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Filed: 5/6/2019

10100SB1515ham001

LRB101 08648 HLH 60102 a

1 AMENDMENT TO SENATE BILL 1515

2 AMENDMENT NO. _____. Amend Senate Bill 1515 by replacing
3 everything after the enacting clause with the following:

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

1 factor (if any), the payroll factor (if any) and 200% of the
2 sales factor (if any), and the denominator of which is 4
3 reduced by the number of factors other than the sales factor
4 which have a denominator of zero and by an additional 2 if the
5 sales factor has a denominator of zero. For tax years ending on
6 or after December 31, 1998, and except as otherwise provided by
7 this Section, persons other than residents who derive business
8 income from this State and one or more other states shall
9 compute their apportionment factor by weighting their
10 property, payroll, and sales factors as provided in subsection
11 (h) of this Section.

12 (1) Property factor.

13 (A) The property factor is a fraction, the numerator of
14 which is the average value of the person's real and
15 tangible personal property owned or rented and used in the
16 trade or business in this State during the taxable year and
17 the denominator of which is the average value of all the
18 person's real and tangible personal property owned or
19 rented and used in the trade or business during the taxable
20 year.

21 (B) Property owned by the person is valued at its
22 original cost. Property rented by the person is valued at 8
23 times the net annual rental rate. Net annual rental rate is
24 the annual rental rate paid by the person less any annual
25 rental rate received by the person from sub-rentals.

26 (C) The average value of property shall be determined

1 by averaging the values at the beginning and ending of the
2 taxable year but the Director may require the averaging of
3 monthly values during the taxable year if reasonably
4 required to reflect properly the average value of the
5 person's property.

6 (2) Payroll factor.

7 (A) The payroll factor is a fraction, the numerator of
8 which is the total amount paid in this State during the
9 taxable year by the person for compensation, and the
10 denominator of which is the total compensation paid
11 everywhere during the taxable year.

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

13 (i) The individual's service is performed entirely
14 within this State;

15 (ii) The individual's service is performed both
16 within and without this State, but the service
17 performed without this State is incidental to the
18 individual's service performed within this State; or

19 (iii) For tax years ending prior to December 31,
20 2020, some ~~Some~~ of the service is performed within this
21 State and either the base of operations, or if there is
22 no base of operations, the place from which the service
23 is directed or controlled is within this State, or the
24 base of operations or the place from which the service
25 is directed or controlled is not in any state in which
26 some part of the service is performed, but the

1 individual's residence is in this State. For tax years
2 ending on or after December 31, 2020, compensation is
3 paid in this State if some of the individual's service
4 is performed within this State, the individual's
5 service performed within this State is nonincidental
6 to the individual's service performed without this
7 State, and the individual's service is performed
8 within this State for more than 30 working days during
9 the tax year. The amount of compensation paid in this
10 State shall include the portion of the individual's
11 total compensation for services performed on behalf of
12 his or her employer during the tax year which the
13 number of working days spent within this State during
14 the tax year bears to the total number of working days
15 spent both within and without this State during the tax
16 year. For purposes of this paragraph:

17 (a) The term "working day" means all days
18 during the tax year in which the individual
19 performs duties on behalf of his or her employer.
20 All days in which the individual performs no duties
21 on behalf of his or her employer (e.g., weekends,
22 vacation days, sick days, and holidays) are not
23 working days.

24 (b) A working day is spent within this State
25 if:

26 (1) the individual performs service on

1 behalf of the employer and a greater amount of
2 time on that day is spent by the individual
3 performing duties on behalf of the employer
4 within this State, without regard to time spent
5 traveling, than is spent performing duties on
6 behalf of the employer without this State; or

7 (2) the only service the individual
8 performs on behalf of the employer on that day
9 is traveling to a destination within this
10 State, and the individual arrives on that day.

11 (c) Working days spent within this State do not
12 include any day in which the employee is performing
13 services in this State during a disaster period
14 solely in response to a request made to his or her
15 employer by the government of this State, by any
16 political subdivision of this State, or by a person
17 conducting business in this State to perform
18 disaster or emergency-related services in this
19 State. For purposes of this item (c):

20 "Declared State disaster or emergency"
21 means a disaster or emergency event (i) for
22 which a Governor's proclamation of a state of
23 emergency has been issued or (ii) for which a
24 Presidential declaration of a federal major
25 disaster or emergency has been issued.

26 "Disaster period" means a period that

1 begins 10 days prior to the date of the
2 Governor's proclamation or the President's
3 declaration (whichever is earlier) and extends
4 for a period of 60 calendar days after the end
5 of the declared disaster or emergency period.

6 "Disaster or emergency-related services"
7 means repairing, renovating, installing,
8 building, or rendering services or conducting
9 other business activities that relate to
10 infrastructure that has been damaged,
11 impaired, or destroyed by the declared State
12 disaster or emergency.

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

25 (iv) Compensation paid to nonresident professional
26 athletes.

1 (a) General. The Illinois source income of a
2 nonresident individual who is a member of a
3 professional athletic team includes the portion of the
4 individual's total compensation for services performed
5 as a member of a professional athletic team during the
6 taxable year which the number of duty days spent within
7 this State performing services for the team in any
8 manner during the taxable year bears to the total
9 number of duty days spent both within and without this
10 State during the taxable year.

11 (b) Travel days. Travel days that do not involve
12 either a game, practice, team meeting, or other similar
13 team event are not considered duty days spent in this
14 State. However, such travel days are considered in the
15 total duty days spent both within and without this
16 State.

17 (c) Definitions. For purposes of this subpart
18 (iv):

19 (1) The term "professional athletic team"
20 includes, but is not limited to, any professional
21 baseball, basketball, football, soccer, or hockey
22 team.

23 (2) The term "member of a professional
24 athletic team" includes those employees who are
25 active players, players on the disabled list, and
26 any other persons required to travel and who travel

1 with and perform services on behalf of a
2 professional athletic team on a regular basis.
3 This includes, but is not limited to, coaches,
4 managers, and trainers.

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

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

1 (B) Also included in duty days are game
2 days, practice days, days spent at team
3 meetings, promotional caravans, preseason
4 training camps, and days served with the team
5 through all post-season games in which the team
6 competes or is scheduled to compete.

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

20 (D) Days for which a member of a
21 professional athletic team is not compensated
22 and is not performing services for the team in
23 any manner, including days when such member of
24 a professional athletic team has been
25 suspended without pay and prohibited from
26 performing any services for the team, shall not

1 be treated as duty days.

2 (E) Days for which a member of a
3 professional athletic team is on the disabled
4 list and does not conduct rehabilitation
5 activities at facilities of the team, and is
6 not otherwise performing services for the team
7 in Illinois, shall not be considered duty days
8 spent in this State. All days on the disabled
9 list, however, are considered to be included in
10 total duty days spent both within and without
11 this State.

12 (4) The term "total compensation for services
13 performed as a member of a professional athletic
14 team" means the total compensation received during
15 the taxable year for services performed:

16 (A) from the beginning of the official
17 pre-season training period through the last
18 game in which the team competes or is scheduled
19 to compete during that taxable year; and

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

24 This compensation shall include, but is not
25 limited to, salaries, wages, bonuses as described
26 in this subpart, and any other type of compensation

1 paid during the taxable year to a member of a
2 professional athletic team for services performed
3 in that year. This compensation does not include
4 strike benefits, severance pay, termination pay,
5 contract or option year buy-out payments,
6 expansion or relocation payments, or any other
7 payments not related to services performed for the
8 team.

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

26 (3) Sales factor.

1 (A) The sales factor is a fraction, the numerator of
2 which is the total sales of the person in this State during
3 the taxable year, and the denominator of which is the total
4 sales of the person everywhere during the taxable year.

5 (B) Sales of tangible personal property are in this
6 State if:

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

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

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

3 (i) Gross receipts from the licensing, sale, or
4 other disposition of a patent, copyright, trademark,
5 or similar item of intangible personal property, other
6 than gross receipts governed by paragraph (B-7) of this
7 item (3), are in this State to the extent the item is
8 utilized in this State during the year the gross
9 receipts are included in gross income.

10 (ii) Place of utilization.

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

25 (II) A copyright is utilized in a state to the
26 extent that printing or other publication

1 originates in the state. If a copyright is utilized
2 in more than one state, the extent to which it is
3 utilized in any one state shall be a fraction equal
4 to the gross receipts from sales or licenses of
5 materials printed or published in that state
6 divided by the total of such gross receipts for all
7 states in which the copyright is utilized.

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

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

21 (B-2) Gross receipts from the license, sale, or other
22 disposition of patents, copyrights, trademarks, and
23 similar items of intangible personal property, other than
24 gross receipts governed by paragraph (B-7) of this item
25 (3), may be included in the numerator or denominator of the
26 sales factor only if gross receipts from licenses, sales,

1 or other disposition of such items comprise more than 50%
2 of the taxpayer's total gross receipts included in gross
3 income during the tax year and during each of the 2
4 immediately preceding tax years; provided that, when a
5 taxpayer is a member of a unitary business group, such
6 determination shall be made on the basis of the gross
7 receipts of the entire unitary business group.

8 (B-5) For taxable years ending on or after December 31,
9 2008, except as provided in subsections (ii) through (vii),
10 receipts from the sale of telecommunications service or
11 mobile telecommunications service are in this State if the
12 customer's service address is in this State.

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

15 "Ancillary services" means services that are
16 associated with or incidental to the provision of
17 "telecommunications services", including but not
18 limited to "detailed telecommunications billing",
19 "directory assistance", "vertical service", and "voice
20 mail services".

21 "Air-to-Ground Radiotelephone service" means a
22 radio service, as that term is defined in 47 CFR 22.99,
23 in which common carriers are authorized to offer and
24 provide radio telecommunications service for hire to
25 subscribers in aircraft.

26 "Call-by-call Basis" means any method of charging

1 for telecommunications services where the price is
2 measured by individual calls.

3 "Communications Channel" means a physical or
4 virtual path of communications over which signals are
5 transmitted between or among customer channel
6 termination points.

7 "Conference bridging service" means an "ancillary
8 service" that links two or more participants of an
9 audio or video conference call and may include the
10 provision of a telephone number. "Conference bridging
11 service" does not include the "telecommunications
12 services" used to reach the conference bridge.

13 "Customer Channel Termination Point" means the
14 location where the customer either inputs or receives
15 the communications.

16 "Detailed telecommunications billing service"
17 means an "ancillary service" of separately stating
18 information pertaining to individual calls on a
19 customer's billing statement.

20 "Directory assistance" means an "ancillary
21 service" of providing telephone number information,
22 and/or address information.

23 "Home service provider" means the facilities based
24 carrier or reseller with which the customer contracts
25 for the provision of mobile telecommunications
26 services.

1 "Mobile telecommunications service" means
2 commercial mobile radio service, as defined in Section
3 20.3 of Title 47 of the Code of Federal Regulations as
4 in effect on June 1, 1999.

5 "Place of primary use" means the street address
6 representative of where the customer's use of the
7 telecommunications service primarily occurs, which
8 must be the residential street address or the primary
9 business street address of the customer. In the case of
10 mobile telecommunications services, "place of primary
11 use" must be within the licensed service area of the
12 home service provider.

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

25 "Prepaid telecommunication service" means the
26 right to access exclusively telecommunications

1 services, which must be paid for in advance and which
2 enables the origination of calls using an access number
3 or authorization code, whether manually or
4 electronically dialed, and that is sold in
5 predetermined units or dollars of which the number
6 declines with use in a known amount.

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

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

24 "Service address" means:

25 (a) The location of the telecommunications
26 equipment to which a customer's call is charged and

1 from which the call originates or terminates,
2 regardless of where the call is billed or paid;

3 (b) If the location in line (a) is not known,
4 service address means the origination point of the
5 signal of the telecommunications services first
6 identified by either the seller's
7 telecommunications system or in information
8 received by the seller from its service provider
9 where the system used to transport such signals is
10 not that of the seller; and

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

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

1 (a) Data processing and information services
2 that allow data to be generated, acquired, stored,
3 processed, or retrieved and delivered by an
4 electronic transmission to a purchaser when such
5 purchaser's primary purpose for the underlying
6 transaction is the processed data or information;

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

9 (c) Tangible personal property;

10 (d) Advertising, including but not limited to
11 directory advertising;

12 (e) Billing and collection services provided
13 to third parties;

14 (f) Internet access service;

15 (g) Radio and television audio and video
16 programming services, regardless of the medium,
17 including the furnishing of transmission,
18 conveyance and routing of such services by the
19 programming service provider. Radio and television
20 audio and video programming services shall include
21 but not be limited to cable service as defined in
22 47 USC 522(6) and audio and video programming
23 services delivered by commercial mobile radio
24 service providers, as defined in 47 CFR 20.3;

25 (h) "Ancillary services"; or

26 (i) Digital products "delivered

1 electronically", including but not limited to
2 software, music, video, reading materials or ring
3 tones.

4 "Vertical service" means an "ancillary service"
5 that is offered in connection with one or more
6 "telecommunications services", which offers advanced
7 calling features that allow customers to identify
8 callers and to manage multiple calls and call
9 connections, including "conference bridging services".

10 "Voice mail service" means an "ancillary service"
11 that enables the customer to store, send or receive
12 recorded messages. "Voice mail service" does not
13 include any "vertical services" that the customer may
14 be required to have in order to utilize the "voice mail
15 service".

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

19 (a) The call both originates and terminates in
20 this State.

21 (b) The call either originates or terminates
22 in this State and the service address is located in
23 this State.

24 (iii) Receipts from the sale of postpaid
25 telecommunications service at retail are in this State
26 if the origination point of the telecommunication

1 signal, as first identified by the service provider's
2 telecommunication system or as identified by
3 information received by the seller from its service
4 provider if the system used to transport
5 telecommunication signals is not the seller's, is
6 located in this State.

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

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

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

20 (b) 100% of receipts from charges for the total
21 channel mileage between each channel termination
22 point in this State.

23 (c) 50% of the total receipts from charges for
24 service segments when those segments are between 2
25 customer channel termination points, 1 of which is
26 located in this State and the other is located

1 outside of this State, which segments are
2 separately charged.

3 (d) The receipts from charges for service
4 segments with a channel termination point located
5 in this State and in two or more other states, and
6 which segments are not separately billed, are in
7 this State based on a percentage determined by
8 dividing the number of customer channel
9 termination points in this State by the total
10 number of customer channel termination points.

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

20 (vii) Receipts to access a carrier's network or
21 from the sale of telecommunication services or
22 ancillary services for resale are in this State as
23 follows:

24 (a) 100% of the receipts from access fees
25 attributable to intrastate telecommunications
26 service that both originates and terminates in

1 this State.

2 (b) 50% of the receipts from access fees
3 attributable to interstate telecommunications
4 service if the interstate call either originates
5 or terminates in this State.

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

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

24 (B-7) For taxable years ending on or after December 31,
25 2008, receipts from the sale of broadcasting services are
26 in this State if the broadcasting services are received in

1 this State. For purposes of this paragraph (B-7), the
2 following terms have the following meanings:

3 "Advertising revenue" means consideration received
4 by the taxpayer in exchange for broadcasting services
5 or allowing the broadcasting of commercials or
6 announcements in connection with the broadcasting of
7 film or radio programming, from sponsorships of the
8 programming, or from product placements in the
9 programming.

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

21 "Broadcast" or "broadcasting" or "broadcasting
22 services" means the transmission or provision of film
23 or radio programming, whether through the public
24 airwaves, by cable, by direct or indirect satellite
25 transmission, or by any other means of communication,
26 either through a station, a network, or a cable system.

1 "Film" or "film programming" means the broadcast
2 on television of any and all performances, events, or
3 productions, including but not limited to news,
4 sporting events, plays, stories, or other literary,
5 commercial, educational, or artistic works, either
6 live or through the use of video tape, disc, or any
7 other type of format or medium. Each episode of a
8 series of films produced for television shall
9 constitute separate "film" notwithstanding that the
10 series relates to the same principal subject and is
11 produced during one or more tax periods.

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

24 (i) In the case of advertising revenue from
25 broadcasting, the customer is the advertiser and
26 the service is received in this State if the

1 commercial domicile of the advertiser is in this
2 State.

3 (ii) In the case where film or radio
4 programming is broadcast by a station, a network,
5 or a cable system for a fee or other remuneration
6 received from the recipient of the broadcast, the
7 portion of the service that is received in this
8 State is measured by the portion of the recipients
9 of the broadcast located in this State.
10 Accordingly, the fee or other remuneration for
11 such service that is included in the Illinois
12 numerator of the sales factor is the total of those
13 fees or other remuneration received from
14 recipients in Illinois. For purposes of this
15 paragraph, a taxpayer may determine the location
16 of the recipients of its broadcast using the
17 address of the recipient shown in its contracts
18 with the recipient or using the billing address of
19 the recipient in the taxpayer's records.

20 (iii) In the case where film or radio
21 programming is broadcast by a station, a network,
22 or a cable system for a fee or other remuneration
23 from the person providing the programming, the
24 portion of the broadcast service that is received
25 by such station, network, or cable system in this
26 State is measured by the portion of recipients of

1 the broadcast located in this State. Accordingly,
2 the amount of revenue related to such an
3 arrangement that is included in the Illinois
4 numerator of the sales factor is the total fee or
5 other total remuneration from the person providing
6 the programming related to that broadcast
7 multiplied by the Illinois audience factor for
8 that broadcast.

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

22 (v) In the case where film or radio programming
23 is provided by a taxpayer that is not a network or
24 station to another person for broadcasting in
25 exchange for a fee or other remuneration from that
26 person, the broadcasting service is received at

1 the location of the office of the customer from
2 which the services were ordered in the regular
3 course of the customer's trade or business.
4 Accordingly, in such a case the revenue derived by
5 the taxpayer that is included in the taxpayer's
6 Illinois numerator of the sales factor is the
7 revenue from such customers who receive the
8 broadcasting service in Illinois.

9 (B-8) Gross receipts from winnings under the Illinois
10 Lottery Law from the assignment of a prize under Section
11 13.1 of the Illinois Lottery Law are received in this
12 State. This paragraph (B-8) applies only to taxable years
13 ending on or after December 31, 2013.

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

17 (i) The income-producing activity is performed in
18 this State; or

19 (ii) The income-producing activity is performed
20 both within and without this State and a greater
21 proportion of the income-producing activity is
22 performed within this State than without this State,
23 based on performance costs.

24 (C-5) For taxable years ending on or after December 31,
25 2008, sales, other than sales governed by paragraphs (B),
26 (B-1), (B-2), (B-5), and (B-7), are in this State if any of

1 the following criteria are met:

2 (i) Sales from the sale or lease of real property
3 are in this State if the property is located in this
4 State.

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

14 (iii) In the case of interest, net gains (but not
15 less than zero) and other items of income from
16 intangible personal property, the sale is in this State
17 if:

18 (a) in the case of a taxpayer who is a dealer
19 in the item of intangible personal property within
20 the meaning of Section 475 of the Internal Revenue
21 Code, the income or gain is received from a
22 customer in this State. For purposes of this
23 subparagraph, a customer is in this State if the
24 customer is an individual, trust or estate who is a
25 resident of this State and, for all other
26 customers, if the customer's commercial domicile

1 is in this State. Unless the dealer has actual
2 knowledge of the residence or commercial domicile
3 of a customer during a taxable year, the customer
4 shall be deemed to be a customer in this State if
5 the billing address of the customer, as shown in
6 the records of the dealer, is in this State; or

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

16 (iv) Sales of services are in this State if the
17 services are received in this State. For the purposes
18 of this section, gross receipts from the performance of
19 services provided to a corporation, partnership, or
20 trust may only be attributed to a state where that
21 corporation, partnership, or trust has a fixed place of
22 business. If the state where the services are received
23 is not readily determinable or is a state where the
24 corporation, partnership, or trust receiving the
25 service does not have a fixed place of business, the
26 services shall be deemed to be received at the location

1 of the office of the customer from which the services
2 were ordered in the regular course of the customer's
3 trade or business. If the ordering office cannot be
4 determined, the services shall be deemed to be received
5 at the office of the customer to which the services are
6 billed. If the taxpayer is not taxable in the state in
7 which the services are received, the sale must be
8 excluded from both the numerator and the denominator of
9 the sales factor. The Department shall adopt rules
10 prescribing where specific types of service are
11 received, including, but not limited to, publishing,
12 and utility service.

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

22 (E) Paragraphs (B-1) and (B-2) shall apply to tax years
23 ending on or after December 31, 1999, provided that a
24 taxpayer may elect to apply the provisions of these
25 paragraphs to prior tax years. Such election shall be made
26 in the form and manner prescribed by the Department, shall

1 be irrevocable, and shall apply to all tax years; provided
2 that, if a taxpayer's Illinois income tax liability for any
3 tax year, as assessed under Section 903 prior to January 1,
4 1999, was computed in a manner contrary to the provisions
5 of paragraphs (B-1) or (B-2), no refund shall be payable to
6 the taxpayer for that tax year to the extent such refund is
7 the result of applying the provisions of paragraph (B-1) or
8 (B-2) retroactively. In the case of a unitary business
9 group, such election shall apply to all members of such
10 group for every tax year such group is in existence, but
11 shall not apply to any taxpayer for any period during which
12 that taxpayer is not a member of such group.

13 (b) Insurance companies.

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

1 Convention of Insurance Commissioners or such other form as
2 may be prescribed in lieu thereof.

3 (2) Reinsurance. If the principal source of premiums
4 written by an insurance company consists of premiums for
5 reinsurance accepted by it, the business income of such
6 company shall be apportioned to this State by multiplying
7 such income by a fraction, the numerator of which is the
8 sum of (i) direct premiums written for insurance upon
9 property or risk in this State, plus (ii) premiums written
10 for reinsurance accepted in respect of property or risk in
11 this State, and the denominator of which is the sum of
12 (iii) direct premiums written for insurance upon property
13 or risk everywhere, plus (iv) premiums written for
14 reinsurance accepted in respect of property or risk
15 everywhere. For purposes of this paragraph, premiums
16 written for reinsurance accepted in respect of property or
17 risk in this State, whether or not otherwise determinable,
18 may, at the election of the company, be determined on the
19 basis of the proportion which premiums written for
20 reinsurance accepted from companies commercially domiciled
21 in Illinois bears to premiums written for reinsurance
22 accepted from all sources, or, alternatively, in the
23 proportion which the sum of the direct premiums written for
24 insurance upon property or risk in this State by each
25 ceding company from which reinsurance is accepted bears to
26 the sum of the total direct premiums written by each such

1 ceding company for the taxable year. The election made by a
2 company under this paragraph for its first taxable year
3 ending on or after December 31, 2011, shall be binding for
4 that company for that taxable year and for all subsequent
5 taxable years, and may be altered only with the written
6 permission of the Department, which shall not be
7 unreasonably withheld.

8 (c) Financial organizations.

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

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

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

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

1 (D) Interest charged to customers at places of
2 business maintained within this State for carrying
3 debit balances of margin accounts, without deduction
4 of any costs incurred in carrying such accounts; and

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

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

19 (A) Adjusted Income. The adjusted income of an
20 international banking facility is its income reduced
21 by the amount of the floor amount.

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

26 (i) The numerator shall be:

1 The average aggregate, determined on a
2 quarterly basis, of the financial organization's
3 loans to banks in foreign countries, to foreign
4 domiciled borrowers (except where secured
5 primarily by real estate) and to foreign
6 governments and other foreign official
7 institutions, as reported for its branches,
8 agencies and offices within the state on its
9 "Consolidated Report of Condition", Schedule A,
10 Lines 2.c., 5.b., and 7.a., which was filed with
11 the Federal Deposit Insurance Corporation and
12 other regulatory authorities, for the year 1980,
13 minus

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

25 (ii) the denominator shall be the average
26 aggregate, determined on a quarterly basis, of the

1 international banking facility's loans to banks in
2 foreign countries, to foreign domiciled borrowers
3 (except where secured primarily by real estate)
4 and to foreign governments and other foreign
5 official institutions, which were recorded in its
6 financial accounts for the current taxable year.

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

24 (3) For taxable years ending on or after December 31,
25 2008, the business income of a financial organization shall
26 be apportioned to this State by multiplying such income by

1 a fraction, the numerator of which is its gross receipts
2 from sources in this State or otherwise attributable to
3 this State's marketplace and the denominator of which is
4 its gross receipts everywhere during the taxable year.
5 "Gross receipts" for purposes of this subparagraph (3)
6 means gross income, including net taxable gain on
7 disposition of assets, including securities and money
8 market instruments, when derived from transactions and
9 activities in the regular course of the financial
10 organization's trade or business. The following examples
11 are illustrative:

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

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

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

1 disposition, and other receipts from consumer loans
2 that are not secured by real or tangible personal
3 property are from sources in this State if the debtor
4 is a resident of this State.

5 (iv) Interest income, commissions, fees, gains on
6 disposition, and other receipts from commercial loans
7 and installment obligations that are not secured by
8 real or tangible personal property are from sources in
9 this State if the proceeds of the loan are to be
10 applied in this State. If it cannot be determined where
11 the funds are to be applied, the income and receipts
12 are from sources in this State if the office of the
13 borrower from which the loan was negotiated in the
14 regular course of business is located in this State. If
15 the location of this office cannot be determined, the
16 income and receipts shall be excluded from the
17 numerator and denominator of the sales factor.

18 (v) Interest income, fees, gains on disposition,
19 service charges, merchant discount income, and other
20 receipts from credit card receivables are from sources
21 in this State if the card charges are regularly billed
22 to a customer in this State.

23 (vi) Receipts from the performance of services,
24 including, but not limited to, fiduciary, advisory,
25 and brokerage services, are in this State if the
26 services are received in this State within the meaning

1 of subparagraph (a) (3) (C-5) (iv) of this Section.

2 (vii) Receipts from the issuance of travelers
3 checks and money orders are from sources in this State
4 if the checks and money orders are issued from a
5 location within this State.

6 (viii) Receipts from investment assets and
7 activities and trading assets and activities are
8 included in the receipts factor as follows:

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

26 (A) The receipts factor shall include the

1 amount by which interest from federal funds
2 sold and securities purchased under resale
3 agreements exceeds interest expense on federal
4 funds purchased and securities sold under
5 repurchase agreements.

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

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

21 (A) The amount of interest, dividends, net
22 gains (but not less than zero), and other
23 income from investment assets and activities
24 in the investment account to be attributed to
25 this State and included in the numerator is
26 determined by multiplying all such income from

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

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

23 (C) The amount of interest, dividends,
24 gains, and other income from trading assets and
25 activities, including but not limited to
26 assets and activities in the matched book, in

1 the arbitrage book and foreign currency
2 transactions (but excluding amounts described
3 in subparagraphs (A) or (B) of this paragraph),
4 attributable to this State and included in the
5 numerator is determined by multiplying the
6 amount described in subparagraph (B) of
7 paragraph (1) of this subsection by a fraction,
8 the numerator of which is the gross income from
9 such trading assets and activities which are
10 properly assigned to a fixed place of business
11 of the taxpayer within this State and the
12 denominator of which is the gross income from
13 all such assets and activities.

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

23 (i) the taxpayer has assigned, in the
24 regular course of its business, such asset
25 or activity on its records to a fixed place
26 of business consistent with federal or

1 state regulatory requirements;

2 (ii) such assignment on its records is
3 based upon substantive contacts of the
4 asset or activity to such fixed place of
5 business; and

6 (iii) the taxpayer uses such records
7 reflecting assignment of such assets or
8 activities for the filing of all state and
9 local tax returns for which an assignment
10 of such assets or activities to a fixed
11 place of business is required.

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

1 subsection does not apply or with respect to
2 which that presumption has been rebutted, that
3 asset or activity is properly assigned to the
4 state in which the taxpayer's commercial
5 domicile is located. For purposes of this
6 subparagraph (E), it shall be presumed,
7 subject to rebuttal, that taxpayer's
8 commercial domicile is in the state of the
9 United States or the District of Columbia to
10 which the greatest number of employees are
11 regularly connected with the management of the
12 investment or trading income or out of which
13 they are working, irrespective of where the
14 services of such employees are performed, as of
15 the last day of the taxable year.

16 (4) (Blank).

17 (5) (Blank).

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

1 following:

2 (1) Receipts attributable to transactions executed on
3 a physical trading floor if that physical trading floor is
4 located in this State.

5 (2) Receipts attributable to all other matching,
6 execution, or clearing transactions, including without
7 limitation receipts from the provision of matching,
8 execution, or clearing services to another entity,
9 multiplied by (i) for taxable years ending on or after
10 December 31, 2012 but before December 31, 2013, 63.77%; and
11 (ii) for taxable years ending on or after December 31,
12 2013, 27.54%.

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

17 "Federally regulated exchange" means (i) a "registered
18 entity" within the meaning of 7 U.S.C. Section 1a(40) (A), (B),
19 or (C), (ii) an "exchange" or "clearing agency" within the
20 meaning of 15 U.S.C. Section 78c (a) (1) or (23), (iii) any such
21 entities regulated under any successor regulatory structure to
22 the foregoing, and (iv) all taxpayers who are members of the
23 same unitary business group as a federally regulated exchange,
24 determined without regard to the prohibition in Section
25 1501(a) (27) of this Act against including in a unitary business
26 group taxpayers who are ordinarily required to apportion

1 business income under different subsections of this Section;
2 provided that this subparagraph (iv) shall apply only if 50% or
3 more of the business receipts of the unitary business group
4 determined by application of this subparagraph (iv) for the
5 taxable year are attributable to the matching, execution, or
6 clearing of transactions conducted by an entity described in
7 subparagraph (i), (ii), or (iii) of this paragraph.

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

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

19 (1) Such business income (other than that derived from
20 transportation by pipeline) shall be apportioned to this
21 State by multiplying such income by a fraction, the
22 numerator of which is the revenue miles of the person in
23 this State, and the denominator of which is the revenue
24 miles of the person everywhere. For purposes of this
25 paragraph, a revenue mile is the transportation of 1
26 passenger or 1 net ton of freight the distance of 1 mile

1 for a consideration. Where a person is engaged in the
2 transportation of both passengers and freight, the
3 fraction above referred to shall be determined by means of
4 an average of the passenger revenue mile fraction and the
5 freight revenue mile fraction, weighted to reflect the
6 person's

7 (A) relative railway operating income from total
8 passenger and total freight service, as reported to the
9 Interstate Commerce Commission, in the case of
10 transportation by railroad, and

11 (B) relative gross receipts from passenger and
12 freight transportation, in case of transportation
13 other than by railroad.

14 (2) Such business income derived from transportation
15 by pipeline shall be apportioned to this State by
16 multiplying such income by a fraction, the numerator of
17 which is the revenue miles of the person in this State, and
18 the denominator of which is the revenue miles of the person
19 everywhere. For the purposes of this paragraph, a revenue
20 mile is the transportation by pipeline of 1 barrel of oil,
21 1,000 cubic feet of gas, or of any specified quantity of
22 any other substance, the distance of 1 mile for a
23 consideration.

24 (3) For taxable years ending on or after December 31,
25 2008, business income derived from providing
26 transportation services other than airline services shall

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

21 (A) relative railway operating income from total
22 passenger and total freight service, as reported to the
23 Surface Transportation Board, in the case of
24 transportation by railroad; and

25 (B) relative gross receipts from passenger and
26 freight transportation, in case of transportation

1 other than by railroad.

2 (4) For taxable years ending on or after December 31,
3 2008, business income derived from furnishing airline
4 transportation services shall be apportioned to this State
5 by multiplying such income by a fraction, the numerator of
6 which is the revenue miles of the person in this State, and
7 the denominator of which is the revenue miles of the person
8 everywhere. For purposes of this paragraph, a revenue mile
9 is the transportation of one passenger or one net ton of
10 freight the distance of one mile for a consideration. If a
11 person is engaged in the transportation of both passengers
12 and freight, the fraction above referred to shall be
13 determined by means of an average of the passenger revenue
14 mile fraction and the freight revenue mile fraction,
15 weighted to reflect the person's relative gross receipts
16 from passenger and freight airline transportation.

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

23 (f) Alternative allocation. If the allocation and
24 apportionment provisions of subsections (a) through (e) and of
25 subsection (h) do not, for taxable years ending before December
26 31, 2008, fairly represent the extent of a person's business

1 activity in this State, or, for taxable years ending on or
2 after December 31, 2008, fairly represent the market for the
3 person's goods, services, or other sources of business income,
4 the person may petition for, or the Director may, without a
5 petition, permit or require, in respect of all or any part of
6 the person's business activity, if reasonable:

7 (1) Separate accounting;

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

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

12 (4) The employment of any other method to effectuate an
13 equitable allocation and apportionment of the person's
14 business income.

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

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

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

24 (2) for tax years ending on or after December 31, 1999
25 and before December 31, 2000, 8 1/3% of the property factor
26 plus 8 1/3% of the payroll factor plus 83 1/3% of the sales

1 factor;

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

4 If, in any tax year ending on or after December 31, 1998 and
5 before December 31, 2000, the denominator of the payroll,
6 property, or sales factor is zero, the apportionment factor
7 computed in paragraph (1) or (2) of this subsection for that
8 year shall be divided by an amount equal to 100% minus the
9 percentage weight given to each factor whose denominator is
10 equal to zero.

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

12 (35 ILCS 5/601) (from Ch. 120, par. 6-601)

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

14 (a) In general. Every taxpayer required to file a return
15 under this Act shall, without assessment, notice or demand, pay
16 any tax due thereon to the Department, at the place fixed for
17 filing, on or before the date fixed for filing such return
18 (determined without regard to any extension of time for filing
19 the return) pursuant to regulations prescribed by the
20 Department. If, however, the due date for payment of a
21 taxpayer's federal income tax liability for a tax year (as
22 provided in the Internal Revenue Code or by Treasury
23 regulation, or as extended by the Internal Revenue Service) is
24 later than the date fixed for filing the taxpayer's Illinois
25 income tax return for that tax year, the Department may, by

1 rule, prescribe a due date for payment that is not later than
2 the due date for payment of the taxpayer's federal income tax
3 liability. For purposes of the Illinois Administrative
4 Procedure Act, the adoption of rules to prescribe a later due
5 date for payment shall be deemed an emergency and necessary for
6 the public interest, safety, and welfare.

7 (b) Amount payable. In making payment as provided in this
8 section there shall remain payable only the balance of such tax
9 remaining due after giving effect to the following:

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

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

23 (3) Foreign tax. The aggregate amount of tax which is
24 imposed upon or measured by income and which is paid by a
25 resident for a taxable year to another state or states on
26 income which is also subject to the tax imposed by

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

1 support thereof and shall notify the Director of any refund
2 or reductions in the amount of tax claimed as a credit
3 hereunder all in such manner and at such time as the
4 Department shall by regulations prescribe.

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

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

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

25 (35 ILCS 5/701) (from Ch. 120, par. 7-701)

1 Sec. 701. Requirement and Amount of Withholding.

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

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

7 (2) payments described in subsection (b) shall deduct
8 and withhold from such compensation for each payroll period
9 (as defined in Section 3401 of the Internal Revenue Code)
10 an amount equal to the amount by which such individual's
11 compensation exceeds the proportionate part of this
12 withholding exemption (computed as provided in Section
13 702) attributable to the payroll period for which such
14 compensation is payable multiplied by a percentage equal to
15 the percentage tax rate for individuals provided in
16 subsection (b) of Section 201.

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

21 (1) If an employer maintains a time and attendance
22 system that tracks where employees perform services on a
23 daily basis, then data from the time and attendance system
24 shall be used. For purposes of this paragraph, time and
25 attendance system means a system:

26 (A) in which the employee is required, on a

1 contemporaneous basis, to record the work location for
2 every day worked outside of the State where the
3 employment duties are primarily performed; and

4 (B) that is designed to allow the employer to
5 allocate the employee's wages for income tax purposes
6 among all states in which the employee performs
7 services.

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

19 (b) Payment to Residents. Any payment (including
20 compensation, but not including a payment from which
21 withholding is required under Section 710 of this Act) to a
22 resident by a payor maintaining an office or transacting
23 business within this State (including any agency, officer, or
24 employee of this State or of any political subdivision of this
25 State) and on which withholding of tax is required under the
26 provisions of the Internal Revenue Code shall be deemed to be

1 compensation paid in this State by an employer to an employee
2 for the purposes of Article 7 and Section 601(b)(1) to the
3 extent such payment is included in the recipient's base income
4 and not subjected to withholding by another state.
5 Notwithstanding any other provision to the contrary, no amount
6 shall be withheld from unemployment insurance benefit payments
7 made to an individual pursuant to the Unemployment Insurance
8 Act unless the individual has voluntarily elected the
9 withholding pursuant to rules promulgated by the Director of
10 Employment Security.

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

19 (d) Reciprocal Exemption. The Director may enter into an
20 agreement with the taxing authorities of any state which
21 imposes a tax on or measured by income to provide that
22 compensation paid in such state to residents of this State
23 shall be exempt from withholding of such tax; in such case, any
24 compensation paid in this State to residents of such state
25 shall be exempt from withholding. All reciprocal agreements
26 shall be subject to the requirements of Section 2505-575 of the

1 Department of Revenue Law (20 ILCS 2505/2505-575).

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

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

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.".