

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 304, 601, and 701 as follows:

6 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

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

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

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

5 (1) Property factor.

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

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

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

25 (2) Payroll factor.

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

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

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

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

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

12 (iii) For tax years ending prior to December 31,
13 2020, some ~~Some~~ of the service is performed within this
14 State and either the base of operations, or if there is
15 no base of operations, the place from which the service
16 is directed or controlled is within this State, or the
17 base of operations or the place from which the service
18 is directed or controlled is not in any state in which
19 some part of the service is performed, but the
20 individual's residence is in this State. For tax years
21 ending on or after December 31, 2020, compensation is
22 paid in this State if some of the individual's service
23 is performed within this State, the individual's
24 service performed within this State is nonincidental
25 to the individual's service performed without this
26 State, and the individual's service is performed

1 within this State for more than 30 working days during
2 the tax year. The amount of compensation paid in this
3 State shall include the portion of the individual's
4 total compensation for services performed on behalf of
5 his or her employer during the tax year which the
6 number of working days spent within this State during
7 the tax year bears to the total number of working days
8 spent both within and without this State during the tax
9 year. For purposes of this paragraph:

10 (a) The term "working day" means all days
11 during the tax year in which the individual
12 performs duties on behalf of his or her employer.
13 All days in which the individual performs no duties
14 on behalf of his or her employer (e.g., weekends,
15 vacation days, sick days, and holidays) are not
16 working days.

17 (b) A working day is spent within this State
18 if:

19 (1) the individual performs service on
20 behalf of the employer and a greater amount of
21 time on that day is spent by the individual
22 performing duties on behalf of the employer
23 within this State, without regard to time spent
24 traveling, than is spent performing duties on
25 behalf of the employer without this State; or

26 (2) the only service the individual

1 performs on behalf of the employer on that day
2 is traveling to a destination within this
3 State, and the individual arrives on that day.

4 (c) Working days spent within this State do not
5 include any day in which the employee is performing
6 services in this State during a disaster period
7 solely in response to a request made to his or her
8 employer by the government of this State, by any
9 political subdivision of this State, or by a person
10 conducting business in this State to perform
11 disaster or emergency-related services in this
12 State. For purposes of this item (c):

13 "Declared State disaster or emergency"
14 means a disaster or emergency event (i) for
15 which a Governor's proclamation of a state of
16 emergency has been issued or (ii) for which a
17 Presidential declaration of a federal major
18 disaster or emergency has been issued.

19 "Disaster period" means a period that
20 begins 10 days prior to the date of the
21 Governor's proclamation or the President's
22 declaration (whichever is earlier) and extends
23 for a period of 60 calendar days after the end
24 of the declared disaster or emergency period.

25 "Disaster or emergency-related services"
26 means repairing, renovating, installing,

1 building, or rendering services or conducting
2 other business activities that relate to
3 infrastructure that has been damaged,
4 impaired, or destroyed by the declared State
5 disaster or emergency.

6 "Infrastructure" means property and
7 equipment owned or used by a public utility,
8 communications network, broadband and internet
9 service provider, cable and video service
10 provider, electric or gas distribution system,
11 or water pipeline that provides service to more
12 than one customer or person, including related
13 support facilities. "Infrastructure" includes,
14 but is not limited to, real and personal
15 property such as buildings, offices, power
16 lines, cable lines, poles, communications
17 lines, pipes, structures, and equipment.

18 (iv) Compensation paid to nonresident professional
19 athletes.

20 (a) General. The Illinois source income of a
21 nonresident individual who is a member of a
22 professional athletic team includes the portion of the
23 individual's total compensation for services performed
24 as a member of a professional athletic team during the
25 taxable year which the number of duty days spent within
26 this State performing services for the team in any

1 manner during the taxable year bears to the total
2 number of duty days spent both within and without this
3 State during the taxable year.

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

10 (c) Definitions. For purposes of this subpart
11 (iv):

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

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

24 (3) Except as provided in items (C) and (D) of
25 this subpart (3), the term "duty days" means all
26 days during the taxable year from the beginning of

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

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

21 (E) Days for which a member of a
22 professional athletic team is on the disabled
23 list and does not conduct rehabilitation
24 activities at facilities of the team, and is
25 not otherwise performing services for the team
26 in Illinois, shall not be considered duty days

1 spent in this State. All days on the disabled
2 list, however, are considered to be included in
3 total duty days spent both within and without
4 this State.

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

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

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

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

1 team.

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

19 (3) Sales factor.

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

24 (B) Sales of tangible personal property are in this
25 State if:

26 (i) The property is delivered or shipped to a

1 purchaser, other than the United States government,
2 within this State regardless of the f. o. b. point or
3 other conditions of the sale; or

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

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

22 (i) Gross receipts from the licensing, sale, or
23 other disposition of a patent, copyright, trademark,
24 or similar item of intangible personal property, other
25 than gross receipts governed by paragraph (B-7) of this
26 item (3), are in this State to the extent the item is

1 utilized in this State during the year the gross
2 receipts are included in gross income.

3 (ii) Place of utilization.

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

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

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

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

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

1 (B-5) For taxable years ending on or after December 31,
2 2008, except as provided in subsections (ii) through (vii),
3 receipts from the sale of telecommunications service or
4 mobile telecommunications service are in this State if the
5 customer's service address is in this State.

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

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

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

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

22 "Communications Channel" means a physical or
23 virtual path of communications over which signals are
24 transmitted between or among customer channel
25 termination points.

26 "Conference bridging service" means an "ancillary

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

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

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

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

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

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

24 "Place of primary use" means the street address
25 representative of where the customer's use of the
26 telecommunications service primarily occurs, which

1 must be the residential street address or the primary
2 business street address of the customer. In the case of
3 mobile telecommunications services, "place of primary
4 use" must be within the licensed service area of the
5 home service provider.

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

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

26 "Prepaid Mobile telecommunication service" means a

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

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

17 "Service address" means:

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

22 (b) If the location in line (a) is not known,
23 service address means the origination point of the
24 signal of the telecommunications services first
25 identified by either the seller's
26 telecommunications system or in information

1 received by the seller from its service provider
2 where the system used to transport such signals is
3 not that of the seller; and

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

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

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

26 (b) Installation or maintenance of wiring or

1 equipment on a customer's premises;

2 (c) Tangible personal property;

3 (d) Advertising, including but not limited to
4 directory advertising;

5 (e) Billing and collection services provided
6 to third parties;

7 (f) Internet access service;

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

18 (h) "Ancillary services"; or

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

23 "Vertical service" means an "ancillary service"
24 that is offered in connection with one or more
25 "telecommunications services", which offers advanced
26 calling features that allow customers to identify

1 callers and to manage multiple calls and call
2 connections, including "conference bridging services".

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

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

12 (a) The call both originates and terminates in
13 this State.

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

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

26 (iv) Receipts from the sale of prepaid

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

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

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

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

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

22 (d) The receipts from charges for service
23 segments with a channel termination point located
24 in this State and in two or more other states, and
25 which segments are not separately billed, are in
26 this State based on a percentage determined by

1 dividing the number of customer channel
2 termination points in this State by the total
3 number of customer channel termination points.

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

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

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

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

25 (c) 100% of the receipts from interstate end
26 user access line charges, if the customer's

1 service address is in this State. As used in this
2 subdivision, "interstate end user access line
3 charges" includes, but is not limited to, the
4 surcharge approved by the federal communications
5 commission and levied pursuant to 47 CFR 69.

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

17 (B-7) For taxable years ending on or after December 31,
18 2008, receipts from the sale of broadcasting services are
19 in this State if the broadcasting services are received in
20 this State. For purposes of this paragraph (B-7), the
21 following terms have the following meanings:

22 "Advertising revenue" means consideration received
23 by the taxpayer in exchange for broadcasting services
24 or allowing the broadcasting of commercials or
25 announcements in connection with the broadcasting of
26 film or radio programming, from sponsorships of the

1 programming, or from product placements in the
2 programming.

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

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

20 "Film" or "film programming" means the broadcast
21 on television of any and all performances, events, or
22 productions, including but not limited to news,
23 sporting events, plays, stories, or other literary,
24 commercial, educational, or artistic works, either
25 live or through the use of video tape, disc, or any
26 other type of format or medium. Each episode of a

1 series of films produced for television shall
2 constitute separate "film" notwithstanding that the
3 series relates to the same principal subject and is
4 produced during one or more tax periods.

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

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

22 (ii) In the case where film or radio
23 programming is broadcast by a station, a network,
24 or a cable system for a fee or other remuneration
25 received from the recipient of the broadcast, the
26 portion of the service that is received in this

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

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

1 that broadcast.

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

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

1 broadcasting service in Illinois.

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

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

10 (i) The income-producing activity is performed in
11 this State; or

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

17 (C-5) For taxable years ending on or after December 31,
18 2008, sales, other than sales governed by paragraphs (B),
19 (B-1), (B-2), (B-5), and (B-7), are in this State if any of
20 the following criteria are met:

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

24 (ii) Sales from the lease or rental of tangible
25 personal property are in this State if the property is
26 located in this State during the rental period. Sales

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

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

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

26 (b) in all other cases, if the

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

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

1 excluded from both the numerator and the denominator of
2 the sales factor. The Department shall adopt rules
3 prescribing where specific types of service are
4 received, including, but not limited to, publishing,
5 and utility service.

6 (D) For taxable years ending on or after December 31,
7 1995, the following items of income shall not be included
8 in the numerator or denominator of the sales factor:
9 dividends; amounts included under Section 78 of the
10 Internal Revenue Code; and Subpart F income as defined in
11 Section 952 of the Internal Revenue Code. No inference
12 shall be drawn from the enactment of this paragraph (D) in
13 construing this Section for taxable years ending before
14 December 31, 1995.

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

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

6 (b) Insurance companies.

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

22 (2) Reinsurance. If the principal source of premiums
23 written by an insurance company consists of premiums for
24 reinsurance accepted by it, the business income of such
25 company shall be apportioned to this State by multiplying
26 such income by a fraction, the numerator of which is the

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

1 (c) Financial organizations.

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

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

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

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

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

24 (E) Any other gross income resulting from the
25 operation as a financial organization within this
26 State. In computing the amounts referred to in

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

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

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

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

19 (i) The numerator shall be:

20 The average aggregate, determined on a
21 quarterly basis, of the financial organization's
22 loans to banks in foreign countries, to foreign
23 domiciled borrowers (except where secured
24 primarily by real estate) and to foreign
25 governments and other foreign official
26 institutions, as reported for its branches,

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

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

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

26 (C) Change to Consolidated Report of Condition and

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

17 (3) For taxable years ending on or after December 31,
18 2008, the business income of a financial organization shall
19 be apportioned to this State by multiplying such income by
20 a fraction, the numerator of which is its gross receipts
21 from sources in this State or otherwise attributable to
22 this State's marketplace and the denominator of which is
23 its gross receipts everywhere during the taxable year.
24 "Gross receipts" for purposes of this subparagraph (3)
25 means gross income, including net taxable gain on
26 disposition of assets, including securities and money

1 market instruments, when derived from transactions and
2 activities in the regular course of the financial
3 organization's trade or business. The following examples
4 are illustrative:

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

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

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

24 (iv) Interest income, commissions, fees, gains on
25 disposition, and other receipts from commercial loans
26 and installment obligations that are not secured by

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

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

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

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

25 (viii) Receipts from investment assets and
26 activities and trading assets and activities are

1 included in the receipts factor as follows:

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

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

25 (B) The receipts factor shall include the
26 amount by which interest, dividends, gains and

1 other income from trading assets and
2 activities, including but not limited to
3 assets and activities in the matched book, in
4 the arbitrage book, and foreign currency
5 transactions, exceed amounts paid in lieu of
6 interest, amounts paid in lieu of dividends,
7 and losses from such assets and activities.

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

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

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

16 (C) The amount of interest, dividends,
17 gains, and other income from trading assets and
18 activities, including but not limited to
19 assets and activities in the matched book, in
20 the arbitrage book and foreign currency
21 transactions (but excluding amounts described
22 in subparagraphs (A) or (B) of this paragraph),
23 attributable to this State and included in the
24 numerator is determined by multiplying the
25 amount described in subparagraph (B) of
26 paragraph (1) of this subsection by a fraction,

1 the numerator of which is the gross income from
2 such trading assets and activities which are
3 properly assigned to a fixed place of business
4 of the taxpayer within this State and the
5 denominator of which is the gross income from
6 all such assets and activities.

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

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

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

25 (iii) the taxpayer uses such records
26 reflecting assignment of such assets or

1 activities for the filing of all state and
2 local tax returns for which an assignment
3 of such assets or activities to a fixed
4 place of business is required.

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

1 commercial domicile is in the state of the
2 United States or the District of Columbia to
3 which the greatest number of employees are
4 regularly connected with the management of the
5 investment or trading income or out of which
6 they are working, irrespective of where the
7 services of such employees are performed, as of
8 the last day of the taxable year.

9 (4) (Blank).

10 (5) (Blank).

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

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

24 (2) Receipts attributable to all other matching,
25 execution, or clearing transactions, including without
26 limitation receipts from the provision of matching,

1 execution, or clearing services to another entity,
2 multiplied by (i) for taxable years ending on or after
3 December 31, 2012 but before December 31, 2013, 63.77%; and
4 (ii) for taxable years ending on or after December 31,
5 2013, 27.54%.

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

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

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

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

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

26 (A) relative railway operating income from total

1 passenger and total freight service, as reported to the
2 Interstate Commerce Commission, in the case of
3 transportation by railroad, and

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

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

17 (3) For taxable years ending on or after December 31,
18 2008, business income derived from providing
19 transportation services other than airline services shall
20 be apportioned to this State by using a fraction, (a) the
21 numerator of which shall be (i) all receipts from any
22 movement or shipment of people, goods, mail, oil, gas, or
23 any other substance (other than by airline) that both
24 originates and terminates in this State, plus (ii) that
25 portion of the person's gross receipts from movements or
26 shipments of people, goods, mail, oil, gas, or any other

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

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

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

21 (4) For taxable years ending on or after December 31,
22 2008, business income derived from furnishing airline
23 transportation services shall be apportioned to this State
24 by multiplying such income by a fraction, the numerator of
25 which is the revenue miles of the person in this State, and
26 the denominator of which is the revenue miles of the person

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

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

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

26 (1) Separate accounting;

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

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

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

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

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

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

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

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

23 If, in any tax year ending on or after December 31, 1998 and
24 before December 31, 2000, the denominator of the payroll,
25 property, or sales factor is zero, the apportionment factor
26 computed in paragraph (1) or (2) of this subsection for that

1 year shall be divided by an amount equal to 100% minus the
2 percentage weight given to each factor whose denominator is
3 equal to zero.

4 (Source: P.A. 99-642, eff. 7-28-16; 100-201, eff. 8-18-17.)

5 (35 ILCS 5/601) (from Ch. 120, par. 6-601)

6 Sec. 601. Payment on Due Date of Return.

7 (a) In general. Every taxpayer required to file a return
8 under this Act shall, without assessment, notice or demand, pay
9 any tax due thereon to the Department, at the place fixed for
10 filing, on or before the date fixed for filing such return
11 (determined without regard to any extension of time for filing
12 the return) pursuant to regulations prescribed by the
13 Department. If, however, the due date for payment of a
14 taxpayer's federal income tax liability for a tax year (as
15 provided in the Internal Revenue Code or by Treasury
16 regulation, or as extended by the Internal Revenue Service) is
17 later than the date fixed for filing the taxpayer's Illinois
18 income tax return for that tax year, the Department may, by
19 rule, prescribe a due date for payment that is not later than
20 the due date for payment of the taxpayer's federal income tax
21 liability. For purposes of the Illinois Administrative
22 Procedure Act, the adoption of rules to prescribe a later due
23 date for payment shall be deemed an emergency and necessary for
24 the public interest, safety, and welfare.

25 (b) Amount payable. In making payment as provided in this

1 section there shall remain payable only the balance of such tax
2 remaining due after giving effect to the following:

3 (1) Withheld tax. Any amount withheld during any
4 calendar year pursuant to Article 7 from compensation paid
5 to a taxpayer shall be deemed to have been paid on account
6 of any tax imposed by subsections 201(a) and (b) of this
7 Act on such taxpayer for his taxable year beginning in such
8 calendar year. If more than one taxable year begins in a
9 calendar year, such amount shall be deemed to have been
10 paid on account of such tax for the last taxable year so
11 beginning.

12 (2) Estimated and tentative tax payments. Any amount of
13 estimated tax paid by a taxpayer pursuant to Article 8 for
14 a taxable year shall be deemed to have been paid on account
15 of the tax imposed by this Act for such taxable year.

16 (3) Foreign tax. The aggregate amount of tax which is
17 imposed upon or measured by income and which is paid by a
18 resident for a taxable year to another state or states on
19 income which is also subject to the tax imposed by
20 subsections 201(a) and (b) of this Act shall be credited
21 against the tax imposed by subsections 201(a) and (b)
22 otherwise due under this Act for such taxable year. For
23 taxable years ending prior to December 31, 2009, the
24 aggregate credit provided under this paragraph shall not
25 exceed that amount which bears the same ratio to the tax
26 imposed by subsections 201(a) and (b) otherwise due under

1 this Act as the amount of the taxpayer's base income
2 subject to tax both by such other state or states and by
3 this State bears to his total base income subject to tax by
4 this State for the taxable year. For taxable years ending
5 on or after December 31, 2009, the credit provided under
6 this paragraph for tax paid to other states shall not
7 exceed that amount which bears the same ratio to the tax
8 imposed by subsections 201(a) and (b) otherwise due under
9 this Act as the amount of the taxpayer's base income that
10 would be allocated or apportioned to other states if all
11 other states had adopted the provisions in Article 3 of
12 this Act bears to the taxpayer's total base income subject
13 to tax by this State for the taxable year. This subsection
14 is exempt from the 30-day threshold set forth in
15 subparagraph (iii) of paragraph (B) of item (2) of
16 subsection (a) of Section 304. The credit provided by this
17 paragraph shall not be allowed if any creditable tax was
18 deducted in determining base income for the taxable year.
19 Any person claiming such credit shall attach a statement in
20 support thereof and shall notify the Director of any refund
21 or reductions in the amount of tax claimed as a credit
22 hereunder all in such manner and at such time as the
23 Department shall by regulations prescribe.

24 (4) Accumulation and capital gain distributions. If
25 the net income of a taxpayer includes amounts included in
26 his base income by reason of Section 667 of the Internal

1 Revenue Code (relating to accumulation and capital gain
2 distributions by a trust, respectively), the tax imposed on
3 such taxpayer by this Act shall be credited with his pro
4 rata portion of the taxes imposed by this Act on such trust
5 for preceding taxable years which would not have been
6 payable for such preceding years if the trust had in fact
7 made distributions to its beneficiaries at the times and in
8 the amounts specified in Sections 666 and 669 of the
9 Internal Revenue Code. The credit provided by this
10 paragraph shall not reduce the tax otherwise due from the
11 taxpayer to an amount less than that which would be due if
12 the amounts included by reason of Section 667 of the
13 Internal Revenue Code were excluded from his or her base
14 income.

15 (c) Cross reference. For application against tax due of
16 overpayments of tax for a prior year, see Section 909.

17 (Source: P.A. 96-468, eff. 8-14-09; 97-507, eff. 8-23-11.)

18 (35 ILCS 5/701) (from Ch. 120, par. 7-701)

19 Sec. 701. Requirement and Amount of Withholding.

20 (a) In General. Every employer maintaining an office or
21 transacting business within this State and required under the
22 provisions of the Internal Revenue Code to withhold a tax on:

23 (1) compensation paid in this State (as determined
24 under Section 304(a)(2)(B) to an individual; or

25 (2) payments described in subsection (b) shall deduct

1 and withhold from such compensation for each payroll period
2 (as defined in Section 3401 of the Internal Revenue Code)
3 an amount equal to the amount by which such individual's
4 compensation exceeds the proportionate part of this
5 withholding exemption (computed as provided in Section
6 702) attributable to the payroll period for which such
7 compensation is payable multiplied by a percentage equal to
8 the percentage tax rate for individuals provided in
9 subsection (b) of Section 201.

10 (a-5) Withholding from nonresident employees. For taxable
11 years beginning on or after January 1, 2020, for purposes of
12 determining compensation paid in this State under paragraph (B)
13 of item (2) of subsection (a) of Section 304:

14 (1) If an employer maintains a time and attendance
15 system that tracks where employees perform services on a
16 daily basis, then data from the time and attendance system
17 shall be used. For purposes of this paragraph, time and
18 attendance system means a system:

19 (A) in which the employee is required, on a
20 contemporaneous basis, to record the work location for
21 every day worked outside of the State where the
22 employment duties are primarily performed; and

23 (B) that is designed to allow the employer to
24 allocate the employee's wages for income tax purposes
25 among all states in which the employee performs
26 services.

1 (2) In all other cases, the employer shall obtain a
2 written statement from the employee of the number of days
3 reasonably expected to be spent performing services in this
4 State during the taxable year. Absent the employer's actual
5 knowledge of fraud or gross negligence by the employee in
6 making the determination or collusion between the employer
7 and the employee to evade tax, the certification so made by
8 the employee and maintained in the employer's books and
9 records shall be prima facie evidence and constitute a
10 rebuttable presumption of the number of days spent
11 performing services in this State.

12 (b) Payment to Residents. Any payment (including
13 compensation, but not including a payment from which
14 withholding is required under Section 710 of this Act) to a
15 resident by a payor maintaining an office or transacting
16 business within this State (including any agency, officer, or
17 employee of this State or of any political subdivision of this
18 State) and on which withholding of tax is required under the
19 provisions of the Internal Revenue Code shall be deemed to be
20 compensation paid in this State by an employer to an employee
21 for the purposes of Article 7 and Section 601(b)(1) to the
22 extent such payment is included in the recipient's base income
23 and not subjected to withholding by another state.
24 Notwithstanding any other provision to the contrary, no amount
25 shall be withheld from unemployment insurance benefit payments
26 made to an individual pursuant to the Unemployment Insurance

1 Act unless the individual has voluntarily elected the
2 withholding pursuant to rules promulgated by the Director of
3 Employment Security.

4 (c) Special Definitions. Withholding shall be considered
5 required under the provisions of the Internal Revenue Code to
6 the extent the Internal Revenue Code either requires
7 withholding or allows for voluntary withholding the payor and
8 recipient have entered into such a voluntary withholding
9 agreement. For the purposes of Article 7 and Section 1002(c)
10 the term "employer" includes any payor who is required to
11 withhold tax pursuant to this Section.

12 (d) Reciprocal Exemption. The Director may enter into an
13 agreement with the taxing authorities of any state which
14 imposes a tax on or measured by income to provide that
15 compensation paid in such state to residents of this State
16 shall be exempt from withholding of such tax; in such case, any
17 compensation paid in this State to residents of such state
18 shall be exempt from withholding. All reciprocal agreements
19 shall be subject to the requirements of Section 2505-575 of the
20 Department of Revenue Law (20 ILCS 2505/2505-575).

21 (e) Notwithstanding subsection (a)(2) of this Section, no
22 withholding is required on payments for which withholding is
23 required under Section 3405 or 3406 of the Internal Revenue
24 Code.

25 (Source: P.A. 97-507, eff. 8-23-11; 98-496, eff. 1-1-14.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.