9 Act, and shall not be allowed to the extent that it would
10 reduce a taxpayer's liability for the tax imposed by
11 subsections (a) and (b) of this Section to below zero. The
12 credit applicable to such investments shall be taken in the
13 taxable year in which such investments have been completed.
14 The credit for additional investments beyond the minimum
15 investment by a designated high impact business authorized
16 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
17 Enterprise Zone Act shall be available only in the taxable
18 year in which the property is placed in service and shall
19 not be allowed to the extent that it would reduce a
20 taxpayer's liability for the tax imposed by subsections (a)
21 and (b) of this Section to below zero. For tax years ending
22 on or after December 31, 1987, the credit shall be allowed
23 for the tax year in which the property is placed in
24 service, or, if the amount of the credit exceeds the tax
25 liability for that year, whether it exceeds the original
26 liability or the liability as later amended, such excess

1 may be carried forward and applied to the tax liability of
2 the 5 taxable years following the excess credit year. The
3 credit shall be applied to the earliest year for which
4 there is a liability. If there is credit from more than one
5 tax year that is available to offset a liability, the
6 credit accruing first in time shall be applied first.

7 Changes made in this subdivision (h) (1) by Public Act
8 88-670 restore changes made by Public Act 85-1182 and
9 reflect existing law.

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

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

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

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

20 (D) is not eligible for the Enterprise Zone
21 Investment Credit provided by subsection (f) of this
22 Section.

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

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

1 depreciation purposes is increased after it has been placed
2 in service in a federally designated Foreign Trade Zone or
3 Sub-Zone located in Illinois by the taxpayer, the amount of
4 such increase shall be deemed property placed in service on
5 the date of such increase in basis.

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

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

26 (7) Beginning with tax years ending after December 31,

1 1996, if a taxpayer qualifies for the credit under this
2 subsection (h) and thereby is granted a tax abatement and
3 the taxpayer relocates its entire facility in violation of
4 the explicit terms and length of the contract under Section
5 18-183 of the Property Tax Code, the tax imposed under
6 subsections (a) and (b) of this Section shall be increased
7 for the taxable year in which the taxpayer relocated its
8 facility by an amount equal to the amount of credit
9 received by the taxpayer under this subsection (h).

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

20 Any credit earned on or after December 31, 1986 under this
21 subsection which is unused in the year the credit is computed
22 because it exceeds the tax liability imposed by subsections (a)
23 and (b) for that year (whether it exceeds the original
24 liability or the liability as later amended) may be carried
25 forward and applied to the tax liability imposed by subsections
26 (a) and (b) of the 5 taxable years following the excess credit

1 year, provided that no credit may be carried forward to any
2 year ending on or after December 31, 2003. This credit shall be
3 applied first to the earliest year for which there is a
4 liability. If there is a credit under this subsection from more
5 than one tax year that is available to offset a liability the
6 earliest credit arising under this subsection shall be applied
7 first.

8 If, during any taxable year ending on or after December 31,
9 1986, the tax imposed by subsections (c) and (d) of this
10 Section for which a taxpayer has claimed a credit under this
11 subsection (i) is reduced, the amount of credit for such tax
12 shall also be reduced. Such reduction shall be determined by
13 recomputing the credit to take into account the reduced tax
14 imposed by subsections (c) and (d). If any portion of the
15 reduced amount of credit has been carried to a different
16 taxable year, an amended return shall be filed for such taxable
17 year to reduce the amount of credit claimed.

18 (j) Training expense credit. Beginning with tax years
19 ending on or after December 31, 1986 and prior to December 31,
20 2003, a taxpayer shall be allowed a credit against the tax
21 imposed by subsections (a) and (b) under this Section for all
22 amounts paid or accrued, on behalf of all persons employed by
23 the taxpayer in Illinois or Illinois residents employed outside
24 of Illinois by a taxpayer, for educational or vocational
25 training in semi-technical or technical fields or semi-skilled
26 or skilled fields, which were deducted from gross income in the

1 computation of taxable income. The credit against the tax
2 imposed by subsections (a) and (b) shall be 1.6% of such
3 training expenses. For partners, shareholders of subchapter S
4 corporations, and owners of limited liability companies, if the
5 liability company is treated as a partnership for purposes of
6 federal and State income taxation, there shall be allowed a
7 credit under this subsection (j) to be determined in accordance
8 with the determination of income and distributive share of
9 income under Sections 702 and 704 and subchapter S of the
10 Internal Revenue Code.

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

21 (k) Research and development credit. For tax years ending
22 after July 1, 1990 and prior to December 31, 2003, and
23 beginning again for tax years ending on or after December 31,
24 2004, and ending prior to January 1, 2027 ~~January 1, 2016~~, a
25 taxpayer shall be allowed a credit against the tax imposed by
26 subsections (a) and (b) of this Section for increasing research

1 activities in this State. The credit allowed against the tax
2 imposed by subsections (a) and (b) shall be equal to 6 1/2% of
3 the qualifying expenditures for increasing research activities
4 in this State. For partners, shareholders of subchapter S
5 corporations, and owners of limited liability companies, if the
6 liability company is treated as a partnership for purposes of
7 federal and State income taxation, there shall be allowed a
8 credit under this subsection to be determined in accordance
9 with the determination of income and distributive share of
10 income under Sections 702 and 704 and subchapter S of the
11 Internal Revenue Code.

12 For purposes of this subsection, "qualifying expenditures"
13 means the qualifying expenditures as defined for the federal
14 credit for increasing research activities which would be
15 allowable under Section 41 of the Internal Revenue Code and
16 which are conducted in this State, "qualifying expenditures for
17 increasing research activities in this State" means the excess
18 of qualifying expenditures for the taxable year in which
19 incurred over qualifying expenditures for the base period,
20 "qualifying expenditures for the base period" means the average
21 of the qualifying expenditures for each year in the base
22 period, and "base period" means the 3 taxable years immediately
23 preceding the taxable year for which the determination is being
24 made.

25 Any credit in excess of the tax liability for the taxable
26 year may be carried forward. A taxpayer may elect to have the

1 unused credit shown on its final completed return carried over
2 as a credit against the tax liability for the following 5
3 taxable years or until it has been fully used, whichever occurs
4 first; provided that no credit earned in a tax year ending
5 prior to December 31, 2003 may be carried forward to any year
6 ending on or after December 31, 2003.

7 If an unused credit is carried forward to a given year from
8 2 or more earlier years, that credit arising in the earliest
9 year will be applied first against the tax liability for the
10 given year. If a tax liability for the given year still
11 remains, the credit from the next earliest year will then be
12 applied, and so on, until all credits have been used or no tax
13 liability for the given year remains. Any remaining unused
14 credit or credits then will be carried forward to the next
15 following year in which a tax liability is incurred, except
16 that no credit can be carried forward to a year which is more
17 than 5 years after the year in which the expense for which the
18 credit is given was incurred.

19 No inference shall be drawn from this amendatory Act of the
20 91st General Assembly in construing this Section for taxable
21 years beginning before January 1, 1999.

22 It is the intent of the General Assembly that the research
23 and development credit under this subsection (k) shall apply
24 for all tax years ending on or after December 31, 2004 and
25 ending prior to January 1, 2027, including, but not limited to,
26 the period beginning on January 1, 2016 and ending on the

1 effective date of this amendatory Act of the 100th General
2 Assembly. All actions taken in reliance on the continuation of
3 the credit under this subsection (k) by any taxpayer are hereby
4 validated.

5 (l) Environmental Remediation Tax Credit.

6 (i) For tax years ending after December 31, 1997 and on
7 or before December 31, 2001, a taxpayer shall be allowed a
8 credit against the tax imposed by subsections (a) and (b)
9 of this Section for certain amounts paid for unreimbursed
10 eligible remediation costs, as specified in this
11 subsection. For purposes of this Section, "unreimbursed
12 eligible remediation costs" means costs approved by the
13 Illinois Environmental Protection Agency ("Agency") under
14 Section 58.14 of the Environmental Protection Act that were
15 paid in performing environmental remediation at a site for
16 which a No Further Remediation Letter was issued by the
17 Agency and recorded under Section 58.10 of the
18 Environmental Protection Act. The credit must be claimed
19 for the taxable year in which Agency approval of the
20 eligible remediation costs is granted. The credit is not
21 available to any taxpayer if the taxpayer or any related
22 party caused or contributed to, in any material respect, a
23 release of regulated substances on, in, or under the site
24 that was identified and addressed by the remedial action
25 pursuant to the Site Remediation Program of the
26 Environmental Protection Act. After the Pollution Control

1 Board rules are adopted pursuant to the Illinois
2 Administrative Procedure Act for the administration and
3 enforcement of Section 58.9 of the Environmental
4 Protection Act, determinations as to credit availability
5 for purposes of this Section shall be made consistent with
6 those rules. For purposes of this Section, "taxpayer"
7 includes a person whose tax attributes the taxpayer has
8 succeeded to under Section 381 of the Internal Revenue Code
9 and "related party" includes the persons disallowed a
10 deduction for losses by paragraphs (b), (c), and (f)(1) of
11 Section 267 of the Internal Revenue Code by virtue of being
12 a related taxpayer, as well as any of its partners. The
13 credit allowed against the tax imposed by subsections (a)
14 and (b) shall be equal to 25% of the unreimbursed eligible
15 remediation costs in excess of \$100,000 per site, except
16 that the \$100,000 threshold shall not apply to any site
17 contained in an enterprise zone as determined by the
18 Department of Commerce and Community Affairs (now
19 Department of Commerce and Economic Opportunity). The
20 total credit allowed shall not exceed \$40,000 per year with
21 a maximum total of \$150,000 per site. For partners and
22 shareholders of subchapter S corporations, there shall be
23 allowed a credit under this subsection to be determined in
24 accordance with the determination of income and
25 distributive share of income under Sections 702 and 704 and
26 subchapter S of the Internal Revenue Code.

1 (ii) A credit allowed under this subsection that is
2 unused in the year the credit is earned may be carried
3 forward to each of the 5 taxable years following the year
4 for which the credit is first earned until it is used. The
5 term "unused credit" does not include any amounts of
6 unreimbursed eligible remediation costs in excess of the
7 maximum credit per site authorized under paragraph (i).
8 This credit shall be applied first to the earliest year for
9 which there is a liability. If there is a credit under this
10 subsection from more than one tax year that is available to
11 offset a liability, the earliest credit arising under this
12 subsection shall be applied first. A credit allowed under
13 this subsection may be sold to a buyer as part of a sale of
14 all or part of the remediation site for which the credit
15 was granted. The purchaser of a remediation site and the
16 tax credit shall succeed to the unused credit and remaining
17 carry-forward period of the seller. To perfect the
18 transfer, the assignor shall record the transfer in the
19 chain of title for the site and provide written notice to
20 the Director of the Illinois Department of Revenue of the
21 assignor's intent to sell the remediation site and the
22 amount of the tax credit to be transferred as a portion of
23 the sale. In no event may a credit be transferred to any
24 taxpayer if the taxpayer or a related party would not be
25 eligible under the provisions of subsection (i).

26 (iii) For purposes of this Section, the term "site"

1 shall have the same meaning as under Section 58.2 of the
2 Environmental Protection Act.

3 (m) Education expense credit. Beginning with tax years
4 ending after December 31, 1999, a taxpayer who is the custodian
5 of one or more qualifying pupils shall be allowed a credit
6 against the tax imposed by subsections (a) and (b) of this
7 Section for qualified education expenses incurred on behalf of
8 the qualifying pupils. The credit shall be equal to 25% of
9 qualified education expenses, but in no event may the total
10 credit under this subsection claimed by a family that is the
11 custodian of qualifying pupils exceed (i) \$500 for tax years
12 ending prior to December 31, 2017, and (ii) \$750 for tax years
13 ending on or after December 31, 2017. In no event shall a
14 credit under this subsection reduce the taxpayer's liability
15 under this Act to less than zero. This subsection is exempt
16 from the provisions of Section 250 of this Act.

17 For purposes of this subsection:

18 "Qualifying pupils" means individuals who (i) are
19 residents of the State of Illinois, (ii) are under the age of
20 21 at the close of the school year for which a credit is
21 sought, and (iii) during the school year for which a credit is
22 sought were full-time pupils enrolled in a kindergarten through
23 twelfth grade education program at any school, as defined in
24 this subsection.

25 "Qualified education expense" means the amount incurred on
26 behalf of a qualifying pupil in excess of \$250 for tuition,

1 book fees, and lab fees at the school in which the pupil is
2 enrolled during the regular school year.

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

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

13 (n) River Edge Redevelopment Zone site remediation tax
14 credit.

15 (i) For tax years ending on or after December 31, 2006,
16 a taxpayer shall be allowed a credit against the tax
17 imposed by subsections (a) and (b) of this Section for
18 certain amounts paid for unreimbursed eligible remediation
19 costs, as specified in this subsection. For purposes of
20 this Section, "unreimbursed eligible remediation costs"
21 means costs approved by the Illinois Environmental
22 Protection Agency ("Agency") under Section 58.14a of the
23 Environmental Protection Act that were paid in performing
24 environmental remediation at a site within a River Edge
25 Redevelopment Zone for which a No Further Remediation
26 Letter was issued by the Agency and recorded under Section

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

25 (ii) A credit allowed under this subsection that is
26 unused in the year the credit is earned may be carried

1 forward to each of the 5 taxable years following the year
2 for which the credit is first earned until it is used. This
3 credit shall be applied first to the earliest year for
4 which there is a liability. If there is a credit under this
5 subsection from more than one tax year that is available to
6 offset a liability, the earliest credit arising under this
7 subsection shall be applied first. A credit allowed under
8 this subsection may be sold to a buyer as part of a sale of
9 all or part of the remediation site for which the credit
10 was granted. The purchaser of a remediation site and the
11 tax credit shall succeed to the unused credit and remaining
12 carry-forward period of the seller. To perfect the
13 transfer, the assignor shall record the transfer in the
14 chain of title for the site and provide written notice to
15 the Director of the Illinois Department of Revenue of the
16 assignor's intent to sell the remediation site and the
17 amount of the tax credit to be transferred as a portion of
18 the sale. In no event may a credit be transferred to any
19 taxpayer if the taxpayer or a related party would not be
20 eligible under the provisions of subsection (i).

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

24 (o) For each of taxable years during the Compassionate Use
25 of Medical Cannabis Pilot Program, a surcharge is imposed on
26 all taxpayers on income arising from the sale or exchange of

1 capital assets, depreciable business property, real property
2 used in the trade or business, and Section 197 intangibles of
3 an organization registrant under the Compassionate Use of
4 Medical Cannabis Pilot Program Act. The amount of the surcharge
5 is equal to the amount of federal income tax liability for the
6 taxable year attributable to those sales and exchanges. The
7 surcharge imposed does not apply if:

8 (1) the medical cannabis cultivation center
9 registration, medical cannabis dispensary registration, or
10 the property of a registration is transferred as a result
11 of any of the following:

12 (A) bankruptcy, a receivership, or a debt
13 adjustment initiated by or against the initial
14 registration or the substantial owners of the initial
15 registration;

16 (B) cancellation, revocation, or termination of
17 any registration by the Illinois Department of Public
18 Health;

19 (C) a determination by the Illinois Department of
20 Public Health that transfer of the registration is in
21 the best interests of Illinois qualifying patients as
22 defined by the Compassionate Use of Medical Cannabis
23 Pilot Program Act;

24 (D) the death of an owner of the equity interest in
25 a registrant;

26 (E) the acquisition of a controlling interest in

1 the stock or substantially all of the assets of a
2 publicly traded company;

3 (F) a transfer by a parent company to a wholly
4 owned subsidiary; or

5 (G) the transfer or sale to or by one person to
6 another person where both persons were initial owners
7 of the registration when the registration was issued;
8 or

9 (2) the cannabis cultivation center registration,
10 medical cannabis dispensary registration, or the
11 controlling interest in a registrant's property is
12 transferred in a transaction to lineal descendants in which
13 no gain or loss is recognized or as a result of a
14 transaction in accordance with Section 351 of the Internal
15 Revenue Code in which no gain or loss is recognized.

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

19 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

20 Sec. 203. Base income defined.

21 (a) Individuals.

22 (1) In general. In the case of an individual, base
23 income means an amount equal to the taxpayer's adjusted
24 gross income for the taxable year as modified by paragraph

25 (2).

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

4 (A) An amount equal to all amounts paid or accrued
5 to the taxpayer as interest or dividends during the
6 taxable year to the extent excluded from gross income
7 in the computation of adjusted gross income, except
8 stock dividends of qualified public utilities
9 described in Section 305(e) of the Internal Revenue
10 Code;

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

15 (C) An amount equal to the amount received during
16 the taxable year as a recovery or refund of real
17 property taxes paid with respect to the taxpayer's
18 principal residence under the Revenue Act of 1939 and
19 for which a deduction was previously taken under
20 subparagraph (L) of this paragraph (2) prior to July 1,
21 1991, the retrospective application date of Article 4
22 of Public Act 87-17. In the case of multi-unit or
23 multi-use structures and farm dwellings, the taxes on
24 the taxpayer's principal residence shall be that
25 portion of the total taxes for the entire property
26 which is attributable to such principal residence;

1 (D) An amount equal to the amount of the capital
2 gain deduction allowable under the Internal Revenue
3 Code, to the extent deducted from gross income in the
4 computation of adjusted gross income;

5 (D-5) An amount, to the extent not included in
6 adjusted gross income, equal to the amount of money
7 withdrawn by the taxpayer in the taxable year from a
8 medical care savings account and the interest earned on
9 the account in the taxable year of a withdrawal
10 pursuant to subsection (b) of Section 20 of the Medical
11 Care Savings Account Act or subsection (b) of Section
12 20 of the Medical Care Savings Account Act of 2000;

13 (D-10) For taxable years ending after December 31,
14 1997, an amount equal to any eligible remediation costs
15 that the individual deducted in computing adjusted
16 gross income and for which the individual claims a
17 credit under subsection (l) of Section 201;

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

23 (D-16) If the taxpayer sells, transfers, abandons,
24 or otherwise disposes of property for which the
25 taxpayer was required in any taxable year to make an
26 addition modification under subparagraph (D-15), then

1 an amount equal to the aggregate amount of the
2 deductions taken in all taxable years under
3 subparagraph (Z) with respect to that property.

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

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

14 (D-17) An amount equal to the amount otherwise
15 allowed as a deduction in computing base income for
16 interest paid, accrued, or incurred, directly or
17 indirectly, (i) for taxable years ending on or after
18 December 31, 2004, to a foreign person who would be a
19 member of the same unitary business group but for the
20 fact that foreign person's business activity outside
21 the United States is 80% or more of the foreign
22 person's total business activity and (ii) for taxable
23 years ending on or after December 31, 2008, to a person
24 who would be a member of the same unitary business
25 group but for the fact that the person is prohibited
26 under Section 1501(a)(27) from being included in the

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

14 This paragraph shall not apply to the following:

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

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

26 (a) the person, during the same taxable

1 year, paid, accrued, or incurred, the interest
2 to a person that is not a related member, and

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

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

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

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

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

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

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

25 This paragraph shall not apply to the following:

26 (i) any item of intangible expenses or costs

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

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

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

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

23 (iii) any item of intangible expense or cost
24 paid, accrued, or incurred, directly or
25 indirectly, from a transaction with a person if the
26 taxpayer establishes by clear and convincing

1 evidence, that the adjustments are unreasonable;
2 or if the taxpayer and the Director agree in
3 writing to the application or use of an alternative
4 method of apportionment under Section 304(f);

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

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

1 included in base income of the unitary group for the
2 same taxable year and received by the taxpayer or by a
3 member of the taxpayer's unitary business group
4 (including amounts included in gross income under
5 Sections 951 through 964 of the Internal Revenue Code
6 and amounts included in gross income under Section 78
7 of the Internal Revenue Code) with respect to the stock
8 of the same person to whom the premiums and costs were
9 directly or indirectly paid, incurred, or accrued. The
10 preceding sentence does not apply to the extent that
11 the same dividends caused a reduction to the addition
12 modification required under Section 203(a)(2)(D-17) or
13 Section 203(a)(2)(D-18) of this Act.

14 (D-20) For taxable years beginning on or after
15 January 1, 2002 and ending on or before December 31,
16 2006, in the case of a distribution from a qualified
17 tuition program under Section 529 of the Internal
18 Revenue Code, other than (i) a distribution from a
19 College Savings Pool created under Section 16.5 of the
20 State Treasurer Act or (ii) a distribution from the
21 Illinois Prepaid Tuition Trust Fund, an amount equal to
22 the amount excluded from gross income under Section
23 529(c)(3)(B). For taxable years beginning on or after
24 January 1, 2007, in the case of a distribution from a
25 qualified tuition program under Section 529 of the
26 Internal Revenue Code, other than (i) a distribution

1 from a College Savings Pool created under Section 16.5
2 of the State Treasurer Act, (ii) a distribution from
3 the Illinois Prepaid Tuition Trust Fund, or (iii) a
4 distribution from a qualified tuition program under
5 Section 529 of the Internal Revenue Code that (I)
6 adopts and determines that its offering materials
7 comply with the College Savings Plans Network's
8 disclosure principles and (II) has made reasonable
9 efforts to inform in-state residents of the existence
10 of in-state qualified tuition programs by informing
11 Illinois residents directly and, where applicable, to
12 inform financial intermediaries distributing the
13 program to inform in-state residents of the existence
14 of in-state qualified tuition programs at least
15 annually, an amount equal to the amount excluded from
16 gross income under Section 529(c)(3)(B).

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

1 out-of-state program distributes its offering
2 materials;

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

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

22 (D-23) An amount equal to the credit allowable to
23 the taxpayer under Section 218(a) of this Act,
24 determined without regard to Section 218(c) of this
25 Act;

26 (D-24) For taxable years beginning on or after

1 January 1, 2017, an amount equal to the deduction
2 allowed under Section 199 of the Internal Revenue Code
3 for the taxable year;

4 and by deducting from the total so obtained the sum of the
5 following amounts:

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

1 of the Armed Forces of the United States and in respect
2 of any compensation paid or accrued to a resident who
3 as a governmental employee was a prisoner of war or
4 missing in action, and in respect of any compensation
5 paid to a resident in 2001 or thereafter by reason of
6 being a member of the Illinois National Guard or,
7 beginning with taxable years ending on or after
8 December 31, 2007, the National Guard of any other
9 state. The provisions of this subparagraph (E) are
10 exempt from the provisions of Section 250;

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

22 (G) The valuation limitation amount;

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

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

1 total pursuant to the provisions of Section 111 of the
2 Internal Revenue Code as a recovery of items previously
3 deducted from adjusted gross income in the computation
4 of taxable income;

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

13 (K) 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 (J) of paragraph (2) of this subsection
20 shall not be eligible for the deduction provided under
21 this subparagraph (K);

22 (L) For taxable years ending after December 31,
23 1983, an amount equal to all social security benefits
24 and railroad retirement benefits included in such
25 total pursuant to Sections 72(r) and 86 of the Internal
26 Revenue Code;

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

17 (N) An amount equal to all amounts included in such
18 total which are exempt from taxation by this State
19 either by reason of its statutes or Constitution or by
20 reason of the Constitution, treaties or statutes of the
21 United States; provided that, in the case of any
22 statute of this State that exempts income derived from
23 bonds or other obligations from the tax imposed under
24 this Act, the amount exempted shall be the interest net
25 of bond premium amortization;

26 (O) An amount equal to any contribution made to a

1 job training project established pursuant to the Tax
2 Increment Allocation Redevelopment Act;

3 (P) An amount equal to the amount of the deduction
4 used to compute the federal income tax credit for
5 restoration of substantial amounts held under claim of
6 right for the taxable year pursuant to Section 1341 of
7 the Internal Revenue Code or of any itemized deduction
8 taken from adjusted gross income in the computation of
9 taxable income for restoration of substantial amounts
10 held under claim of right for the taxable year;

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

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

18 (S) An amount, to the extent included in adjusted
19 gross income, equal to the amount of a contribution
20 made in the taxable year on behalf of the taxpayer to a
21 medical care savings account established under the
22 Medical Care Savings Account Act or the Medical Care
23 Savings Account Act of 2000 to the extent the
24 contribution is accepted by the account administrator
25 as provided in that Act;

26 (T) An amount, to the extent included in adjusted

1 gross income, equal to the amount of interest earned in
2 the taxable year on a medical care savings account
3 established under the Medical Care Savings Account Act
4 or the Medical Care Savings Account Act of 2000 on
5 behalf of the taxpayer, other than interest added
6 pursuant to item (D-5) of this paragraph (2);

7 (U) For one taxable year beginning on or after
8 January 1, 1994, an amount equal to the total amount of
9 tax imposed and paid under subsections (a) and (b) of
10 Section 201 of this Act on grant amounts received by
11 the taxpayer under the Nursing Home Grant Assistance
12 Act during the taxpayer's taxable years 1992 and 1993;

13 (V) Beginning with tax years ending on or after
14 December 31, 1995 and ending with tax years ending on
15 or before December 31, 2004, an amount equal to the
16 amount paid by a taxpayer who is a self-employed
17 taxpayer, a partner of a partnership, or a shareholder
18 in a Subchapter S corporation for health insurance or
19 long-term care insurance for that taxpayer or that
20 taxpayer's spouse or dependents, to the extent that the
21 amount paid for that health insurance or long-term care
22 insurance may be deducted under Section 213 of the
23 Internal Revenue Code, has not been deducted on the
24 federal income tax return of the taxpayer, and does not
25 exceed the taxable income attributable to that
26 taxpayer's income, self-employment income, or

1 Subchapter S corporation income; except that no
2 deduction shall be allowed under this item (V) if the
3 taxpayer is eligible to participate in any health
4 insurance or long-term care insurance plan of an
5 employer of the taxpayer or the taxpayer's spouse. The
6 amount of the health insurance and long-term care
7 insurance subtracted under this item (V) shall be
8 determined by multiplying total health insurance and
9 long-term care insurance premiums paid by the taxpayer
10 times a number that represents the fractional
11 percentage of eligible medical expenses under Section
12 213 of the Internal Revenue Code of 1986 not actually
13 deducted on the taxpayer's federal income tax return;

14 (W) For taxable years beginning on or after January
15 1, 1998, all amounts included in the taxpayer's federal
16 gross income in the taxable year from amounts converted
17 from a regular IRA to a Roth IRA. This paragraph is
18 exempt from the provisions of Section 250;

19 (X) For taxable year 1999 and thereafter, an amount
20 equal to the amount of any (i) distributions, to the
21 extent includible in gross income for federal income
22 tax purposes, made to the taxpayer because of his or
23 her status as a victim of persecution for racial or
24 religious reasons by Nazi Germany or any other Axis
25 regime or as an heir of the victim and (ii) items of
26 income, to the extent includible in gross income for

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

26 (Y) For taxable years beginning on or after January

1 1, 2002 and ending on or before December 31, 2004,
2 moneys contributed in the taxable year to a College
3 Savings Pool account under Section 16.5 of the State
4 Treasurer Act, except that amounts excluded from gross
5 income under Section 529(c)(3)(C)(i) of the Internal
6 Revenue Code shall not be considered moneys
7 contributed under this subparagraph (Y). For taxable
8 years beginning on or after January 1, 2005, a maximum
9 of \$10,000 contributed in the taxable year to (i) a
10 College Savings Pool account under Section 16.5 of the
11 State Treasurer Act or (ii) the Illinois Prepaid
12 Tuition Trust Fund, except that amounts excluded from
13 gross income under Section 529(c)(3)(C)(i) of the
14 Internal Revenue Code shall not be considered moneys
15 contributed under this subparagraph (Y). For purposes
16 of this subparagraph, contributions made by an
17 employer on behalf of an employee, or matching
18 contributions made by an employee, shall be treated as
19 made by the employee. This subparagraph (Y) is exempt
20 from the provisions of Section 250;

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

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

8 (2) for taxable years ending on or before
9 December 31, 2005, "x" equals "y" multiplied by 30
10 and then divided by 70 (or "y" multiplied by
11 0.429); and

12 (3) for taxable years ending after December
13 31, 2005:

14 (i) for property on which a bonus
15 depreciation deduction of 30% of the adjusted
16 basis was taken, "x" equals "y" multiplied by
17 30 and then divided by 70 (or "y" multiplied by
18 0.429); and

19 (ii) for property on which a bonus
20 depreciation deduction of 50% of the adjusted
21 basis was taken, "x" equals "y" multiplied by
22 1.0.

23 The aggregate amount deducted under this
24 subparagraph in all taxable years for any one piece of
25 property may not exceed the amount of the bonus
26 depreciation deduction taken on that property on the

1 taxpayer's federal income tax return under subsection
2 (k) of Section 168 of the Internal Revenue Code. This
3 subparagraph (Z) is exempt from the provisions of
4 Section 250;

5 (AA) If the taxpayer sells, transfers, abandons,
6 or otherwise disposes of property for which the
7 taxpayer was required in any taxable year to make an
8 addition modification under subparagraph (D-15), then
9 an amount equal to that addition modification.

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

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

20 This subparagraph (AA) is exempt from the
21 provisions of Section 250;

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

25 (CC) The amount of (i) any interest income (net of
26 the deductions allocable thereto) taken into account

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

16 (DD) An amount equal to the interest income taken
17 into account for the taxable year (net of the
18 deductions allocable thereto) with respect to
19 transactions with (i) a foreign person who would be a
20 member of the taxpayer's unitary business group but for
21 the fact that the foreign person's business activity
22 outside the United States is 80% or more of that
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, but not to exceed the
5 addition modification required to be made for the same
6 taxable year under Section 203(a)(2)(D-17) for
7 interest paid, accrued, or incurred, directly or
8 indirectly, to the same person. This subparagraph (DD)
9 is exempt from the provisions of Section 250;

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

1 intangible expenses and costs paid, accrued, or
2 incurred, directly or indirectly, to the same foreign
3 person. This subparagraph (EE) is exempt from the
4 provisions of Section 250;

5 (FF) An amount equal to any amount awarded to the
6 taxpayer during the taxable year by the Court of Claims
7 under subsection (c) of Section 8 of the Court of
8 Claims Act for time unjustly served in a State prison.
9 This subparagraph (FF) is exempt from the provisions of
10 Section 250; and

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

1 (b) Corporations.

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

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

8 (A) An amount equal to all amounts paid or accrued
9 to the taxpayer as interest and all distributions
10 received from regulated investment companies during
11 the taxable year to the extent excluded from gross
12 income in the computation of taxable income;

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

16 (C) In the case of a regulated investment company,
17 an amount equal to the excess of (i) the net long-term
18 capital gain for the taxable year, over (ii) the amount
19 of the capital gain dividends designated as such in
20 accordance with Section 852(b)(3)(C) of the Internal
21 Revenue Code and any amount designated under Section
22 852(b)(3)(D) of the Internal Revenue Code,
23 attributable to the taxable year (this amendatory Act
24 of 1995 (Public Act 89-89) is declarative of existing
25 law and is not a new enactment);

26 (D) The amount of any net operating loss deduction

1 taken in arriving at taxable income, other than a net
2 operating loss carried forward from a taxable year
3 ending prior to December 31, 1986;

4 (E) For taxable years in which a net operating loss
5 carryback or carryforward from a taxable year ending
6 prior to December 31, 1986 is an element of taxable
7 income under paragraph (1) of subsection (e) or
8 subparagraph (E) of paragraph (2) of subsection (e),
9 the amount by which addition modifications other than
10 those provided by this subparagraph (E) exceeded
11 subtraction modifications in such earlier taxable
12 year, with the following limitations applied in the
13 order that they are listed:

14 (i) the addition modification relating to the
15 net operating loss carried back or forward to the
16 taxable year from any taxable year ending prior to
17 December 31, 1986 shall be reduced by the amount of
18 addition modification under this subparagraph (E)
19 which related to that net operating loss and which
20 was taken into account in calculating the base
21 income of an earlier taxable year, and

22 (ii) 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 not exceed the amount of
26 such carryback or carryforward;

1 For taxable years in which there is a net operating
2 loss carryback or carryforward from more than one other
3 taxable year ending prior to December 31, 1986, the
4 addition modification provided in this subparagraph
5 (E) shall be the sum of the amounts computed
6 independently under the preceding provisions of this
7 subparagraph (E) for each such taxable year;

8 (E-5) For taxable years ending after December 31,
9 1997, an amount equal to any eligible remediation costs
10 that the corporation deducted in computing adjusted
11 gross income and for which the corporation claims a
12 credit under subsection (l) of Section 201;

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

18 (E-11) If the taxpayer sells, transfers, abandons,
19 or otherwise disposes of property for which the
20 taxpayer was required in any taxable year to make an
21 addition modification under subparagraph (E-10), then
22 an amount equal to the aggregate amount of the
23 deductions taken in all taxable years under
24 subparagraph (T) with respect to that property.

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which the

1 taxpayer may claim a depreciation deduction for
2 federal income tax purposes and for which the taxpayer
3 was allowed in any taxable year to make a subtraction
4 modification under subparagraph (T), then an amount
5 equal to that subtraction modification.

6 The taxpayer is required to make the addition
7 modification under this subparagraph only once with
8 respect to any one piece of property;

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

1 the unitary group for the same taxable year and
2 received by the taxpayer or by a member of the
3 taxpayer's unitary business group (including amounts
4 included in gross income pursuant to Sections 951
5 through 964 of the Internal Revenue Code and amounts
6 included in gross income under Section 78 of the
7 Internal Revenue Code) with respect to the stock of the
8 same person to whom the interest was paid, accrued, or
9 incurred.

10 This paragraph shall not apply to the following:

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

17 (ii) an item of interest paid, accrued, or
18 incurred, directly or indirectly, to a person if
19 the taxpayer can establish, based on a
20 preponderance of the evidence, both of the
21 following:

22 (a) the person, during the same taxable
23 year, paid, accrued, or incurred, the interest
24 to a person that is not a related member, and

25 (b) the transaction giving rise to the
26 interest expense between the taxpayer and the

1 person did not have as a principal purpose the
2 avoidance of Illinois income tax, and is paid
3 pursuant to a contract or agreement that
4 reflects an arm's-length interest rate and
5 terms; or

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

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

1 with respect to the stock of the same person to whom
2 the intangible expenses and costs were directly or
3 indirectly paid, incurred, or accrued. The preceding
4 sentence shall not apply to the extent that the same
5 dividends caused a reduction to the addition
6 modification required under Section 203(b)(2)(E-12) of
7 this Act. As used in this subparagraph, the term
8 "intangible expenses and costs" includes (1) expenses,
9 losses, and costs for, or related to, the direct or
10 indirect acquisition, use, maintenance or management,
11 ownership, sale, exchange, or any other disposition of
12 intangible property; (2) losses incurred, directly or
13 indirectly, from factoring transactions or discounting
14 transactions; (3) royalty, patent, technical, and
15 copyright fees; (4) licensing fees; and (5) other
16 similar expenses and costs. For purposes of this
17 subparagraph, "intangible property" includes patents,
18 patent applications, trade names, trademarks, service
19 marks, copyrights, mask works, trade secrets, and
20 similar types of intangible assets.

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with a person who is
25 subject in a foreign country or state, other than a
26 state which requires mandatory unitary reporting,

1 to a tax on or measured by net income with respect
2 to such item; or

3 (ii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, if the taxpayer can establish, based
6 on a preponderance of the evidence, both of the
7 following:

8 (a) the person during the same taxable
9 year paid, accrued, or incurred, the
10 intangible expense or cost to a person that is
11 not a related member, and

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

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

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

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

1 Sections 951 through 964 of the Internal Revenue Code
2 and amounts included in gross income under Section 78
3 of the Internal Revenue Code) with respect to the stock
4 of the same person to whom the premiums and costs were
5 directly or indirectly paid, incurred, or accrued. The
6 preceding sentence does not apply to the extent that
7 the same dividends caused a reduction to the addition
8 modification required under Section 203(b)(2)(E-12) or
9 Section 203(b)(2)(E-13) of this Act;

10 (E-15) For taxable years beginning after December
11 31, 2008, any deduction for dividends paid by a captive
12 real estate investment trust that is allowed to a real
13 estate investment trust under Section 857(b)(2)(B) of
14 the Internal Revenue Code for dividends paid;

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

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

23 (E-18) For taxable years beginning on or after
24 January 1, 2017, any deduction allowed to the taxpayer
25 under Sections 243 through 246A of the Internal Revenue
26 Code;

1 and by deducting from the total so obtained the sum of the
2 following amounts:

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

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

8 (H) In the case of a regulated investment company,
9 an amount equal to the amount of exempt interest
10 dividends as defined in subsection (b) (5) of Section
11 852 of the Internal Revenue Code, paid to shareholders
12 for the taxable year;

13 (I) With the exception of any amounts subtracted
14 under subparagraph (J), an amount equal to the sum of
15 all amounts disallowed as deductions by (i) Sections
16 171(a) (2), and 265(a) (2) and amounts disallowed as
17 interest expense by Section 291(a) (3) of the Internal
18 Revenue Code, and all amounts of expenses allocable to
19 interest and disallowed as deductions by Section
20 265(a) (1) of the Internal Revenue Code; and (ii) for
21 taxable years ending on or after August 13, 1999,
22 Sections 171(a) (2), 265, 280C, 291(a) (3), and
23 832(b) (5) (B) (i) of the Internal Revenue Code, plus,
24 for tax years ending on or after December 31, 2011,
25 amounts disallowed as deductions by Section 45G(e) (3)
26 of the Internal Revenue Code and, for taxable years

1 ending on or after December 31, 2008, any amount
2 included in gross income under Section 87 of the
3 Internal Revenue Code and the policyholders' share of
4 tax-exempt interest of a life insurance company under
5 Section 807(a)(2)(B) of the Internal Revenue Code (in
6 the case of a life insurance company with gross income
7 from a decrease in reserves for the tax year) or
8 Section 807(b)(1)(B) of the Internal Revenue Code (in
9 the case of a life insurance company allowed a
10 deduction for an increase in reserves for the tax
11 year); the provisions of this subparagraph are exempt
12 from the provisions of Section 250;

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

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

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

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

13 (M) For any taxpayer that is a financial
14 organization within the meaning of Section 304(c) of
15 this Act, an amount included in such total as interest
16 income from a loan or loans made by such taxpayer to a
17 borrower, to the extent that such a loan is secured by
18 property which is eligible for the River Edge
19 Redevelopment Zone Investment Credit. To determine the
20 portion of a loan or loans that is secured by property
21 eligible for a Section 201(f) investment credit to the
22 borrower, the entire principal amount of the loan or
23 loans between the taxpayer and the borrower should be
24 divided into the basis of the Section 201(f) investment
25 credit property which secures the loan or loans, using
26 for this purpose the original basis of such property on

1 the date that it was placed in service in the River
2 Edge Redevelopment Zone. The subtraction modification
3 available to taxpayer in any year under this subsection
4 shall be that portion of the total interest paid by the
5 borrower with respect to such loan attributable to the
6 eligible property as calculated under the previous
7 sentence. This subparagraph (M) is exempt from the
8 provisions of Section 250;

9 (M-1) For any taxpayer that is a financial
10 organization within the meaning of Section 304(c) of
11 this Act, an amount included in such total as interest
12 income from a loan or loans made by such taxpayer to a
13 borrower, to the extent that such a loan is secured by
14 property which is eligible for the High Impact Business
15 Investment Credit. To determine the portion of a loan
16 or loans that is secured by property eligible for a
17 Section 201(h) investment credit to the borrower, the
18 entire principal amount of the loan or loans between
19 the taxpayer and the borrower should be divided into
20 the basis of the Section 201(h) investment credit
21 property which secures the loan or loans, using for
22 this purpose the original basis of such property on the
23 date that it was placed in service in a federally
24 designated Foreign Trade Zone or Sub-Zone located in
25 Illinois. No taxpayer that is eligible for the
26 deduction provided in subparagraph (M) of paragraph

1 (2) of this subsection shall be eligible for the
2 deduction provided under this subparagraph (M-1). The
3 subtraction modification available to taxpayers in any
4 year under this subsection shall be that portion of the
5 total interest paid by the borrower with respect to
6 such loan attributable to the eligible property as
7 calculated under the previous sentence;

8 (N) Two times any contribution made during the
9 taxable year to a designated zone organization to the
10 extent that the contribution (i) qualifies as a
11 charitable contribution under subsection (c) of
12 Section 170 of the Internal Revenue Code and (ii) must,
13 by its terms, be used for a project approved by the
14 Department of Commerce and Economic Opportunity under
15 Section 11 of the Illinois Enterprise Zone Act or under
16 Section 10-10 of the River Edge Redevelopment Zone Act.
17 This subparagraph (N) is exempt from the provisions of
18 Section 250;

19 (O) An amount equal to: (i) 85% for taxable years
20 ending on or before December 31, 1992, or, a percentage
21 equal to the percentage allowable under Section
22 243(a)(1) of the Internal Revenue Code of 1986 for
23 taxable years ending after December 31, 1992, of the
24 amount by which dividends included in taxable income
25 and received from a corporation that is not created or
26 organized under the laws of the United States or any

1 state or political subdivision thereof, including, for
2 taxable years ending on or after December 31, 1988,
3 dividends received or deemed received or paid or deemed
4 paid under Sections 951 through 965 of the Internal
5 Revenue Code, exceed the amount of the modification
6 provided under subparagraph (G) of paragraph (2) of
7 this subsection (b) which is related to such dividends,
8 and including, for taxable years ending on or after
9 December 31, 2008, dividends received from a captive
10 real estate investment trust; plus (ii) 100% of the
11 amount by which dividends, included in taxable income
12 and received, including, for taxable years ending on or
13 after December 31, 1988, dividends received or deemed
14 received or paid or deemed paid under Sections 951
15 through 964 of the Internal Revenue Code and including,
16 for taxable years ending on or after December 31, 2008,
17 dividends received from a captive real estate
18 investment trust, from any such corporation specified
19 in clause (i) that would but for the provisions of
20 Section 1504 (b) (3) of the Internal Revenue Code be
21 treated as a member of the affiliated group which
22 includes the dividend recipient, exceed the amount of
23 the modification provided under subparagraph (G) of
24 paragraph (2) of this subsection (b) which is related
25 to such dividends. This subparagraph (O) shall not
26 apply to taxable years beginning on or after January 1,

1 ~~2017 is exempt from the provisions of Section 250 of~~
2 ~~this Act;~~

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

6 (Q) An amount equal to the amount of the deduction
7 used to compute the federal income tax credit for
8 restoration of substantial amounts held under claim of
9 right for the taxable year pursuant to Section 1341 of
10 the Internal Revenue Code;

11 (R) On and after July 20, 1999, in the case of an
12 attorney-in-fact with respect to whom an interinsurer
13 or a reciprocal insurer has made the election under
14 Section 835 of the Internal Revenue Code, 26 U.S.C.
15 835, an amount equal to the excess, if any, of the
16 amounts paid or incurred by that interinsurer or
17 reciprocal insurer in the taxable year to the
18 attorney-in-fact over the deduction allowed to that
19 interinsurer or reciprocal insurer with respect to the
20 attorney-in-fact under Section 835(b) of the Internal
21 Revenue Code for the taxable year; the provisions of
22 this subparagraph are exempt from the provisions of
23 Section 250;

24 (S) For taxable years ending on or after December
25 31, 1997, in the case of a Subchapter S corporation, an
26 amount equal to all amounts of income allocable to a

1 shareholder subject to the Personal Property Tax
2 Replacement Income Tax imposed by subsections (c) and
3 (d) of Section 201 of this Act, including amounts
4 allocable to organizations exempt from federal income
5 tax by reason of Section 501(a) of the Internal Revenue
6 Code. This subparagraph (S) is exempt from the
7 provisions of Section 250;

8 (T) 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 (T) is exempt from the provisions of
17 Section 250;

18 (U) 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 (E-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 (E-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 (U) is exempt from the
8 provisions of Section 250;

9 (V) 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, (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, and (iii) any insurance premium
25 income (net of deductions allocable thereto) taken
26 into account for the taxable year with respect to a

1 transaction with a taxpayer that is required to make an
2 addition modification with respect to such transaction
3 under Section 203(a)(2)(D-19), Section
4 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
5 203(d)(2)(D-9), but not to exceed the amount of that
6 addition modification. This subparagraph (V) is exempt
7 from the provisions of Section 250;

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

1 is exempt from the provisions of Section 250;

2 (X) An amount equal to the income from intangible
3 property taken into account for the taxable year (net
4 of the deductions allocable thereto) with respect to
5 transactions with (i) a foreign person who would be a
6 member of the taxpayer's unitary business group but for
7 the fact that the foreign person's business activity
8 outside the United States is 80% or more of that
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, but not to exceed the
17 addition modification required to be made for the same
18 taxable year under Section 203(b)(2)(E-13) for
19 intangible expenses and costs paid, accrued, or
20 incurred, directly or indirectly, to the same foreign
21 person. This subparagraph (X) is exempt from the
22 provisions of Section 250;

23 (Y) For taxable years ending on or after December
24 31, 2011, in the case of a taxpayer who was required to
25 add back any insurance premiums under Section
26 203(b)(2)(E-14), such taxpayer may elect to subtract

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

12 (Z) The difference between the nondeductible
13 controlled foreign corporation dividends under Section
14 965(e) (3) of the Internal Revenue Code over the taxable
15 income of the taxpayer, computed without regard to
16 Section 965(e) (2) (A) of the Internal Revenue Code, and
17 without regard to any net operating loss deduction.
18 This subparagraph (Z) is exempt from the provisions of
19 Section 250.

20 (3) Special rule. For purposes of paragraph (2) (A),
21 "gross income" in the case of a life insurance company, for
22 tax years ending on and after December 31, 1994, and prior
23 to December 31, 2011, shall mean the gross investment
24 income for the taxable year and, for tax years ending on or
25 after December 31, 2011, shall mean all amounts included in
26 life insurance gross income under Section 803(a) (3) of the

1 Internal Revenue Code.

2 (c) Trusts and estates.

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

6 (2) Modifications. Subject to the provisions of
7 paragraph (3), the taxable income referred to in paragraph
8 (1) shall be modified by adding thereto the sum of the
9 following amounts:

10 (A) An amount equal to all amounts paid or accrued
11 to the taxpayer as interest or dividends during the
12 taxable year to the extent excluded from gross income
13 in the computation of taxable income;

14 (B) In the case of (i) an estate, \$600; (ii) a
15 trust which, under its governing instrument, is
16 required to distribute all of its income currently,
17 \$300; and (iii) any other trust, \$100, but in each such
18 case, only to the extent such amount was deducted in
19 the computation of taxable income;

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

23 (D) The amount of any net operating loss deduction
24 taken in arriving at taxable income, other than a net
25 operating loss carried forward from a taxable year

1 ending prior to December 31, 1986;

2 (E) For taxable years in which a net operating loss
3 carryback or carryforward from a taxable year ending
4 prior to December 31, 1986 is an element of taxable
5 income under paragraph (1) of subsection (e) or
6 subparagraph (E) of paragraph (2) of subsection (e),
7 the amount by which addition modifications other than
8 those provided by this subparagraph (E) exceeded
9 subtraction modifications in such taxable year, with
10 the following limitations applied in the order that
11 they are listed:

12 (i) 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 be reduced by the amount of
16 addition modification under this subparagraph (E)
17 which related to that net operating loss and which
18 was taken into account in calculating the base
19 income of an earlier taxable year, and

20 (ii) the addition modification relating to the
21 net operating loss carried back or forward to the
22 taxable year from any taxable year ending prior to
23 December 31, 1986 shall not exceed the amount of
24 such carryback or carryforward;

25 For taxable years in which there is a net operating
26 loss carryback or carryforward from more than one other

1 taxable year ending prior to December 31, 1986, the
2 addition modification provided in this subparagraph
3 (E) shall be the sum of the amounts computed
4 independently under the preceding provisions of this
5 subparagraph (E) for each such taxable year;

6 (F) For taxable years ending on or after January 1,
7 1989, an amount equal to the tax deducted pursuant to
8 Section 164 of the Internal Revenue Code if the trust
9 or estate is claiming the same tax for purposes of the
10 Illinois foreign tax credit under Section 601 of this
11 Act;

12 (G) An amount equal to the amount of the capital
13 gain deduction allowable under the Internal Revenue
14 Code, to the extent deducted from gross income in the
15 computation of taxable income;

16 (G-5) For taxable years ending after December 31,
17 1997, an amount equal to any eligible remediation costs
18 that the trust or estate deducted in computing adjusted
19 gross income and for which the trust or estate claims a
20 credit under subsection (l) of Section 201;

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

26 (G-11) If the taxpayer sells, transfers, abandons,

1 or otherwise disposes of property for which the
2 taxpayer was required in any taxable year to make an
3 addition modification under subparagraph (G-10), then
4 an amount equal to the aggregate amount of the
5 deductions taken in all taxable years under
6 subparagraph (R) with respect to that property.

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 allowed in any taxable year to make a subtraction
12 modification under subparagraph (R), then an amount
13 equal to that subtraction modification.

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

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

18 This paragraph shall not apply to the following:

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

25 (ii) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to a person if

1 the taxpayer can establish, based on a
2 preponderance of the evidence, both of the
3 following:

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

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

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

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

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

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

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

1 trademarks, service marks, copyrights, mask works,
2 trade secrets, and similar types of intangible assets.

3 This paragraph shall not apply to the following:

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

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

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

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

1 (iii) any item of intangible expense or cost
2 paid, accrued, or incurred, directly or
3 indirectly, from a transaction with a person if the
4 taxpayer establishes by clear and convincing
5 evidence, that the adjustments are unreasonable;
6 or if the taxpayer and the Director agree in
7 writing to the application or use of an alternative
8 method 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 (G-14) For taxable years ending on or after
19 December 31, 2008, an amount equal to the amount of
20 insurance premium expenses and costs otherwise allowed
21 as a deduction in computing base income, and that were
22 paid, accrued, or incurred, directly or indirectly, to
23 a person who would be a member of the same unitary
24 business group but for the fact that the person is
25 prohibited under Section 1501(a)(27) from being
26 included in the unitary business group because he or

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

18 (G-15) An amount equal to the credit allowable to
19 the taxpayer under Section 218(a) of this Act,
20 determined without regard to Section 218(c) of this
21 Act;

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

26 and by deducting from the total so obtained the sum of the

1 following amounts:

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

13 (I) The valuation limitation amount;

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

17 (K) An amount equal to all amounts included in
18 taxable income as modified by subparagraphs (A), (B),
19 (C), (D), (E), (F) and (G) which are exempt from
20 taxation by this State either by reason of its statutes
21 or Constitution or by reason of the Constitution,
22 treaties or statutes of the United States; provided
23 that, in the case of any statute of this State that
24 exempts income derived from bonds or other obligations
25 from the tax imposed under this Act, the amount
26 exempted shall be the interest net of bond premium

1 amortization;

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

18 (M) An amount equal to those dividends included in
19 such total which were paid by a corporation which
20 conducts business operations in a River Edge
21 Redevelopment Zone or zones created under the River
22 Edge Redevelopment Zone Act and conducts substantially
23 all of its operations in a River Edge Redevelopment
24 Zone or zones. This subparagraph (M) is exempt from the
25 provisions of Section 250;

26 (N) An amount equal to any contribution made to a

1 job training project established pursuant to the Tax
2 Increment Allocation Redevelopment Act;

3 (O) 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 (M) of paragraph (2) of this subsection
10 shall not be eligible for the deduction provided under
11 this subparagraph (O);

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

17 (Q) For taxable year 1999 and thereafter, an amount
18 equal to the amount of any (i) distributions, to the
19 extent includible in gross income for federal income
20 tax purposes, made to the taxpayer because of his or
21 her status as a victim of persecution for racial or
22 religious reasons by Nazi Germany or any other Axis
23 regime or as an heir of the victim and (ii) items of
24 income, to the extent includible in gross income for
25 federal income tax purposes, attributable to, derived
26 from or in any way related to assets stolen from,

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

24 (R) For taxable years 2001 and thereafter, for the
25 taxable year in which the bonus depreciation deduction
26 is taken on the taxpayer's federal income tax return

1 under subsection (k) of Section 168 of the Internal
2 Revenue Code and for each applicable taxable year
3 thereafter, an amount equal to "x", where:

4 (1) "y" equals the amount of the depreciation
5 deduction taken for the taxable year on the
6 taxpayer's federal income tax return on property
7 for which the bonus depreciation deduction was
8 taken in any year under subsection (k) of Section
9 168 of the Internal Revenue Code, but not including
10 the bonus depreciation deduction;

11 (2) for taxable years ending on or before
12 December 31, 2005, "x" equals "y" multiplied by 30
13 and then divided by 70 (or "y" multiplied by
14 0.429); and

15 (3) for taxable years ending after December
16 31, 2005:

17 (i) for property on which a bonus
18 depreciation deduction of 30% of the adjusted
19 basis was taken, "x" equals "y" multiplied by
20 30 and then divided by 70 (or "y" multiplied by
21 0.429); and

22 (ii) for property on which a bonus
23 depreciation deduction of 50% of the adjusted
24 basis was taken, "x" equals "y" multiplied by
25 1.0.

26 The aggregate amount deducted under this

1 subparagraph in all taxable years for any one piece of
2 property may not exceed the amount of the bonus
3 depreciation deduction taken on that property on the
4 taxpayer's federal income tax return under subsection
5 (k) of Section 168 of the Internal Revenue Code. This
6 subparagraph (R) is exempt from the provisions of
7 Section 250;

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

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

20 The taxpayer is allowed to take the deduction under
21 this subparagraph only once with respect to any one
22 piece of property.

23 This subparagraph (S) is exempt from the
24 provisions of Section 250;

25 (T) The amount of (i) any interest income (net of
26 the deductions allocable thereto) taken into account

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

16 (U) An amount equal to the interest income taken
17 into account for the taxable year (net of the
18 deductions allocable thereto) with respect to
19 transactions with (i) a foreign person who would be a
20 member of the taxpayer's unitary business group but for
21 the fact the foreign person's business activity
22 outside the United States is 80% or more of that
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, but not to exceed the
5 addition modification required to be made for the same
6 taxable year under Section 203(c)(2)(G-12) for
7 interest paid, accrued, or incurred, directly or
8 indirectly, to the same person. This subparagraph (U)
9 is exempt from the provisions of Section 250;

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

1 intangible expenses and costs paid, accrued, or
2 incurred, directly or indirectly, to the same foreign
3 person. This subparagraph (V) is exempt from the
4 provisions of Section 250;

5 (W) in the case of an estate, an amount equal to
6 all amounts included in such total pursuant to the
7 provisions of Section 111 of the Internal Revenue Code
8 as a recovery of items previously deducted by the
9 decedent from adjusted gross income in the computation
10 of taxable income. This subparagraph (W) is exempt from
11 Section 250;

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

17 (Y) For taxable years ending on or after December
18 31, 2011, in the case of a taxpayer who was required to
19 add back any insurance premiums under Section
20 203(c)(2)(G-14), such taxpayer may elect to subtract
21 that part of a reimbursement received from the
22 insurance company equal to the amount of the expense or
23 loss (including expenses incurred by the insurance
24 company) that would have been taken into account as a
25 deduction for federal income tax purposes if the
26 expense or loss had been uninsured. If a taxpayer makes

1 the election provided for by this subparagraph (Y), the
2 insurer to which the premiums were paid must add back
3 to income the amount subtracted by the taxpayer
4 pursuant to this subparagraph (Y). This subparagraph
5 (Y) is exempt from the provisions of Section 250.

6 (3) Limitation. The amount of any modification
7 otherwise required under this subsection shall, under
8 regulations prescribed by the Department, be adjusted by
9 any amounts included therein which were properly paid,
10 credited, or required to be distributed, or permanently set
11 aside for charitable purposes pursuant to Internal Revenue
12 Code Section 642(c) during the taxable year.

13 (d) Partnerships.

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

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

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

24 (B) An amount equal to the amount of tax imposed by
25 this Act to the extent deducted from gross income for

1 the taxable year;

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

5 (D) An amount equal to the amount of the capital
6 gain deduction allowable under the Internal Revenue
7 Code, to the extent deducted from gross income in the
8 computation of taxable income;

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

14 (D-6) If the taxpayer sells, transfers, abandons,
15 or otherwise disposes of property for which the
16 taxpayer was required in any taxable year to make an
17 addition modification under subparagraph (D-5), then
18 an amount equal to the aggregate amount of the
19 deductions taken in all taxable years under
20 subparagraph (O) with respect to that property.

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

1 equal to that subtraction modification.

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

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

1 through 964 of the Internal Revenue Code and amounts
2 included in gross income under Section 78 of the
3 Internal Revenue Code) with respect to the stock of the
4 same person to whom the interest was paid, accrued, or
5 incurred.

6 This paragraph shall not apply to the following:

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

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

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

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

1 terms; or

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

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

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

24 (D-8) An amount equal to the amount of intangible
25 expenses and costs otherwise allowed as a deduction in
26 computing base income, and that were paid, accrued, or

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

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

17 This paragraph shall not apply to the following:

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

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

1 indirectly, if the taxpayer can establish, based
2 on a preponderance of the evidence, both of the
3 following:

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

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

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

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

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

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

1 directly or indirectly paid, incurred, or accrued. The
2 preceding sentence does not apply to the extent that
3 the same dividends caused a reduction to the addition
4 modification required under Section 203(d) (2) (D-7) or
5 Section 203(d) (2) (D-8) of this Act;

6 (D-10) An amount equal to the credit allowable to
7 the taxpayer under Section 218(a) of this Act,
8 determined without regard to Section 218(c) of this
9 Act;

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

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

16 (E) The valuation limitation amount;

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

20 (G) An amount equal to all amounts included in
21 taxable income as modified by subparagraphs (A), (B),
22 (C) and (D) which are exempt from taxation by this
23 State either by reason of its statutes or Constitution
24 or by reason of the Constitution, treaties or statutes
25 of the United States; provided that, in the case of any
26 statute of this State that exempts income derived from

1 bonds or other obligations from the tax imposed under
2 this Act, the amount exempted shall be the interest net
3 of bond premium amortization;

4 (H) Any income of the partnership which
5 constitutes personal service income as defined in
6 Section 1348 (b) (1) of the Internal Revenue Code (as
7 in effect December 31, 1981) or a reasonable allowance
8 for compensation paid or accrued for services rendered
9 by partners to the partnership, whichever is greater;
10 this subparagraph (H) is exempt from the provisions of
11 Section 250;

12 (I) An amount equal to all amounts of income
13 distributable to an entity subject to the Personal
14 Property Tax Replacement Income Tax imposed by
15 subsections (c) and (d) of Section 201 of this Act
16 including amounts distributable to organizations
17 exempt from federal income tax by reason of Section
18 501(a) of the Internal Revenue Code; this subparagraph
19 (I) is exempt from the provisions of Section 250;

20 (J) With the exception of any amounts subtracted
21 under subparagraph (G), an amount equal to the sum of
22 all amounts disallowed as deductions by (i) Sections
23 171(a) (2), and 265(2) of the Internal Revenue Code,
24 and all amounts of expenses allocable to interest and
25 disallowed as deductions by Section 265(1) of the
26 Internal Revenue Code; and (ii) for taxable years

1 ending on or after August 13, 1999, Sections 171(a)(2),
2 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue
3 Code, plus, (iii) for taxable years ending on or after
4 December 31, 2011, Section 45G(e)(3) of the Internal
5 Revenue Code and, for taxable years ending on or after
6 December 31, 2008, any amount included in gross income
7 under Section 87 of the Internal Revenue Code; the
8 provisions of this subparagraph are exempt from the
9 provisions of Section 250;

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

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

21 (M) An amount equal to those dividends included in
22 such total that were paid by a corporation that
23 conducts business operations in a federally designated
24 Foreign Trade Zone or Sub-Zone and that is designated a
25 High Impact Business located in Illinois; provided
26 that dividends eligible for the deduction provided in

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

4 (N) An amount equal to the amount of the deduction
5 used to compute the federal income tax credit for
6 restoration of substantial amounts held under claim of
7 right for the taxable year pursuant to Section 1341 of
8 the Internal Revenue Code;

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

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

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

26 (3) for taxable years ending after December

1 31, 2005:

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

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

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

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

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

1 federal income tax purposes and for which the taxpayer
2 was required in any taxable year to make an addition
3 modification under subparagraph (D-5), then an amount
4 equal to that addition modification.

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

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

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

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

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

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

15 (T) For taxable years ending on or after December
16 31, 2011, in the case of a taxpayer who was required to
17 add back any insurance premiums under Section
18 203(d)(2)(D-9), such taxpayer may elect to subtract
19 that part of a reimbursement received from the
20 insurance company equal to the amount of the expense or
21 loss (including expenses incurred by the insurance
22 company) that would have been taken into account as a
23 deduction for federal income tax purposes if the
24 expense or loss had been uninsured. If a taxpayer makes
25 the election provided for by this subparagraph (T), the
26 insurer to which the premiums were paid must add back

1 to income the amount subtracted by the taxpayer
2 pursuant to this subparagraph (T). This subparagraph
3 (T) is exempt from the provisions of Section 250.

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

5 (1) In general. Subject to the provisions of paragraph
6 (2) and subsection (b) (3), for purposes of this Section
7 and Section 803(e), a taxpayer's gross income, adjusted
8 gross income, or taxable income for the taxable year shall
9 mean the amount of gross income, adjusted gross income or
10 taxable income properly reportable for federal income tax
11 purposes for the taxable year under the provisions of the
12 Internal Revenue Code. Taxable income may be less than
13 zero. However, for taxable years ending on or after
14 December 31, 1986, net operating loss carryforwards from
15 taxable years ending prior to December 31, 1986, may not
16 exceed the sum of federal taxable income for the taxable
17 year before net operating loss deduction, plus the excess
18 of addition modifications over subtraction modifications
19 for the taxable year. For taxable years ending prior to
20 December 31, 1986, taxable income may never be an amount in
21 excess of the net operating loss for the taxable year as
22 defined in subsections (c) and (d) of Section 172 of the
23 Internal Revenue Code, provided that when taxable income of
24 a corporation (other than a Subchapter S corporation),
25 trust, or estate is less than zero and addition

1 modifications, other than those provided by subparagraph
2 (E) of paragraph (2) of subsection (b) for corporations or
3 subparagraph (E) of paragraph (2) of subsection (c) for
4 trusts and estates, exceed subtraction modifications, an
5 addition modification must be made under those
6 subparagraphs for any other taxable year to which the
7 taxable income less than zero (net operating loss) is
8 applied under Section 172 of the Internal Revenue Code or
9 under subparagraph (E) of paragraph (2) of this subsection
10 (e) applied in conjunction with Section 172 of the Internal
11 Revenue Code.

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

15 (A) Certain life insurance companies. In the case
16 of a life insurance company subject to the tax imposed
17 by Section 801 of the Internal Revenue Code, life
18 insurance company taxable income, plus the amount of
19 distribution from pre-1984 policyholder surplus
20 accounts as calculated under Section 815a of the
21 Internal Revenue Code;

22 (B) Certain other insurance companies. In the case
23 of mutual insurance companies subject to the tax
24 imposed by Section 831 of the Internal Revenue Code,
25 insurance company taxable income;

26 (C) Regulated investment companies. In the case of

1 a regulated investment company subject to the tax
2 imposed by Section 852 of the Internal Revenue Code,
3 investment company taxable income;

4 (D) Real estate investment trusts. In the case of a
5 real estate investment trust subject to the tax imposed
6 by Section 857 of the Internal Revenue Code, real
7 estate investment trust taxable income;

8 (E) Consolidated corporations. In the case of a
9 corporation which is a member of an affiliated group of
10 corporations filing a consolidated income tax return
11 for the taxable year for federal income tax purposes,
12 taxable income determined as if such corporation had
13 filed a separate return for federal income tax purposes
14 for the taxable year and each preceding taxable year
15 for which it was a member of an affiliated group. For
16 purposes of this subparagraph, the taxpayer's separate
17 taxable income shall be determined as if the election
18 provided by Section 243(b) (2) of the Internal Revenue
19 Code had been in effect for all such years;

20 (F) Cooperatives. In the case of a cooperative
21 corporation or association, the taxable income of such
22 organization determined in accordance with the
23 provisions of Section 1381 through 1388 of the Internal
24 Revenue Code, but without regard to the prohibition
25 against offsetting losses from patronage activities
26 against income from nonpatronage activities; except

1 that a cooperative corporation or association may make
2 an election to follow its federal income tax treatment
3 of patronage losses and nonpatronage losses. In the
4 event such election is made, such losses shall be
5 computed and carried over in a manner consistent with
6 subsection (a) of Section 207 of this Act and
7 apportioned by the apportionment factor reported by
8 the cooperative on its Illinois income tax return filed
9 for the taxable year in which the losses are incurred.
10 The election shall be effective for all taxable years
11 with original returns due on or after the date of the
12 election. In addition, the cooperative may file an
13 amended return or returns, as allowed under this Act,
14 to provide that the election shall be effective for
15 losses incurred or carried forward for taxable years
16 occurring prior to the date of the election. Once made,
17 the election may only be revoked upon approval of the
18 Director. The Department shall adopt rules setting
19 forth requirements for documenting the elections and
20 any resulting Illinois net loss and the standards to be
21 used by the Director in evaluating requests to revoke
22 elections. Public Act 96-932 is declaratory of
23 existing law;

24 (G) Subchapter S corporations. In the case of: (i)
25 a Subchapter S corporation for which there is in effect
26 an election for the taxable year under Section 1362 of

1 the Internal Revenue Code, the taxable income of such
2 corporation determined in accordance with Section
3 1363(b) of the Internal Revenue Code, except that
4 taxable income shall take into account those items
5 which are required by Section 1363(b)(1) of the
6 Internal Revenue Code to be separately stated; and (ii)
7 a Subchapter S corporation for which there is in effect
8 a federal election to opt out of the provisions of the
9 Subchapter S Revision Act of 1982 and have applied
10 instead the prior federal Subchapter S rules as in
11 effect on July 1, 1982, the taxable income of such
12 corporation determined in accordance with the federal
13 Subchapter S rules as in effect on July 1, 1982; and

14 (H) Partnerships. In the case of a partnership,
15 taxable income determined in accordance with Section
16 703 of the Internal Revenue Code, except that taxable
17 income shall take into account those items which are
18 required by Section 703(a)(1) to be separately stated
19 but which would be taken into account by an individual
20 in calculating his taxable income.

21 (3) Recapture of business expenses on disposition of
22 asset or business. Notwithstanding any other law to the
23 contrary, if in prior years income from an asset or
24 business has been classified as business income and in a
25 later year is demonstrated to be non-business income, then
26 all expenses, without limitation, deducted in such later

1 year and in the 2 immediately preceding taxable years
2 related to that asset or business that generated the
3 non-business income shall be added back and recaptured as
4 business income in the year of the disposition of the asset
5 or business. Such amount shall be apportioned to Illinois
6 using the greater of the apportionment fraction computed
7 for the business under Section 304 of this Act for the
8 taxable year or the average of the apportionment fractions
9 computed for the business under Section 304 of this Act for
10 the taxable year and for the 2 immediately preceding
11 taxable years.

12 (f) Valuation limitation amount.

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

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

21 (B) The lesser of (i) the sum of the pre-August 1,
22 1969 appreciation amounts (to the extent consisting of
23 capital gain) for all property in respect of which such
24 gain was reported for federal income tax purposes for
25 the taxable year, or (ii) the net capital gain for the

1 taxable year, reduced in either case by any amount of
2 such gain included in the amount determined under
3 subsection (a) (2) (F) or (c) (2) (H).

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

5 (A) If the fair market value of property referred
6 to in paragraph (1) was readily ascertainable on August
7 1, 1969, the pre-August 1, 1969 appreciation amount for
8 such property is the lesser of (i) the excess of such
9 fair market value over the taxpayer's basis (for
10 determining gain) for such property on that date
11 (determined under the Internal Revenue Code as in
12 effect on that date), or (ii) the total gain realized
13 and reportable for federal income tax purposes in
14 respect of the sale, exchange or other disposition of
15 such property.

16 (B) If the fair market value of property referred
17 to in paragraph (1) was not readily ascertainable on
18 August 1, 1969, the pre-August 1, 1969 appreciation
19 amount for such property is that amount which bears the
20 same ratio to the total gain reported in respect of the
21 property for federal income tax purposes for the
22 taxable year, as the number of full calendar months in
23 that part of the taxpayer's holding period for the
24 property ending July 31, 1969 bears to the number of
25 full calendar months in the taxpayer's entire holding
26 period for the property.

1 (C) The Department shall prescribe such
2 regulations as may be necessary to carry out the
3 purposes of this paragraph.

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

7 (h) Legislative intention. Except as expressly provided by
8 this Section there shall be no modifications or limitations on
9 the amounts of income, gain, loss or deduction taken into
10 account in determining gross income, adjusted gross income or
11 taxable income for federal income tax purposes for the taxable
12 year, or in the amount of such items entering into the
13 computation of base income and net income under this Act for
14 such taxable year, whether in respect of property values as of
15 August 1, 1969 or otherwise.

16 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
17 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
18 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
19 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
20 eff. 8-23-11; 97-905, eff. 8-7-12.)

21 (35 ILCS 5/212)

22 Sec. 212. Earned income tax credit.

23 (a) With respect to the federal earned income tax credit

1 allowed for the taxable year under Section 32 of the federal
2 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
3 is entitled to a credit against the tax imposed by subsections
4 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
5 federal tax credit for each taxable year beginning on or after
6 January 1, 2000 and ending prior to December 31, 2012, (ii)
7 7.5% of the federal tax credit for each taxable year beginning
8 on or after January 1, 2012 and ending prior to December 31,
9 2013, ~~and~~ (iii) 10% of the federal tax credit for each taxable
10 year beginning on or after January 1, 2013 and beginning prior
11 to January 1, 2017, and (iv) 15% of the federal tax credit for
12 each taxable year beginning on or after January 1, 2017.

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

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

1 (c) This Section is exempt from the provisions of Section
2 250.

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

4 (35 ILCS 5/225 new)

5 Sec. 225. Credit for instructional materials and supplies.

6 For taxable years beginning on and after January 1, 2017, a
7 taxpayer shall be allowed a credit in the amount paid by the
8 taxpayer during the taxable year for instructional materials
9 and supplies with respect to classroom based instruction in a
10 qualified school, or \$250, whichever is less, provided that the
11 taxpayer is a teacher, instructor, counselor, principal, or
12 aide in a qualified school for at least 900 hours during a
13 school year.

14 The credit may not be carried back and may not reduce the
15 taxpayer's liability to less than zero. If the amount of the
16 credit exceeds the tax liability for the year, the excess may
17 be carried forward and applied to the tax liability of the 5
18 taxable years following the excess credit year. The tax credit
19 shall be applied to the earliest year for which there is a tax
20 liability. If there are credits for more than one year that are
21 available to offset a liability, the earlier credit shall be
22 applied first.

23 For purposes of this Section, the term "materials and
24 supplies" means amounts paid for instructional materials or
25 supplies that are designated for classroom use in any qualified

1 school. For purposes of this Section, the term "qualified
2 school" has the meaning given to that term in the Invest in
3 Kids Act.

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

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

6 Sec. 804. Failure to Pay Estimated Tax.

7 (a) In general. In case of any underpayment of estimated
8 tax by a taxpayer, except as provided in subsection (d) or (e),
9 the taxpayer shall be liable to a penalty in an amount
10 determined at the rate prescribed by Section 3-3 of the Uniform
11 Penalty and Interest Act upon the amount of the underpayment
12 (determined under subsection (b)) for each required
13 installment.

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

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

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

20 (c) Amount of Required Installments.

21 (1) Amount.

22 (A) In General. Except as provided in paragraphs

23 (2) and (3), the amount of any required installment
24 shall be 25% of the required annual payment.

25 (B) Required Annual Payment. For purposes of

1 subparagraph (A), the term "required annual payment"
2 means the lesser of:

3 (i) 90% of the tax shown on the return for the
4 taxable year, or if no return is filed, 90% of the
5 tax for such year;

6 (ii) for installments due prior to February 1,
7 2011, and after January 31, 2012, 100% of the tax
8 shown on the return of the taxpayer for the
9 preceding taxable year if a return showing a
10 liability for tax was filed by the taxpayer for the
11 preceding taxable year and such preceding year was
12 a taxable year of 12 months; or

13 (iii) for installments due after January 31,
14 2011, and prior to February 1, 2012, 150% of the
15 tax shown on the return of the taxpayer for the
16 preceding taxable year if a return showing a
17 liability for tax was filed by the taxpayer for the
18 preceding taxable year and such preceding year was
19 a taxable year of 12 months.

20 (2) Lower Required Installment where Annualized Income
21 Installment is Less Than Amount Determined Under Paragraph
22 (1).

23 (A) In General. In the case of any required
24 installment if a taxpayer establishes that the
25 annualized income installment is less than the amount
26 determined under paragraph (1),

1 (i) the amount of such required installment
2 shall be the annualized income installment, and

3 (ii) any reduction in a required installment
4 resulting from the application of this
5 subparagraph shall be recaptured by increasing the
6 amount of the next required installment determined
7 under paragraph (1) by the amount of such
8 reduction, and by increasing subsequent required
9 installments to the extent that the reduction has
10 not previously been recaptured under this clause.

11 (B) Determination of Annualized Income
12 Installment. In the case of any required installment,
13 the annualized income installment is the excess, if
14 any, of:

15 (i) an amount equal to the applicable
16 percentage of the tax for the taxable year computed
17 by placing on an annualized basis the net income
18 for months in the taxable year ending before the
19 due date for the installment, over

20 (ii) the aggregate amount of any prior
21 required installments for the taxable year.

22 (C) Applicable Percentage.

23	In the case of the following	The applicable
24	required installments:	percentage is:
25	1st.....	22.5%
26	2nd.....	45%

1 3rd..... 67.5%

2 4th..... 90%

3 (D) Annualized Net Income; Individuals. For
4 individuals, net income shall be placed on an
5 annualized basis by:

6 (i) multiplying by 12, or in the case of a
7 taxable year of less than 12 months, by the number
8 of months in the taxable year, the net income
9 computed without regard to the standard exemption
10 for the months in the taxable year ending before
11 the month in which the installment is required to
12 be paid;

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

16 (iii) deducting from such amount the standard
17 exemption allowable for the taxable year, such
18 standard exemption being determined as of the last
19 date prescribed for payment of the installment.

20 (E) Annualized Net Income; Corporations. For
21 corporations, net income shall be placed on an
22 annualized basis by multiplying by 12 the taxable
23 income

24 (i) for the first 3 months of the taxable year,
25 in the case of the installment required to be paid
26 in the 4th month,

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

4 (iii) for the first 6 months or for the first 8
5 months of the taxable year, in the case of the
6 installment required to be paid in the 9th month,
7 and

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

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

15 (3) Notwithstanding any other provision of this
16 subsection (c), in the case of a federally regulated
17 exchange that elects to apportion its income under Section
18 304(c-1) of this Act, the amount of each required
19 installment due prior to June 30 of the first taxable year
20 to which the election applies shall be 25% of the tax that
21 would have been shown on the return for that taxable year
22 if the taxpayer had not made such election.

23 (d) Exceptions. Notwithstanding the provisions of the
24 preceding subsections, the penalty imposed by subsection (a)
25 shall not be imposed if the taxpayer was not required to file
26 an Illinois income tax return for the preceding taxable year,

1 or, for individuals, if the taxpayer had no tax liability for
2 the preceding taxable year and such year was a taxable year of
3 12 months. The penalty imposed by subsection (a) shall also not
4 be imposed on any underpayments of estimated tax due before the
5 effective date of this amendatory Act of 1998 which
6 underpayments are solely attributable to the change in
7 apportionment from subsection (a) to subsection (h) of Section
8 304. The provisions of this amendatory Act of 1998 apply to tax
9 years ending on or after December 31, 1998.

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

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

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

21 (1) tax withheld from compensation for the taxable year
22 shall be deemed a payment of estimated tax, and an equal
23 part of such amount shall be deemed paid on each
24 installment date for such taxable year, unless the taxpayer
25 establishes the dates on which all amounts were actually
26 withheld, in which case the amounts so withheld shall be

1 deemed payments of estimated tax on the dates on which such
2 amounts were actually withheld;

3 (2) amounts timely paid by a partnership, Subchapter S
4 corporation, or trust on behalf of a partner, shareholder,
5 or beneficiary pursuant to subsection (f) of Section 502 or
6 Section 709.5 and claimed as a payment of estimated tax
7 shall be deemed a payment of estimated tax made on the last
8 day of the taxable year of the partnership, Subchapter S
9 corporation, or trust for which the income from the
10 withholding is made was computed; and

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

15 (g-5) Amounts withheld under the State Salary and Annuity
16 Withholding Act. An individual who has amounts withheld under
17 paragraph (10) of Section 4 of the State Salary and Annuity
18 Withholding Act may elect to have those amounts treated as
19 payments of estimated tax made on the dates on which those
20 amounts are actually withheld.

21 (g-10) Notwithstanding any other provision of law, no
22 penalty shall apply with respect to an underpayment of
23 estimated tax for the first, second, or third quarter of any
24 taxable year beginning on or after January 1, 2017 and
25 beginning prior to January 1, 2018 if (i) the underpayment was
26 due to the changes made by this amendatory Act of the 100th

1 General Assembly, (ii) the payment was otherwise timely made,
2 and (iii) the balance due is included with the taxpayer's
3 estimated tax payment for the fourth quarter.

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

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

9 (Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11;
10 97-636, eff. 6-1-12.)

11 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

12 Sec. 901. Collection authority.

13 (a) In general.

14 The Department shall collect the taxes imposed by this Act.
15 The Department shall collect certified past due child support
16 amounts under Section 2505-650 of the Department of Revenue Law
17 (20 ILCS 2505/2505-650). Except as provided in subsections (c),
18 (e), (f), (g), and (h) of this Section, money collected
19 pursuant to subsections (a) and (b) of Section 201 of this Act
20 shall be paid into the General Revenue Fund in the State
21 treasury; money collected pursuant to subsections (c) and (d)
22 of Section 201 of this Act shall be paid into the Personal
23 Property Tax Replacement Fund, a special fund in the State
24 Treasury; and money collected under Section 2505-650 of the
25 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid

1 into the Child Support Enforcement Trust Fund, a special fund
2 outside the State Treasury, or to the State Disbursement Unit
3 established under Section 10-26 of the Illinois Public Aid
4 Code, as directed by the Department of Healthcare and Family
5 Services.

6 (b) Local Government Distributive Fund.

7 Beginning August 1, 1969, and continuing through June 30,
8 1994, the Treasurer shall transfer each month from the General
9 Revenue Fund to a special fund in the State treasury, to be
10 known as the "Local Government Distributive Fund", an amount
11 equal to 1/12 of the net revenue realized from the tax imposed
12 by subsections (a) and (b) of Section 201 of this Act during
13 the preceding month. Beginning July 1, 1994, and continuing
14 through June 30, 1995, the Treasurer shall transfer each month
15 from the General Revenue Fund to the Local Government
16 Distributive Fund an amount equal to 1/11 of the net revenue
17 realized from the tax imposed by subsections (a) and (b) of
18 Section 201 of this Act during the preceding month. Beginning
19 July 1, 1995 and continuing through January 31, 2011, the
20 Treasurer shall transfer each month from the General Revenue
21 Fund to the Local Government Distributive Fund an amount equal
22 to the net of (i) 1/10 of the net revenue realized from the tax
23 imposed by subsections (a) and (b) of Section 201 of the
24 Illinois Income Tax Act during the preceding month (ii) minus,
25 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
26 and beginning July 1, 2004, zero. Beginning February 1, 2011,

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

1 ~~2025~~, the Treasurer shall transfer each month from the General
2 Revenue Fund to the Local Government Distributive Fund an
3 amount equal to the sum of (i) 6.06% ~~9.23%~~ (10% of the ratio of
4 the 3% individual income tax rate prior to 2011 to the 4.95%
5 ~~3.25%~~ individual income tax rate beginning in 2017 ~~after 2024~~)
6 of the net revenue realized from the tax imposed by subsections
7 (a) and (b) of Section 201 of this Act upon individuals,
8 trusts, and estates during the preceding month and (ii) 6.86%
9 (10% of the ratio of the 4.8% corporate income tax rate prior
10 to 2011 to the 7% corporate income tax rate beginning in 2017)
11 ~~10%~~ of the net revenue realized from the tax imposed by
12 subsections (a) and (b) of Section 201 of this Act upon
13 corporations during the preceding month. Net revenue realized
14 for a month shall be defined as the revenue from the tax
15 imposed by subsections (a) and (b) of Section 201 of this Act
16 which is deposited in the General Revenue Fund, the Education
17 Assistance Fund, the Income Tax Surcharge Local Government
18 Distributive Fund, the Fund for the Advancement of Education,
19 and the Commitment to Human Services Fund during the month
20 minus the amount paid out of the General Revenue Fund in State
21 warrants during that same month as refunds to taxpayers for
22 overpayment of liability under the tax imposed by subsections
23 (a) and (b) of Section 201 of this Act.

24 Beginning on August 26, 2014 (the effective date of Public
25 Act 98-1052), the Comptroller shall perform the transfers
26 required by this subsection (b) no later than 60 days after he

1 or she receives the certification from the Treasurer as
2 provided in Section 1 of the State Revenue Sharing Act.

3 (c) Deposits Into Income Tax Refund Fund.

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

1 fiscal year 2013, the Annual Percentage shall be 9.75%. For
2 fiscal year 2014, the Annual Percentage shall be 9.5%. For
3 fiscal year 2015, the Annual Percentage shall be 10%. For
4 all other fiscal years, the Annual Percentage shall be
5 calculated as a fraction, the numerator of which shall be
6 the amount of refunds approved for payment by the
7 Department during the preceding fiscal year as a result of
8 overpayment of tax liability under subsections (a) and
9 (b) (1), (2), and (3) of Section 201 of this Act plus the
10 amount of such refunds remaining approved but unpaid at the
11 end of the preceding fiscal year, minus the amounts
12 transferred into the Income Tax Refund Fund from the
13 Tobacco Settlement Recovery Fund, and the denominator of
14 which shall be the amounts which will be collected pursuant
15 to subsections (a) and (b) (1), (2), and (3) of Section 201
16 of this Act during the preceding fiscal year; except that
17 in State fiscal year 2002, the Annual Percentage shall in
18 no event exceed 7.6%. The Director of Revenue shall certify
19 the Annual Percentage to the Comptroller on the last
20 business day of the fiscal year immediately preceding the
21 fiscal year for which it is to be effective.

22 (2) Beginning on January 1, 1989 and thereafter, the
23 Department shall deposit a percentage of the amounts
24 collected pursuant to subsections (a) and (b) (6), (7), and
25 (8), (c) and (d) of Section 201 of this Act into a fund in
26 the State treasury known as the Income Tax Refund Fund. The

1 Department shall deposit 18% of such amounts during the
2 period beginning January 1, 1989 and ending on June 30,
3 1989. Beginning with State fiscal year 1990 and for each
4 fiscal year thereafter, the percentage deposited into the
5 Income Tax Refund Fund during a fiscal year shall be the
6 Annual Percentage. For fiscal years 1999, 2000, and 2001,
7 the Annual Percentage shall be 19%. For fiscal year 2003,
8 the Annual Percentage shall be 27%. For fiscal year 2004,
9 the Annual Percentage shall be 32%. Upon the effective date
10 of this amendatory Act of the 93rd General Assembly, the
11 Annual Percentage shall be 24% for fiscal year 2005. For
12 fiscal year 2006, the Annual Percentage shall be 20%. For
13 fiscal year 2007, the Annual Percentage shall be 17.5%. For
14 fiscal year 2008, the Annual Percentage shall be 15.5%. For
15 fiscal year 2009, the Annual Percentage shall be 17.5%. For
16 fiscal year 2010, the Annual Percentage shall be 17.5%. For
17 fiscal year 2011, the Annual Percentage shall be 17.5%. For
18 fiscal year 2012, the Annual Percentage shall be 17.5%. For
19 fiscal year 2013, the Annual Percentage shall be 14%. For
20 fiscal year 2014, the Annual Percentage shall be 13.4%. For
21 fiscal year 2015, the Annual Percentage shall be 14%. For
22 all other fiscal years, the Annual Percentage shall be
23 calculated as a fraction, the numerator of which shall be
24 the amount of refunds approved for payment by the
25 Department during the preceding fiscal year as a result of
26 overpayment of tax liability under subsections (a) and

1 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
2 Act plus the amount of such refunds remaining approved but
3 unpaid at the end of the preceding fiscal year, and the
4 denominator of which shall be the amounts which will be
5 collected pursuant to subsections (a) and (b) (6), (7), and
6 (8), (c) and (d) of Section 201 of this Act during the
7 preceding fiscal year; except that in State fiscal year
8 2002, the Annual Percentage shall in no event exceed 23%.
9 The Director of Revenue shall certify the Annual Percentage
10 to the Comptroller on the last business day of the fiscal
11 year immediately preceding the fiscal year for which it is
12 to be effective.

13 (3) The Comptroller shall order transferred and the
14 Treasurer shall transfer from the Tobacco Settlement
15 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
16 in January, 2001, (ii) \$35,000,000 in January, 2002, and
17 (iii) \$35,000,000 in January, 2003.

18 (d) Expenditures from Income Tax Refund Fund.

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

1 (2) The Director shall order payment of refunds
2 resulting from overpayment of tax liability under Section
3 201 of this Act from the Income Tax Refund Fund only to the
4 extent that amounts collected pursuant to Section 201 of
5 this Act and transfers pursuant to this subsection (d) and
6 item (3) of subsection (c) have been deposited and retained
7 in the Fund.

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

20 (4) As soon as possible after the end of each fiscal
21 year, the Director shall order transferred and the State
22 Treasurer and State Comptroller shall transfer from the
23 Personal Property Tax Replacement Fund to the Income Tax
24 Refund Fund an amount, certified by the Director to the
25 Comptroller, equal to the excess of the amount of refunds
26 resulting from overpayment of tax liability under

1 subsections (c) and (d) of Section 201 of this Act paid
2 from the Income Tax Refund Fund during the fiscal year over
3 the amount collected pursuant to subsections (c) and (d) of
4 Section 201 of this Act deposited into the Income Tax
5 Refund Fund during the fiscal year.

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

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

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

21 On July 1, 1991, and thereafter, of the amounts collected
22 pursuant to subsections (a) and (b) of Section 201 of this Act,
23 minus deposits into the Income Tax Refund Fund, the Department
24 shall deposit 7.3% into the Education Assistance Fund in the
25 State Treasury. Beginning July 1, 1991, and continuing through
26 January 31, 1993, of the amounts collected pursuant to

1 subsections (a) and (b) of Section 201 of the Illinois Income
2 Tax Act, minus deposits into the Income Tax Refund Fund, the
3 Department shall deposit 3.0% into the Income Tax Surcharge
4 Local Government Distributive Fund in the State Treasury.
5 Beginning February 1, 1993 and continuing through June 30,
6 1993, of the amounts collected pursuant to subsections (a) and
7 (b) of Section 201 of the Illinois Income Tax Act, minus
8 deposits into the Income Tax Refund Fund, the Department shall
9 deposit 4.4% into the Income Tax Surcharge Local Government
10 Distributive Fund in the State Treasury. Beginning July 1,
11 1993, and continuing through June 30, 1994, of the amounts
12 collected under subsections (a) and (b) of Section 201 of this
13 Act, minus deposits into the Income Tax Refund Fund, the
14 Department shall deposit 1.475% into the Income Tax Surcharge
15 Local Government Distributive Fund in the State Treasury.

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

23 (1) beginning February 1, 2015, and prior to February
24 1, 2025, 1/30; and

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

26 If the rate of tax imposed by subsection (a) and (b) of

1 Section 201 is reduced pursuant to Section 201.5 of this Act,
2 the Department shall not make the deposits required by this
3 subsection (f) on or after the effective date of the reduction.

4 (g) Deposits into the Commitment to Human Services Fund.
5 Beginning February 1, 2015, the Department shall deposit the
6 following portions of the revenue realized from the tax imposed
7 upon individuals, trusts, and estates by subsections (a) and
8 (b) of Section 201 of this Act during the preceding month,
9 minus deposits into the Income Tax Refund Fund, into the
10 Commitment to Human Services Fund:

11 (1) beginning February 1, 2015, and prior to February
12 1, 2025, 1/30; and

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

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

18 (h) Deposits into the Tax Compliance and Administration
19 Fund. Beginning on the first day of the first calendar month to
20 occur on or after August 26, 2014 (the effective date of Public
21 Act 98-1098), each month the Department shall pay into the Tax
22 Compliance and Administration Fund, to be used, subject to
23 appropriation, to fund additional auditors and compliance
24 personnel at the Department, an amount equal to 1/12 of 5% of
25 the cash receipts collected during the preceding fiscal year by
26 the Audit Bureau of the Department from the tax imposed by

1 subsections (a), (b), (c), and (d) of Section 201 of this Act,
2 net of deposits into the Income Tax Refund Fund made from those
3 cash receipts.

4 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;
5 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.
6 7-20-15.)

7 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

8 Sec. 1501. Definitions.

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

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

22 (1.5) Captive real estate investment trust:

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

25 (i) that is considered a real estate

1 investment trust for the taxable year under
2 Section 856 of the Internal Revenue Code;

3 (ii) the certificates of beneficial interest
4 or shares of which are not regularly traded on an
5 established securities market; and

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

12 (B) The term "captive real estate investment
13 trust" does not include:

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

19 (a) a real estate investment trust, other
20 than a captive real estate investment trust;

21 (b) a person who is exempt from taxation
22 under Section 501 of the Internal Revenue Code,
23 and who is not required to treat income
24 received from the real estate investment trust
25 as unrelated business taxable income under
26 Section 512 of the Internal Revenue Code;

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

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

14 (e) an entity that is organized outside of
15 the laws of the United States and that
16 satisfies all of the following criteria:

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

26 (2) the entity is not subject to tax on

1 amounts that are distributed to its
2 beneficial owners or is exempt from
3 entity-level taxation;

4 (3) the entity distributes at least
5 85% of its taxable income (as computed in
6 the jurisdiction in which it is organized)
7 to the holders of its shares or
8 certificates of beneficial interest on an
9 annual basis;

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

18 (5) the entity is organized in a
19 country that has entered into a tax treaty
20 with the United States; or

21 (ii) during its first taxable year for which it
22 elects to be treated as a real estate investment
23 trust under Section 856(c)(1) of the Internal
24 Revenue Code, a real estate investment trust the
25 certificates of beneficial interest or shares of
26 which are not regularly traded on an established

1 securities market, but only if the certificates of
2 beneficial interest or shares of the real estate
3 investment trust are regularly traded on an
4 established securities market prior to the earlier
5 of the due date (including extensions) for filing
6 its return under this Act for that first taxable
7 year or the date it actually files that return.

8 (C) For the purposes of this subsection (1.5), the
9 constructive ownership rules prescribed under Section
10 318(a) of the Internal Revenue Code, as modified by
11 Section 856(d)(5) of the Internal Revenue Code, apply
12 in determining the ownership of stock, assets, or net
13 profits of any person.

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

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

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

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

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

15 (6) Director. The term "Director" means the Director of
16 Revenue of this State.

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

20 (8) Financial organization.

21 (A) The term "financial organization" means any
22 bank, bank holding company, trust company, savings
23 bank, industrial bank, land bank, safe deposit
24 company, private banker, savings and loan association,
25 building and loan association, credit union, currency
26 exchange, cooperative bank, small loan company, sales

1 finance company, investment company, or any person
2 which is owned by a bank or bank holding company. For
3 the purpose of this Section a "person" will include
4 only those persons which a bank holding company may
5 acquire and hold an interest in, directly or
6 indirectly, under the provisions of the Bank Holding
7 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
8 where interests in any person must be disposed of
9 within certain required time limits under the Bank
10 Holding Company Act of 1956.

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

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

21 (i) A person primarily engaged in one or more
22 of the following businesses: the business of
23 purchasing customer receivables, the business of
24 making loans upon the security of customer
25 receivables, the business of making loans for the
26 express purpose of funding purchases of tangible

1 personal property or services by the borrower, or
2 the business of finance leasing. For purposes of
3 this item (i), "customer receivable" means:

4 (a) a retail installment contract or
5 retail charge agreement within the meaning of
6 the Sales Finance Agency Act, the Retail
7 Installment Sales Act, or the Motor Vehicle
8 Retail Installment Sales Act;

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

15 (c) the outstanding balance of a contract
16 or agreement described in provisions (a) or (b)
17 of this item (i).

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

26 (ii) A corporation meeting each of the

1 following criteria:

2 (a) the corporation must be a member of an
3 "affiliated group" within the meaning of
4 Section 1504(a) of the Internal Revenue Code,
5 determined without regard to Section 1504(b)
6 of the Internal Revenue Code;

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

1 its affiliated group exceed the limitation
2 amount, the interest income of that
3 corporation from qualifying loans shall be
4 equal to its interest income from loans to
5 members of its affiliated groups times a
6 fraction equal to the limitation amount
7 divided by the average outstanding balances of
8 the loans made by that corporation to members
9 of its affiliated group;

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

19 (d) more than 50% of all interest-bearing
20 obligations of the affiliated group payable to
21 persons outside the group determined in
22 accordance with generally accepted accounting
23 principles must be obligations of the
24 corporation.

25 This amendatory Act of the 91st General Assembly is
26 declaratory of existing law.

1 (D) Subparagraphs (B) and (C) of this paragraph are
2 declaratory of existing law and apply retroactively,
3 for all tax years beginning on or before December 31,
4 1996, to all original returns, to all amended returns
5 filed no later than 30 days after the effective date of
6 this amendatory Act of 1996, and to all notices issued
7 on or before the effective date of this amendatory Act
8 of 1996 under subsection (a) of Section 903, subsection
9 (a) of Section 904, subsection (e) of Section 909, or
10 Section 912. A taxpayer that is a "financial
11 organization" that engages in any transaction with an
12 affiliate shall be a "financial organization" for all
13 purposes of this Act.

14 (E) For all tax years beginning on or before
15 December 31, 1996, a taxpayer that falls within the
16 definition of a "financial organization" under
17 subparagraphs (B) or (C) of this paragraph, but who
18 does not fall within the definition of a "financial
19 organization" under the Proposed Regulations issued by
20 the Department of Revenue on July 19, 1996, may
21 irrevocably elect to apply the Proposed Regulations
22 for all of those years as though the Proposed
23 Regulations had been lawfully promulgated, adopted,
24 and in effect for all of those years. For purposes of
25 applying subparagraphs (B) or (C) of this paragraph to
26 all of those years, the election allowed by this

1 subparagraph applies only to the taxpayer making the
2 election and to those members of the taxpayer's unitary
3 business group who are ordinarily required to
4 apportion business income under the same subsection of
5 Section 304 of this Act as the taxpayer making the
6 election. No election allowed by this subparagraph
7 shall be made under a claim filed under subsection (d)
8 of Section 909 more than 30 days after the effective
9 date of this amendatory Act of 1996.

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

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

24 (9.5) Fixed place of business. The term "fixed place of
25 business" has the same meaning as that term is given in
26 Section 864 of the Internal Revenue Code and the related

1 Treasury regulations.

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

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

10 (11.5) Investment partnership.

11 (A) The term "investment partnership" means any
12 entity that is treated as a partnership for federal
13 income tax purposes that meets the following
14 requirements:

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

21 (ii) no less than 90% of its gross income
22 consists of interest, dividends, and gains from
23 the sale or exchange of qualifying investment
24 securities; and

25 (iii) the partnership is not a dealer in
26 qualifying investment securities.

1 (B) For purposes of this paragraph (11.5), the term
2 "qualifying investment securities" includes all of the
3 following:

4 (i) common stock, including preferred or debt
5 securities convertible into common stock, and
6 preferred stock;

7 (ii) bonds, debentures, and other debt
8 securities;

9 (iii) foreign and domestic currency deposits
10 secured by federal, state, or local governmental
11 agencies;

12 (iv) mortgage or asset-backed securities
13 secured by federal, state, or local governmental
14 agencies;

15 (v) repurchase agreements and loan
16 participations;

17 (vi) foreign currency exchange contracts and
18 forward and futures contracts on foreign
19 currencies;

20 (vii) stock and bond index securities and
21 futures contracts and other similar financial
22 securities and futures contracts on those
23 securities;

24 (viii) options for the purchase or sale of any
25 of the securities, currencies, contracts, or
26 financial instruments described in items (i) to

- 1 (vii), inclusive;
- 2 (ix) regulated futures contracts;
- 3 (x) commodities (not described in Section
- 4 1221(a)(1) of the Internal Revenue Code) or
- 5 futures, forwards, and options with respect to
- 6 such commodities, provided, however, that any item
- 7 of a physical commodity to which title is actually
- 8 acquired in the partnership's capacity as a dealer
- 9 in such commodity shall not be a qualifying
- 10 investment security;
- 11 (xi) derivatives; and
- 12 (xii) a partnership interest in another
- 13 partnership that is an investment partnership.

14 (12) Mathematical error. The term "mathematical error"

15 includes the following types of errors, omissions, or

16 defects in a return filed by a taxpayer which prevents

17 acceptance of the return as filed for processing:

18 (A) arithmetic errors or incorrect computations on

19 the return or supporting schedules;

20 (B) entries on the wrong lines;

21 (C) omission of required supporting forms or

22 schedules or the omission of the information in whole

23 or in part called for thereon; and

24 (D) an attempt to claim, exclude, deduct, or

25 improperly report, in a manner directly contrary to the

26 provisions of the Act and regulations thereunder any

1 item of income, exemption, deduction, or credit.

2 (13) Nonbusiness income. The term "nonbusiness income"
3 means all income other than business income or
4 compensation.

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

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

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

19 The term "partnership" includes any entity, including
20 a limited liability company formed under the Illinois
21 Limited Liability Company Act, classified as a partnership
22 for federal income tax purposes.

23 The term "partnership" does not include a syndicate,
24 group, pool, joint venture, or other unincorporated
25 organization established for the sole purpose of playing
26 the Illinois State Lottery.

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

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

22 (18A) Records. The term "records" includes all data
23 maintained by the taxpayer, whether on paper, microfilm,
24 microfiche, or any type of machine-sensible data
25 compilation.

26 (19) Regulations. The term "regulations" includes

1 rules promulgated and forms prescribed by the Department.

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

3 (A) an individual (i) who is in this State for
4 other than a temporary or transitory purpose during the
5 taxable year; or (ii) who is domiciled in this State
6 but is absent from the State for a temporary or
7 transitory purpose during the taxable year;

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

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

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

18 (21) Sales. The term "sales" means all gross receipts
19 of the taxpayer not allocated under Sections 301, 302 and
20 303.

21 (22) State. The term "state" when applied to a
22 jurisdiction other than this State means any state of the
23 United States, the District of Columbia, the Commonwealth
24 of Puerto Rico, any Territory or Possession of the United
25 States, and any foreign country, or any political
26 subdivision of any of the foregoing. For purposes of the

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

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

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

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

21 (26) Income Tax Return Preparer.

22 (A) The term "income tax return preparer" means any
23 person who prepares for compensation, or who employs
24 one or more persons to prepare for compensation, any
25 return of tax imposed by this Act or any claim for
26 refund of tax imposed by this Act. The preparation of a

1 substantial portion of a return or claim for refund
2 shall be treated as the preparation of that return or
3 claim for refund.

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

6 (i) furnish typing, reproducing, or other
7 mechanical assistance;

8 (ii) prepare returns or claims for refunds for
9 the employer by whom he or she is regularly and
10 continuously employed;

11 (iii) prepare as a fiduciary returns or claims
12 for refunds for any person; or

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

22 (27) Unitary business group.

23 (A) The term "unitary business group" means a group
24 of persons related through common ownership whose
25 business activities are integrated with, dependent
26 upon and contribute to each other. The group will not

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

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

18 (B) In no event, for taxable years beginning prior
19 to January 1, 2017, shall any unitary business group
20 include members which are ordinarily required to
21 apportion business income under different subsections
22 of Section 304 except that for tax years ending on or
23 after December 31, 1987 this prohibition shall not
24 apply to a holding company that would otherwise be a
25 member of a unitary business group with taxpayers that
26 apportion business income under any of subsections

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

21 (C) Holding companies.

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

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

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

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

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

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

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

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

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

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

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

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

1 (b) Other definitions.

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

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

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

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

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

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

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

22 Section 910. The Film Production Services Tax Credit Act of
23 2008 is amended by changing Section 42 as follows:

24 (35 ILCS 16/42)

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

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

10 Section 915. The Illinois Independent Tax Tribunal Act of
11 2012 is amended by changing Section 1-45 as follows:

12 (35 ILCS 1010/1-45)

13 Sec. 1-45. Jurisdiction of the Tax Tribunal.

14 (a) Except as provided by the Constitution of the United
15 States, the Constitution of the State of Illinois, or any
16 statutes of this State, including, but not limited to, the
17 State Officers and Employees Money Disposition Act, the Tax
18 Tribunal shall have original jurisdiction over all
19 determinations of the Department reflected on a Notice of
20 Deficiency, Notice of Tax Liability, Notice of Claim Denial, or
21 Notice of Penalty Liability issued under the Illinois Income
22 Tax Act, the Use Tax Act, the Service Use Tax Act, the Service
23 Occupation Tax Act, the Retailers' Occupation Tax Act, the
24 Cigarette Tax Act, the Cigarette Use Tax Act, the Tobacco

1 Products Tax Act of 1995, the Hotel Operators' Occupation Tax
2 Act, the Motor Fuel Tax Law, the Automobile Renting Occupation
3 and Use Tax Act, the Coin-Operated Amusement Device and
4 Redemption Machine Tax Act, the Gas Revenue Tax Act, the Water
5 Company Invested Capital Tax Act, the Telecommunications
6 Excise Tax Act, the Telecommunications Infrastructure
7 Maintenance Fee Act, the Public Utilities Revenue Act, the
8 Electricity Excise Tax Law, the Aircraft Use Tax Law, the
9 Watercraft Use Tax Law, the Gas Use Tax Law, ~~or~~ the Uniform
10 Penalty and Interest Act, or the Sugar-Sweetened Beverage Tax
11 Act. Except with respect to the Sugar-Sweetened Beverage Tax
12 Act, jurisdiction ~~Jurisdiction~~ of the Tax Tribunal is limited
13 to Notices of Tax Liability, Notices of Deficiency, Notices of
14 Claim Denial, and Notices of Penalty Liability where the amount
15 at issue in a notice, or the aggregate amount at issue in
16 multiple notices issued for the same tax year or audit period,
17 exceeds \$15,000, exclusive of penalties and interest. In
18 notices solely asserting either an interest or penalty
19 assessment, or both, the Tax Tribunal shall have jurisdiction
20 over cases where the combined total of all penalties or
21 interest assessed exceeds \$15,000.

22 (b) Except as otherwise permitted by this Act and by the
23 Constitution of the State of Illinois or otherwise by State
24 law, including, but not limited to, the State Officers and
25 Employees Money Disposition Act, no person shall contest any
26 matter within the jurisdiction of the Tax Tribunal in any

1 action, suit, or proceeding in the circuit court or any other
2 court of the State. If a person attempts to do so, then such
3 action, suit, or proceeding shall be dismissed without
4 prejudice. The improper commencement of any action, suit, or
5 proceeding does not extend the time period for commencing a
6 proceeding in the Tax Tribunal.

7 (c) The Tax Tribunal may require the taxpayer to post a
8 bond equal to 25% of the liability at issue (1) upon motion of
9 the Department and a showing that (A) the taxpayer's action is
10 frivolous or legally insufficient or (B) the taxpayer is acting
11 primarily for the purpose of delaying the collection of tax or
12 prejudicing the ability ultimately to collect the tax, or (2)
13 if, at any time during the proceedings, it is determined by the
14 Tax Tribunal that the taxpayer is not pursuing the resolution
15 of the case with due diligence. If the Tax Tribunal finds in a
16 particular case that the taxpayer cannot procure and furnish a
17 satisfactory surety or sureties for the kind of bond required
18 herein, the Tax Tribunal may relieve the taxpayer of the
19 obligation of filing such bond, if, upon the timely application
20 for a lien in lieu thereof and accompanying proof therein
21 submitted, the Tax Tribunal is satisfied that any such lien
22 imposed would operate to secure the assessment in the manner
23 and to the degree as would a bond. The Tax Tribunal shall adopt
24 rules for the procedures to be used in securing a bond or lien
25 under this Section.

26 (d) If, with or after the filing of a timely petition, the

1 taxpayer pays all or part of the tax or other amount in issue
2 before the Tax Tribunal has rendered a decision, the Tax
3 Tribunal shall treat the taxpayer's petition as a protest of a
4 denial of claim for refund of the amount so paid upon a written
5 motion filed by the taxpayer.

6 (e) The Tax Tribunal shall not have jurisdiction to review:

7 (1) any assessment made under the Property Tax Code;

8 (2) any decisions relating to the issuance or denial of
9 an exemption ruling for any entity claiming exemption from
10 any tax imposed under the Property Tax Code or any State
11 tax administered by the Department;

12 (3) a notice of proposed tax liability, notice of
13 proposed deficiency, or any other notice of proposed
14 assessment or notice of intent to take some action;

15 (4) any action or determination of the Department
16 regarding tax liabilities that have become finalized by
17 law, including but not limited to the issuance of liens,
18 levies, and revocations, suspensions, or denials of
19 licenses or certificates of registration or any other
20 collection activities;

21 (5) any proceedings of the Department's informal
22 administrative appeals function; and

23 (6) any challenge to an administrative subpoena issued
24 by the Department.

25 (f) The Tax Tribunal shall decide questions regarding the
26 constitutionality of statutes and rules adopted by the

1 Department as applied to the taxpayer, but shall not have the
2 power to declare a statute or rule unconstitutional or
3 otherwise invalid on its face. A taxpayer challenging the
4 constitutionality of a statute or rule on its face may present
5 such challenge to the Tax Tribunal for the sole purpose of
6 making a record for review by the Illinois Appellate Court.
7 Failure to raise a constitutional issue regarding the
8 application of a statute or regulations to the taxpayer shall
9 not preclude the taxpayer or the Department from raising those
10 issues at the appellate court level.

11 (Source: P.A. 97-1129, eff. 8-28-12; 98-463, eff. 8-16-13.)

12 Section 920. The Business Corporation Act of 1983 is
13 amended by changing Sections 13.70, 14.30, 15.35, 15.65, 15.97,
14 and 16.05 as follows:

15 (805 ILCS 5/13.70) (from Ch. 32, par. 13.70)

16 Sec. 13.70. Transacting business without authority.

17 (a) No foreign corporation transacting business in this
18 State without authority to do so is permitted to maintain a
19 civil action in any court of this State, until the corporation
20 obtains that authority. Nor shall a civil action be maintained
21 in any court of this State by any successor or assignee of the
22 corporation on any right, claim or demand arising out of the
23 transaction of business by the corporation in this State, until
24 authority to transact business in this State is obtained by the

1 corporation or by a corporation that has acquired all or
2 substantially all of its assets.

3 (b) The failure of a foreign corporation to obtain
4 authority to transact business in this State does not impair
5 the validity of any contract or act of the corporation, and
6 does not prevent the corporation from defending any action in
7 any court of this State.

8 (c) A foreign corporation that transacts business in this
9 State without authority is liable to this State, for the years
10 or parts thereof during which it transacted business in this
11 State without authority, in an amount equal to all fees,
12 franchise taxes, penalties and other charges that would have
13 been imposed by this Act upon the corporation had it duly
14 applied for and received authority to transact business in this
15 State as required by this Act, but failed to pay the franchise
16 taxes that would have been computed thereon, and thereafter
17 filed all reports required by this Act; and, if a corporation
18 fails to file an application for authority within 60 days after
19 it commences business in this State, in addition thereto it is
20 liable for a penalty of either 10% of the filing fee, license
21 fee and franchise taxes or \$500 ~~\$200~~ plus \$25 ~~\$5.00~~ for each
22 month or fraction thereof in which it has continued to transact
23 business in this State without authority therefor, whichever
24 penalty is greater. The Attorney General shall bring
25 proceedings to recover all amounts due this State under this
26 Section.

1 (d) The Attorney General shall bring an action to restrain
2 a foreign corporation from transacting business in this State,
3 if the authority of the foreign corporation to transact
4 business has been revoked under subsection (m) of Section 13.50
5 of this Act.

6 (Source: P.A. 95-515, eff. 8-28-07.)

7 (805 ILCS 5/14.30) (from Ch. 32, par. 14.30)

8 Sec. 14.30. Cumulative report of changes in issued shares
9 or paid-in capital.

10 (a) Each domestic corporation and each foreign
11 corporation authorized to transact business in this State that
12 effects any change in the number of issued shares or the amount
13 of paid-in capital prior to July 1, 2017 that has not
14 theretofore been reported in any report other than an annual
15 report, interim annual report, or final transition annual
16 report, shall execute and file, in accordance with Section 1.10
17 of this Act, a report with respect to the changes in its issued
18 shares or paid-in capital:

19 (1) that have occurred subsequent to the last day of
20 the third month preceding its anniversary month in the
21 preceding year and prior to the first day of the second
22 month immediately preceding its anniversary month in the
23 current year; or

24 (2) in the case of a corporation that has established
25 an extended filing month, that have occurred during its

1 fiscal year; or

2 (3) in the case of a statutory merger or consolidation
3 or an amendment to the corporation's articles of
4 incorporation that affects the number of issued shares or
5 the amount of paid-in capital, that have occurred between
6 the last day of the third month immediately preceding its
7 anniversary month and the date of the merger,
8 consolidation, or amendment or, in the case of a
9 corporation that has established an extended filing month,
10 that have occurred between the first day of its fiscal year
11 and the date of the merger, consolidation, or amendment; or

12 (4) in the case of a statutory merger or consolidation
13 or an amendment to the corporation's articles of
14 incorporation that affects the number of issued shares or
15 the amount of paid-in capital, that have occurred between
16 the date of the merger, consolidation, or amendment (but
17 not including the merger, consolidation, or amendment) and
18 the first day of the second month immediately preceding its
19 anniversary month in the current year, or in the case of a
20 corporation that has established an extended filing month,
21 that have occurred between the date of the merger,
22 consolidation or amendment (but not including the merger,
23 consolidation or amendment) and the last day of its fiscal
24 year.

25 (b) The corporation shall file the report required under
26 subsection (a) not later than (i) the time its annual report is

1 required to be filed in 1992 and in each subsequent year and
2 (ii) not later than the time of filing the articles of merger,
3 consolidation, or amendment to the articles of incorporation
4 that affects the number of issued shares or the amount of
5 paid-in capital of a domestic corporation or the certified copy
6 of merger of a foreign corporation.

7 (c) The report shall net decreases against increases that
8 occur during the same taxable period. The report shall set
9 forth:

10 (1) The name of the corporation and the state or
11 country under the laws of which it is organized.

12 (2) A statement of the aggregate number of shares which
13 the corporation has authority to issue, itemized by classes
14 and series, if any, within a class.

15 (3) A statement of the aggregate number of issued
16 shares as last reported to the Secretary of State in any
17 document required or permitted by this Act to be filed,
18 other than an annual report, interim annual report or final
19 transition annual report, itemized by classes and series,
20 if any, within a class.

21 (4) A statement, expressed in dollars, of the amount of
22 paid-in capital of the corporation as last reported to the
23 Secretary of State in any document required or permitted by
24 this Act to be filed, other than an annual report, interim
25 annual report or final transition annual report.

26 (5) A statement, if applicable, of the aggregate number

1 of shares issued by the corporation not theretofore
2 reported to the Secretary of State as having been issued,
3 and a statement, expressed in dollars, of the value of the
4 entire consideration received, less expenses, including
5 commissions, paid or incurred in connection with the
6 issuance, for, or on account of, the issuance of the
7 shares, itemized by classes, and series, if any, within a
8 class; and in the case of shares issued as a share
9 dividend, the amount added or transferred to the paid-in
10 capital of the corporation for, or on account of, the
11 issuance of the shares; provided, however, that the report
12 shall also include the date of each issuance made prior to
13 the current reporting period, and the number of issued
14 shares and consideration received in each case.

15 (6) A statement, if applicable, expressed in dollars,
16 of the amount added or transferred to paid-in capital of
17 the corporation without the issuance of shares; provided,
18 however, that the report shall also include the date of
19 each increase made prior to the current reporting period,
20 and the consideration received in each case.

21 (7) In case of an exchange or reclassification of
22 issued shares resulting in an increase in the amount of
23 paid-in capital, a statement of the manner in which it was
24 effected, and a statement, expressed in dollars, of the
25 amount added or transferred to the paid-in capital of the
26 corporation as a result thereof, except any portion thereof

1 reported under any other subsection of this Section as a
2 part of the consideration received by the corporation for,
3 or on account of, its issued shares; provided, however,
4 that the report shall also include the date of each
5 exchange or reclassification made prior to the current
6 reporting period and the consideration received in each
7 case.

8 (8) If the consideration received for the issuance of
9 any shares not theretofore reported as having been issued
10 consists of labor or services performed or of property,
11 other than cash, then a statement, expressed in dollars, of
12 the value of that consideration as fixed by the board of
13 directors.

14 (9) In the case of a cancellation of shares or a
15 reduction in paid-in capital made pursuant to Section 9.20,
16 the aggregate reduction in paid-in capital; provided,
17 however, that the report shall also include the date of
18 each reduction made prior to the current reporting period.

19 (10) A statement of the aggregate number of issued
20 shares itemized by classes and series, if any, within a
21 class, after giving effect to the changes reported.

22 (11) A statement, expressed in dollars, of the amount
23 of paid-in capital of the corporation after giving effect
24 to the changes reported.

25 (d) No additional license fees or franchise taxes shall be
26 payable upon the filing of the report to the extent that

1 license fees or franchise taxes shall have been previously paid
2 by the corporation in respect of shares previously issued which
3 are being exchanged for the shares the issuance of which is
4 being reported, provided those facts are shown in the report.

5 (e) The report shall be made on forms prescribed and
6 furnished by the Secretary of State.

7 (f) Until the report under this Section or a report under
8 Section 14.25 shall have been filed in the Office of the
9 Secretary of State showing a reduction in paid-in capital, the
10 basis of the annual franchise tax payable by the corporation
11 shall not be reduced, provided, however, in no event shall the
12 annual franchise tax for any taxable year be reduced if the
13 report is not filed prior to the first day of the anniversary
14 month or, in the case of a corporation which has established an
15 extended filing month, the extended filing month of the
16 corporation of that taxable year and before payment of its
17 annual franchise tax.

18 (Source: P.A. 90-421, eff. 1-1-98.)

19 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

20 Sec. 15.35. Franchise taxes payable by domestic
21 corporations. For the privilege of exercising its franchises in
22 this State, each domestic corporation shall pay to the
23 Secretary of State the following franchise taxes, computed on
24 the basis, at the rates and for the periods prescribed in this
25 Act:

1 (a) An initial franchise tax at the time of filing its
2 first report of issuance of shares.

3 (b) An additional franchise tax at the time of filing (1) a
4 report of the issuance of additional shares, or (2) a report of
5 an increase in paid-in capital without the issuance of shares,
6 or (3) an amendment to the articles of incorporation or a
7 report of cumulative changes in paid-in capital, whenever any
8 amendment or such report discloses an increase in its paid-in
9 capital over the amount thereof last reported in any document,
10 other than an annual report, interim annual report or final
11 transition annual report required by this Act to be filed in
12 the office of the Secretary of State.

13 (c) An additional franchise tax at the time of filing a
14 report of paid-in capital following a statutory merger or
15 consolidation, which discloses that the paid-in capital of the
16 surviving or new corporation immediately after the merger or
17 consolidation is greater than the sum of the paid-in capital of
18 all of the merged or consolidated corporations as last reported
19 by them in any documents, other than annual reports, required
20 by this Act to be filed in the office of the Secretary of
21 State; and in addition, the surviving or new corporation shall
22 be liable for a further additional franchise tax on the paid-in
23 capital of each of the merged or consolidated corporations as
24 last reported by them in any document, other than an annual
25 report, required by this Act to be filed with the Secretary of
26 State from their taxable year end to the next succeeding

1 anniversary month or, in the case of a corporation which has
2 established an extended filing month, the extended filing month
3 of the surviving or new corporation; however if the taxable
4 year ends within the 2 month period immediately preceding the
5 anniversary month or, in the case of a corporation which has
6 established an extended filing month, the extended filing month
7 of the surviving or new corporation the tax will be computed to
8 the anniversary month or, in the case of a corporation which
9 has established an extended filing month, the extended filing
10 month of the surviving or new corporation in the next
11 succeeding calendar year.

12 (d) An annual franchise tax payable each year with the
13 annual report which the corporation is required by this Act to
14 file.

15 (e) The provisions of this Section shall not apply to
16 require the payment of any franchise tax that would otherwise
17 have been due and payable on or after July 1, 2017. There shall
18 be no refunds or proration of franchise tax for any taxes due
19 and payable prior to July 1, 2017 on the basis that a portion
20 of the corporation's taxable year extends beyond July 1, 2017.
21 This amendatory Act of the 100th General Assembly shall not
22 affect any right accrued or established, or any liability or
23 penalty incurred prior to July 1, 2017.

24 (Source: P.A. 86-985.)

25 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

1 Sec. 15.65. Franchise taxes payable by foreign
2 corporations. For the privilege of exercising its authority to
3 transact such business in this State as set out in its
4 application therefor or any amendment thereto, each foreign
5 corporation shall pay to the Secretary of State the following
6 franchise taxes, computed on the basis, at the rates and for
7 the periods prescribed in this Act:

8 (a) An initial franchise tax at the time of filing its
9 application for authority to transact business in this State.

10 (b) An additional franchise tax at the time of filing (1) a
11 report of the issuance of additional shares, or (2) a report of
12 an increase in paid-in capital without the issuance of shares,
13 or (3) a report of cumulative changes in paid-in capital or a
14 report of an exchange or reclassification of shares, whenever
15 any such report discloses an increase in its paid-in capital
16 over the amount thereof last reported in any document, other
17 than an annual report, interim annual report or final
18 transition annual report, required by this Act to be filed in
19 the office of the Secretary of State.

20 (c) Whenever the corporation shall be a party to a
21 statutory merger and shall be the surviving corporation, an
22 additional franchise tax at the time of filing its report
23 following merger, if such report discloses that the amount
24 represented in this State of its paid-in capital immediately
25 after the merger is greater than the aggregate of the amounts
26 represented in this State of the paid-in capital of such of the

1 merged corporations as were authorized to transact business in
2 this State at the time of the merger, as last reported by them
3 in any documents, other than annual reports, required by this
4 Act to be filed in the office of the Secretary of State; and in
5 addition, the surviving corporation shall be liable for a
6 further additional franchise tax on the paid-in capital of each
7 of the merged corporations as last reported by them in any
8 document, other than an annual report, required by this Act to
9 be filed with the Secretary of State, from their taxable year
10 end to the next succeeding anniversary month or, in the case of
11 a corporation which has established an extended filing month,
12 the extended filing month of the surviving corporation; however
13 if the taxable year ends within the 2 month period immediately
14 preceding the anniversary month or the extended filing month of
15 the surviving corporation, the tax will be computed to the
16 anniversary or, extended filing month of the surviving
17 corporation in the next succeeding calendar year.

18 (d) An annual franchise tax payable each year with any
19 annual report which the corporation is required by this Act to
20 file.

21 (e) The provisions of this Section shall not apply to
22 require the payment of any franchise tax that would otherwise
23 have been due and payable on or after July 1, 2017. There shall
24 be no refunds or proration of franchise tax for any taxes due
25 and payable prior to July 1, 2017 on the basis that a portion
26 of the corporation's taxable year extends beyond July 1, 2017.

1 This amendatory Act of the 100th General Assembly shall not
2 affect any right accrued or established, or any liability or
3 penalty incurred prior to July 1, 2017.

4 (Source: P.A. 92-33, eff. 7-1-01.)

5 (805 ILCS 5/15.97) (from Ch. 32, par. 15.97)

6 Sec. 15.97. Corporate Franchise Tax Refund Fund.

7 (a) Beginning July 1, 1993, a percentage of the amounts
8 collected under Sections 15.35, 15.45, 15.65, and 15.75 of this
9 Act shall be deposited into the Corporate Franchise Tax Refund
10 Fund, a special Fund hereby created in the State treasury. From
11 July 1, 1993, until December 31, 1994, there shall be deposited
12 into the Fund 3% of the amounts received under those Sections.
13 Beginning January 1, 1995, and for each fiscal year beginning
14 thereafter, 2% of the amounts collected under those Sections
15 during the preceding fiscal year shall be deposited into the
16 Fund.

17 (b) Beginning July 1, 1993, moneys in the Fund shall be
18 expended exclusively for the purpose of paying refunds payable
19 because of overpayment of franchise taxes, penalties, or
20 interest under Sections 13.70, 15.35, 15.45, 15.65, 15.75, and
21 16.05 of this Act and making transfers authorized under this
22 Section. Refunds in accordance with the provisions of
23 subsections (f) and (g) of Section 1.15 and Section 1.17 of
24 this Act may be made from the Fund only to the extent that
25 amounts collected under Sections 15.35, 15.45, 15.65, and 15.75

1 of this Act have been deposited in the Fund and remain
2 available. On or before August 31 of each year, the balance in
3 the Fund in excess of \$100,000 shall be transferred to the
4 General Revenue Fund. Notwithstanding the above, for the period
5 commencing on the effective date of this amendatory Act of the
6 100th General Assembly and continuing through December 31,
7 2019, amounts in the fund shall not be transferred to the
8 General Revenue Fund and shall be used to pay refunds in
9 accordance with the provisions of this Act. Within a reasonable
10 time after January 1, 2020, the Secretary of State shall direct
11 and the Comptroller shall order transferred to the General
12 Revenue Fund all amounts remaining in the fund.

13 (c) This Act shall constitute an irrevocable and continuing
14 appropriation from the Corporate Franchise Tax Refund Fund for
15 the purpose of paying refunds upon the order of the Secretary
16 of State in accordance with the provisions of this Section.

17 (Source: P.A. 99-620, eff. 1-1-17.)

18 (805 ILCS 5/16.05) (from Ch. 32, par. 16.05)

19 Sec. 16.05. Penalties and interest imposed upon
20 corporations.

21 (a) Each corporation, domestic or foreign, that fails or
22 refuses to file any annual report or report of cumulative
23 changes in paid-in capital and pay any franchise tax due
24 pursuant to the report prior to the first day of its
25 anniversary month or, in the case of a corporation which has

1 established an extended filing month, the extended filing month
2 of the corporation shall pay a penalty of 10% of the amount of
3 any delinquent franchise tax due for the report. From February
4 1, 2008 through March 15, 2008, no penalty shall be imposed
5 with respect to any amount of delinquent franchise tax paid
6 pursuant to the Franchise Tax and License Fee Amnesty Act of
7 2007. Notwithstanding the above, commencing on July 1, 2017,
8 each corporation, domestic or foreign, that fails or refuses to
9 file any annual report prior to the first day of its
10 anniversary month, or in the case of a corporation which has
11 established an extended filing month, the extended filing month
12 of the corporation, shall, for each report, pay a one-time
13 penalty of \$50, plus an additional penalty of \$10 for each
14 calendar month or part of the month that the report is
15 delinquent.

16 (b) Each corporation, domestic or foreign, that fails or
17 refuses to file a report of issuance of shares or increase in
18 paid-in capital within the time prescribed by this Act is
19 subject to a penalty on any obligation occurring prior to
20 January 1, 1991, and interest on those obligations on or after
21 January 1, 1991, for each calendar month or part of month that
22 it is delinquent in the amount of 2% of the amount of license
23 fees and franchise taxes provided by this Act to be paid on
24 account of the issuance of shares or increase in paid-in
25 capital. From February 1, 2008 through March 15, 2008, no
26 penalty shall be imposed, or interest charged, with respect to

1 any amount of delinquent license fees and franchise taxes paid
2 pursuant to the Franchise Tax and License Fee Amnesty Act of
3 2007.

4 (c) Each corporation, domestic or foreign, that fails or
5 refuses to file a report of cumulative changes in paid-in
6 capital or report following merger within the time prescribed
7 by this Act is subject to interest on or after January 1, 1992,
8 for each calendar month or part of month that it is delinquent,
9 in the amount of 2% of the amount of franchise taxes provided
10 by this Act to be paid on account of the issuance of shares or
11 increase in paid-in capital disclosed on the report of
12 cumulative changes in paid-in capital or report following
13 merger, or \$1, whichever is greater. From February 1, 2008
14 through March 15, 2008, no interest shall be charged with
15 respect to any amount of delinquent franchise tax paid pursuant
16 to the Franchise Tax and License Fee Amnesty Act of 2007.
17 Notwithstanding the above, commencing on July 1, 2017, each
18 corporation, domestic or foreign, that fails or refuses to file
19 any report following merger within the time prescribed by this
20 Act, shall, for each report, pay a one-time penalty of \$50,
21 plus an additional penalty of \$10 for each calendar month or
22 part of the month that the report is delinquent.

23 (d) If the annual franchise tax, or the supplemental annual
24 franchise tax for any 12-month period commencing July 1, 1968,
25 or July 1 of any subsequent year through June 30, 1983,
26 assessed in accordance with this Act, is not paid by July 31,

1 it is delinquent, and there is added a penalty prior to January
2 1, 1991, and interest on and after January 1, 1991, of 2% for
3 each month or part of month that it is delinquent commencing
4 with the month of August, or \$1, whichever is greater. From
5 February 1, 2008 through March 15, 2008, no penalty shall be
6 imposed, or interest charged, with respect to any amount of
7 delinquent franchise taxes paid pursuant to the Franchise Tax
8 and License Fee Amnesty Act of 2007.

9 (e) If the supplemental annual franchise tax assessed in
10 accordance with the provisions of this Act for the 12-month
11 period commencing July 1, 1967, is not paid by September 30,
12 1967, it is delinquent, and there is added a penalty prior to
13 January 1, 1991, and interest on and after January 1, 1991, of
14 2% for each month or part of month that it is delinquent
15 commencing with the month of October, 1967. From February 1,
16 2008 through March 15, 2008, no penalty shall be imposed, or
17 interest charged, with respect to any amount of delinquent
18 franchise taxes paid pursuant to the Franchise Tax and License
19 Fee Amnesty Act of 2007.

20 (f) If any annual franchise tax for any period beginning on
21 or after July 1, 1983, is not paid by the time period herein
22 prescribed, it is delinquent and there is added a penalty prior
23 to January 1, 1991, and interest on and after January 1, 1991,
24 of 2% for each month or part of a month that it is delinquent
25 commencing with the anniversary month or in the case of a
26 corporation that has established an extended filing month, the

1 extended filing month, or \$1, whichever is greater. From
2 February 1, 2008 through March 15, 2008, no penalty shall be
3 imposed, or interest charged, with respect to any amount of
4 delinquent franchise taxes paid pursuant to the Franchise Tax
5 and License Fee Amnesty Act of 2007.

6 (g) Any corporation, domestic or foreign, failing to pay
7 the prescribed fee for assumed corporate name renewal when due
8 and payable shall be given notice of nonpayment by the
9 Secretary of State by regular mail; and if the fee together
10 with a penalty fee of \$5 is not paid within 90 days after the
11 notice is mailed, the right to use the assumed name shall
12 cease.

13 (h) Any corporation which (i) puts forth any sign or
14 advertisement, assuming any name other than that by which it is
15 incorporated or otherwise authorized by law to act or (ii)
16 violates Section 3.25, shall be guilty of a Class C misdemeanor
17 and shall be deemed guilty of an additional offense for each
18 day it shall continue to so offend.

19 (i) Each corporation, domestic or foreign, that fails or
20 refuses (1) to answer truthfully and fully within the time
21 prescribed by this Act interrogatories propounded by the
22 Secretary of State in accordance with this Act or (2) to
23 perform any other act required by this Act to be performed by
24 the corporation, is guilty of a Class C misdemeanor.

25 (j) Each corporation that fails or refuses to file articles
26 of revocation of dissolution within the time prescribed by this

1 Act is subject to a penalty for each calendar month or part of
2 the month that it is delinquent in the amount of \$50.

3 (Source: P.A. 95-233, eff. 8-16-07; 95-707, eff. 1-11-08;
4 96-1121, eff. 1-1-11.)

5 Section 925. The Limited Liability Company Act is amended
6 by changing Section 50-10 as follows:

7 (805 ILCS 180/50-10)

8 (Text of Section before amendment by P.A. 99-637)

9 Sec. 50-10. Fees.

10 (a) The Secretary of State shall charge and collect in
11 accordance with the provisions of this Act and rules
12 promulgated under its authority all of the following:

13 (1) Fees for filing documents.

14 (2) Miscellaneous charges.

15 (3) Fees for the sale of lists of filings and for
16 copies of any documents.

17 (b) The Secretary of State shall charge and collect for all
18 of the following:

19 (1) Filing articles of organization (domestic),
20 application for admission (foreign), and restated articles
21 of organization (domestic), \$39 ~~\$500~~. Notwithstanding the
22 foregoing, the fee for filing articles of organization
23 (domestic), application for admission (foreign), and
24 restated articles of organization (domestic) in connection

1 with a limited liability company with ability to establish
2 series pursuant to Section 37-40 of this Act is \$59 ~~\$750~~.

3 (2) Filing articles of amendment or an amended
4 application for admission, \$150.

5 (3) Filing articles of dissolution or application for
6 withdrawal, \$100.

7 (4) Filing an application to reserve a name, \$300.

8 (5) Filing a notice of cancellation of a reserved name,
9 \$100.

10 (6) Filing a notice of a transfer of a reserved name,
11 \$100.

12 (7) Registration of a name, \$300.

13 (8) Renewal of registration of a name, \$100.

14 (9) Filing an application for use of an assumed name
15 under Section 1-20 of this Act, \$150 for each year or part
16 thereof ending in 0 or 5, \$120 for each year or part
17 thereof ending in 1 or 6, \$90 for each year or part thereof
18 ending in 2 or 7, \$60 for each year or part thereof ending
19 in 3 or 8, \$30 for each year or part thereof ending in 4 or
20 9, and a renewal for each assumed name, \$150.

21 (10) Filing an application for change or cancellation
22 of an assumed name, \$100.

23 (11) Filing an annual report of a limited liability
24 company or foreign limited liability company, \$250, if
25 filed as required by this Act, plus a penalty if
26 delinquent. Notwithstanding the foregoing, the fee for

1 filing an annual report of a limited liability company or
2 foreign limited liability company with ability to
3 establish series is \$250 plus \$50 for each series for which
4 a certificate of designation has been filed pursuant to
5 Section 37-40 of this Act and active on the last day of the
6 third month preceding the company's anniversary month,
7 plus a penalty if delinquent.

8 (12) Filing an application for reinstatement of a
9 limited liability company or foreign limited liability
10 company \$500.

11 (13) Filing Articles of Merger, \$100 plus \$50 for each
12 party to the merger in excess of the first 2 parties.

13 (14) Filing an Agreement of Conversion or Statement of
14 Conversion, \$100.

15 (15) Filing a statement of change of address of
16 registered office or change of registered agent, or both,
17 or filing a statement of correction, \$25.

18 (16) Filing a petition for refund, \$15.

19 (17) Filing any other document, \$100.

20 (18) Filing a certificate of designation of a limited
21 liability company with the ability to establish series
22 pursuant to Section 37-40 of this Act, \$50.

23 (c) The Secretary of State shall charge and collect all of
24 the following:

25 (1) For furnishing a copy or certified copy of any
26 document, instrument, or paper relating to a limited

1 liability company or foreign limited liability company, or
2 for a certificate, \$25.

3 (2) For the transfer of information by computer process
4 media to any purchaser, fees established by rule.

5 (Source: P.A. 97-839, eff. 7-20-12.)

6 (Text of Section after amendment by P.A. 99-637)

7 Sec. 50-10. Fees.

8 (a) The Secretary of State shall charge and collect in
9 accordance with the provisions of this Act and rules
10 promulgated under its authority all of the following:

11 (1) Fees for filing documents.

12 (2) Miscellaneous charges.

13 (3) Fees for the sale of lists of filings and for
14 copies of any documents.

15 (b) The Secretary of State shall charge and collect for all
16 of the following:

17 (1) Filing articles of organization (domestic),
18 application for admission (foreign), and restated articles
19 of organization (domestic), \$39 ~~\$500~~. Notwithstanding the
20 foregoing, the fee for filing articles of organization
21 (domestic), application for admission (foreign), and
22 restated articles of organization (domestic) in connection
23 with a limited liability company with a series or the
24 ability to establish a series pursuant to Section 37-40 of
25 this Act is \$59 ~~\$750~~.

- 1 (2) Filing amendments (domestic or foreign), \$150.
- 2 (3) Filing a statement of termination or application
3 for withdrawal, \$25.
- 4 (4) Filing an application to reserve a name, \$300.
- 5 (5) Filing a notice of cancellation of a reserved name,
6 \$100.
- 7 (6) Filing a notice of a transfer of a reserved name,
8 \$100.
- 9 (7) Registration of a name, \$300.
- 10 (8) Renewal of registration of a name, \$100.
- 11 (9) Filing an application for use of an assumed name
12 under Section 1-20 of this Act, \$150 for each year or part
13 thereof ending in 0 or 5, \$120 for each year or part
14 thereof ending in 1 or 6, \$90 for each year or part thereof
15 ending in 2 or 7, \$60 for each year or part thereof ending
16 in 3 or 8, \$30 for each year or part thereof ending in 4 or
17 9, and a renewal for each assumed name, \$150.
- 18 (10) Filing an application for change or cancellation
19 of an assumed name, \$100.
- 20 (11) Filing an annual report of a limited liability
21 company or foreign limited liability company, \$250, if
22 filed as required by this Act, plus a penalty if
23 delinquent. Notwithstanding the foregoing, the fee for
24 filing an annual report of a limited liability company or
25 foreign limited liability company is \$250 plus \$50 for each
26 series for which a certificate of designation has been

1 filed pursuant to Section 37-40 of this Act and is in
2 effect on the last day of the third month preceding the
3 company's anniversary month, plus a penalty if delinquent.

4 (12) Filing an application for reinstatement of a
5 limited liability company or foreign limited liability
6 company \$500.

7 (13) Filing articles of merger, \$100 plus \$50 for each
8 party to the merger in excess of the first 2 parties.

9 (14) Filing articles of conversion, \$100.

10 (15) Filing a statement of change of address of
11 registered office or change of registered agent, or both,
12 or filing a statement of correction, \$25.

13 (16) Filing a petition for refund, \$15.

14 (17) Filing a certificate of designation of a limited
15 liability company with a series pursuant to Section 37-40
16 of this Act, \$50.

17 (18) Filing articles of domestication, \$100.

18 (19) Filing, amending, or cancelling a statement of
19 authority, \$50.

20 (20) Filing, amending, or cancelling a statement of
21 denial, \$10.

22 (21) Filing any other document, \$100.

23 (c) The Secretary of State shall charge and collect all of
24 the following:

25 (1) For furnishing a copy or certified copy of any
26 document, instrument, or paper relating to a limited

1 liability company or foreign limited liability company, or
2 for a certificate, \$25.

3 (2) For the transfer of information by computer process
4 media to any purchaser, fees established by rule.

5 (Source: P.A. 99-637, eff. 7-1-17.)

6 Section 995. No acceleration or delay. Where this Act makes
7 changes in a statute that is represented in this Act by text
8 that is not yet or no longer in effect (for example, a Section
9 represented by multiple versions), the use of that text does
10 not accelerate or delay the taking effect of (i) the changes
11 made by this Act or (ii) provisions derived from any other
12 Public Act.

13 Section 999. Effective date. This Act takes effect upon
14 becoming law, but this Act does not take effect at all unless
15 Senate Bills 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, and 13 of the
16 100th General Assembly become law.

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