



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB2557

Introduced 2/19/2021, by Rep. Deanne M. Mazzochi

SYNOPSIS AS INTRODUCED:

New Act

35 ILCS 5/203

from Ch. 120, par. 2-203

30 ILCS 105/5.935 new

Creates the Real Economic Support That Acknowledges Unique Restaurant Assistance Needed To Survive (RESTAURANTS) Act. Creates the Illinois Restaurant Revitalization Fund. Provides that the State Treasurer and certain units of local government shall award grants from the Fund to eligible entities. Provides that the term "eligible entity" means a restaurant, food stand, food truck, food cart, caterer, saloon, inn, tavern, bar, lounge, or other similar place of business, subject to certain limitations. Amends the Illinois Income Tax Act and the State Finance Act to make conforming changes. Effective immediately.

LRB102 14644 HLH 19997 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 1. Short title. This Act may be cited as the Real
5 Economic Support That Acknowledges Unique Restaurant
6 Assistance Needed To Survive (RESTAURANTS) Act.

7 Section 5. Definitions. As used in this Act:

8 "Covered period" means the period beginning on February
9 15, 2020, and ending on December 31, 2020.

10 "Eligible entity" means a restaurant, food stand, food
11 truck, food cart, caterer, saloon, inn, tavern, bar, lounge,
12 or other similar place of business that is resident and
13 domiciled in the State of Illinois, and owned and operated by
14 residents of the State of Illinois in which the public or
15 patrons assemble for the primary purpose of being served food
16 or drink and that, as of March 13, 2020, is not part of a chain
17 or franchise with not less than 20 locations doing business
18 under the same name, regardless of the type of ownership of the
19 locations. "Eligible entity" does not include:

20 (1) an entity that is publicly traded, including a
21 subsidiary or affiliate thereof; or

22 (2) an entity that is part of a State or local
23 government facility, not including an airport.

1 "Fund" means the Illinois Restaurant Revitalization Fund
2 established under this Act.

3 "Payroll costs" has the meaning given the term in Section
4 7(a)(36)(A) of the federal Small Business Act, 15 U.S.C.
5 626(a)(36)(A).

6 "Treasurer" means the State Treasurer.

7 Section 10. Illinois Restaurant Revitalization Fund.

8 (a) The Illinois Restaurant Revitalization Fund is hereby
9 created as a special fund in the State treasury.

10 (b) On July 1, 2021, the Comptroller shall order
11 transferred and the Treasurer shall transfer from the General
12 Revenue Fund to the Illinois Restaurant Revitalization Fund
13 the amount of \$20,000,000.

14 (c) In addition, beginning on August 15, 2021 and through
15 April 15, 2022, no later than the fifteenth day of each month,
16 the Department of Revenue shall certify to the State
17 Comptroller and the State Treasurer the amount received from
18 an eligible entity during the previous month as taxes under
19 the Use Tax Act, the Service Use Tax Act, the Service
20 Occupation Tax Act, the Retailers' Occupation Tax Act,
21 subsections (a) and (b) of Section 201 of the Illinois Income
22 Tax Act, and the Liquor Control Act of 1934. In addition,
23 beginning on August 15, 2021 and through April 15, 2022, no
24 later than the fifteenth day of each month, the Secretary of
25 State shall certify to the State Comptroller and the State

1 Treasurer the amount received during the previous month as
2 license fees or franchise taxes under the Business Corporation
3 Act of 1983. As soon as possible after receiving the
4 certifications under this subsection, the Comptroller shall
5 order transferred and the Treasurer shall transfer the
6 certified amount from the General Revenue Fund to the Illinois
7 Restaurant Revitalization Fund.

8 (d) The Treasurer shall use amounts in the Fund to make
9 grants described in Section 15.

10 (e) Any amounts that are unobligated and remaining in the
11 Fund on May 1, 2022 shall be transferred from the Illinois
12 Restaurant Revitalization Fund to the General Revenue Fund.

13 Section 15. Illinois restaurant revitalization grants.

14 (a) The Treasurer shall award grants to eligible entities
15 in the order in which the application is received by the
16 Treasurer, subject to counties and units of local government
17 grant authority.

18 (b) The Treasurer shall register each grant awarded under
19 this Section using the employer identification number of the
20 eligible entity.

21 (c) An eligible entity desiring a grant under this Section
22 shall submit to the Treasurer an application at such time, in
23 such manner, and containing such information as the Treasurer
24 may require.

25 (d) An eligible entity applying for a grant under this

1 Section shall make a good faith certification that:

2 (1) the uncertainty of current economic conditions
3 makes necessary the grant request to support the ongoing
4 operations of the eligible entity;

5 (2) funds will be used to retain workers, maintain
6 payroll, and for other allowable expenses;

7 (3) that the eligible entity does not have an
8 application pending for a grant under subsection (a)(36)
9 or (b)(2) of section 7 of the federal Small Business Act
10 (15 U.S.C. 636) for the same purpose and duplicative of
11 amounts applied for or received under this Section;

12 (4) during the covered period, the eligible entity has
13 not received amounts under subsection (a)(36) or (b)(2) of
14 section 7 of the federal Small Business Act (15 U.S.C.
15 636) for the same purpose and duplicative of amounts
16 applied for or received under this Section; and

17 (5) during the covered period, the eligible entity has
18 not received amounts under Section 30 of this Act from a
19 unit of local government for the same purpose and
20 duplicative of amounts applied for or received under this
21 Section.

22 (e) An eligible entity applying for a grant under this
23 Section is not ineligible for a grant if the eligible entity is
24 able to document:

25 (1) an inability to rehire individuals who were
26 employees of the eligible entity on February 15, 2020; and

1 (2) an inability to hire similarly qualified employees
2 for unfilled positions on or before December 31, 2021.

3 (f) During the initial 14-day period in which the
4 Treasurer awards grants under this Section, the Treasurer
5 shall prioritize awarding grants to:

6 (1) eligible entities in communities that have had the
7 highest proportions of revenue lost because of COVID-19 or
8 the longest times of shutdown because of COVID-19;

9 (2) eligible entities that had small capacity levels
10 (100 or less);

11 (3) eligible entities (A) with annual revenues in 2020
12 of less than \$1,000,000 or (B) that experienced a revenue
13 loss in 2020 that was in excess of 20% of 2019 revenues;
14 and

15 (4) eligible entities in communities or counties with
16 populations in excess of 500,000 if the zip codes where
17 the entity is located had a median household income of 75%
18 or less of the median household income of the State of
19 Illinois for calendar year 2020.

20 (f) An eligible entity shall submit to the Treasurer such
21 revenue verification documentation as the Treasurer may
22 require to determine the amount of a grant under this Section.

23 (g) An eligible entity may not receive more than one grant
24 under this Act.

25 Section 20. Grant amount. The amount of a grant made to an

1 eligible entity under this Act shall be based on the
2 difference in revenues or estimated revenues of the eligible
3 entity during a calendar quarter in 2020 as compared to the
4 same calendar quarter in 2019. If the total grant request
5 exceeds the amounts available in the Fund, the Treasurer may,
6 after providing notice and opportunity for 5 business days of
7 comment by members of the public, reduce proposed grant
8 amounts in excess of \$100,000 by 50%, reduce proposed grant
9 amounts in excess of \$200,000 by 60%, and reduce proposed
10 grant amounts in excess of \$300,000 by 80%.

11 Any amount of a grant made under this Act to an eligible
12 entity based on estimated revenues in a calendar quarter in
13 2020 that is above the actual revenues of the eligible entity
14 during that calendar quarter shall be converted to a loan that
15 has an interest rate of 1% and a maturity date of 10 years
16 beginning on January 1, 2021.

17 If an eligible entity has, at the time of application for a
18 grant under this Act, received an emergency grant under
19 section 1110(e) of the CARES Act (Public Law 116-136) or loan
20 forgiveness under Section 1106 of such Act related to expenses
21 incurred during the covered period, the maximum amount of a
22 grant awarded to the eligible entity under this Act shall be
23 reduced by the amount of funds expended by or forgiven for the
24 eligible entity for those expenses using amounts received
25 under such Section 1110(e) or forgiven under such Section
26 1106.

1 If an eligible entity that receives a grant under this Act
2 permanently ceases operations on or before December 31, 2021,
3 the eligible entity shall return to the Treasury any funds
4 that the eligible entity did not use for the allowable
5 expenses

6 Section 25. Use of funds. During the covered period, an
7 eligible entity that receives a grant under this Act may use
8 the grant funds for:

9 (1) payroll costs;

10 (2) payments of principal or interest on any mortgage
11 obligation;

12 (3) rent payments, including rent under a lease
13 agreement;

14 (4) utilities;

15 (5) maintenance, including construction to accommodate
16 outdoor seating;

17 (6) supplies, including protective equipment and
18 cleaning materials;

19 (7) food and beverage;

20 (8) debt obligations to suppliers that were incurred
21 before the covered period; and

22 (9) any other expenses that the Treasurer determines
23 to be essential to maintaining the eligible entity.

24 Section 30. County and municipal distribution in lieu of

1 Treasurer distribution.

2 (a) Any county with a population in excess of 500,000, or a
3 unit of local government (whether home rule or non-home rule)
4 with a population in excess of 20,000, may petition the
5 Treasurer to secure grant funds under the Illinois Restaurant
6 Revitalization Fund and to distribute the funds within their
7 jurisdictions in accordance with the same rules applicable to
8 the Treasurer. The Treasurer shall provide an automatic 2 to 1
9 matching grant to such County or unit of local government,
10 provided that such county or municipal government must pledge
11 at least 25% of their local revenues from use and occupation
12 taxes; liquor taxes; or other sources associated with covered
13 entities under this Section towards their local Illinois
14 Restaurant Revitalization Fund.

15 (b) Any unit of local government within a county that
16 seeks to self-administer a local Illinois Restaurant
17 Revitalization Fund shall automatically be granted a
18 proportionate share, per capita, of the county funds
19 available, less 10%. The county auditor shall have the
20 authority to audit a local Illinois Restaurant Revitalization
21 Fund to ensure the grants are awarded in substantial
22 compliance with this Act.

23 (c) All applications for, and grants awarded (with the
24 exception of federal tax ID numbers, or other information that
25 would normally be withheld under the Freedom of Information
26 Act) shall be public records, and open to inspection by

1 members of the public.

2 Section 35. Rulemaking. The Treasurer may adopt rules for
3 the implementation of this Act.

4 Section 40. Repeal. This Act is repealed on July 1, 2022.

5 Section 900. The Illinois Income Tax Act is amended by
6 changing Section 203 as follows:

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

8 Sec. 203. Base income defined.

9 (a) Individuals.

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

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

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

1 Code;

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

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

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

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

1 pursuant to subsection (b) of Section 20 of the
2 Medical Care Savings Account Act or subsection (b) of
3 Section 20 of the Medical Care Savings Account Act of
4 2000;

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

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

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

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which the
24 taxpayer may claim a depreciation deduction for
25 federal income tax purposes and for which the taxpayer
26 was allowed in any taxable year to make a subtraction

1 modification under subparagraph (Z), then an amount
2 equal to that subtraction modification.

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

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

1 included in gross income under Sections 951 through
2 964 of the Internal Revenue Code and amounts included
3 in gross income under Section 78 of the Internal
4 Revenue Code) with respect to the stock of the same
5 person to whom the interest was paid, accrued, or
6 incurred.

7 This paragraph shall not apply to the following:

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

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

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

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

1 reflects an arm's-length interest rate and
2 terms; or

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

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

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

26 (D-18) An amount equal to the amount of intangible

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

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

19 This paragraph shall not apply to the following:

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

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

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

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

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

26 Nothing in this subsection shall preclude the

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

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

1 and amounts included in gross income under Section 78
2 of the Internal Revenue Code) with respect to the
3 stock of the same person to whom the premiums and costs
4 were directly or indirectly paid, incurred, or
5 accrued. The preceding sentence does not apply to the
6 extent that the same dividends caused a reduction to
7 the addition modification required under Section
8 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this
9 Act;

10 (D-20) For taxable years beginning on or after
11 January 1, 2002 and ending on or before December 31,
12 2006, in the case of a distribution from a qualified
13 tuition program under Section 529 of the Internal
14 Revenue Code, other than (i) a distribution from a
15 College Savings Pool created under Section 16.5 of the
16 State Treasurer Act or (ii) a distribution from the
17 Illinois Prepaid Tuition Trust Fund, an amount equal
18 to the amount excluded from gross income under Section
19 529(c)(3)(B). For taxable years beginning on or after
20 January 1, 2007, in the case of a distribution from a
21 qualified tuition program under Section 529 of the
22 Internal Revenue Code, other than (i) a distribution
23 from a College Savings Pool created under Section 16.5
24 of the State Treasurer Act, (ii) a distribution from
25 the Illinois Prepaid Tuition Trust Fund, or (iii) a
26 distribution from a qualified tuition program under

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

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

25 (D-20.5) For taxable years beginning on or after
26 January 1, 2018, in the case of a distribution from a

1 qualified ABLE program under Section 529A of the
2 Internal Revenue Code, other than a distribution from
3 a qualified ABLE program created under Section 16.6 of
4 the State Treasurer Act, an amount equal to the amount
5 excluded from gross income under Section 529A(c)(1)(B)
6 of the Internal Revenue Code;

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

14 (D-21.5) For taxable years beginning on or after
15 January 1, 2018, in the case of the transfer of moneys
16 from a qualified tuition program under Section 529 or
17 a qualified ABLE program under Section 529A of the
18 Internal Revenue Code that is administered by this
19 State to an ABLE account established under an
20 out-of-state ABLE account program, an amount equal to
21 the contribution component of the transferred amount
22 that was previously deducted from base income under
23 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
24 Section;

25 (D-22) For taxable years beginning on or after
26 January 1, 2009, and prior to January 1, 2018, in the

1 case of a nonqualified withdrawal or refund of moneys
2 from a qualified tuition program under Section 529 of
3 the Internal Revenue Code administered by the State
4 that is not used for qualified expenses at an eligible
5 education institution, an amount equal to the
6 contribution component of the nonqualified withdrawal
7 or refund that was previously deducted from base
8 income under subsection (a)(2)(y) of this Section,
9 provided that the withdrawal or refund did not result
10 from the beneficiary's death or disability. For
11 taxable years beginning on or after January 1, 2018:
12 (1) in the case of a nonqualified withdrawal or
13 refund, as defined under Section 16.5 of the State
14 Treasurer Act, of moneys from a qualified tuition
15 program under Section 529 of the Internal Revenue Code
16 administered by the State, an amount equal to the
17 contribution component of the nonqualified withdrawal
18 or refund that was previously deducted from base
19 income under subsection (a)(2)(Y) of this Section, and
20 (2) in the case of a nonqualified withdrawal or refund
21 from a qualified ABLE program under Section 529A of
22 the Internal Revenue Code administered by the State
23 that is not used for qualified disability expenses, an
24 amount equal to the contribution component of the
25 nonqualified withdrawal or refund that was previously
26 deducted from base income under subsection (a)(2)(HH)

1 of this Section;

2 (D-23) An amount equal to the credit allowable to
3 the taxpayer under Section 218(a) of this Act,
4 determined without regard to Section 218(c) of this
5 Act;

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

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

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

1 any other state. For taxable years ending on or after
2 December 31, 2001, any amount included in such total
3 in respect of any compensation (including but not
4 limited to any compensation paid or accrued to a
5 serviceman while a prisoner of war or missing in
6 action) paid to a resident by reason of being a member
7 of any component of the Armed Forces of the United
8 States and in respect of any compensation paid or
9 accrued to a resident who as a governmental employee
10 was a prisoner of war or missing in action, and in
11 respect of any compensation paid to a resident in 2001
12 or thereafter by reason of being a member of the
13 Illinois National Guard or, beginning with taxable
14 years ending on or after December 31, 2007, the
15 National Guard of any other state. The provisions of
16 this subparagraph (E) are exempt from the provisions
17 of Section 250;

18 (F) An amount equal to all amounts included in
19 such total pursuant to the provisions of Sections
20 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
21 408 of the Internal Revenue Code, or included in such
22 total as distributions under the provisions of any
23 retirement or disability plan for employees of any
24 governmental agency or unit, or retirement payments to
25 retired partners, which payments are excluded in
26 computing net earnings from self employment by Section

1 1402 of the Internal Revenue Code and regulations
2 adopted pursuant thereto;

3 (G) The valuation limitation amount;

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

7 (I) An amount equal to all amounts included in
8 such total pursuant to the provisions of Section 111
9 of the Internal Revenue Code as a recovery of items
10 previously deducted from adjusted gross income in the
11 computation of taxable income;

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

20 (K) An amount equal to those dividends included in
21 such total that were paid by a corporation that
22 conducts business operations in a federally designated
23 Foreign Trade Zone or Sub-Zone and that is designated
24 a High Impact Business located in Illinois; provided
25 that dividends eligible for the deduction provided in
26 subparagraph (J) of paragraph (2) of this subsection

1 shall not be eligible for the deduction provided under
2 this subparagraph (K);

3 (L) For taxable years ending after December 31,
4 1983, an amount equal to all social security benefits
5 and railroad retirement benefits included in such
6 total pursuant to Sections 72(r) and 86 of the
7 Internal Revenue Code;

8 (M) With the exception of any amounts subtracted
9 under subparagraph (N), an amount equal to the sum of
10 all amounts disallowed as deductions by (i) Sections
11 171(a)(2), ~~7~~ and 265(a)(2) of the Internal Revenue Code,
12 and all amounts of expenses allocable to interest and
13 disallowed as deductions by Section 265(a)(1) of the
14 Internal Revenue Code; and (ii) for taxable years
15 ending on or after August 13, 1999, Sections
16 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
17 Internal Revenue Code, plus, for taxable years ending
18 on or after December 31, 2011, Section 45G(e)(3) of
19 the Internal Revenue Code and, for taxable years
20 ending on or after December 31, 2008, any amount
21 included in gross income under Section 87 of the
22 Internal Revenue Code; the provisions of this
23 subparagraph are exempt from the provisions of Section
24 250;

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

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

8 (O) An amount equal to any contribution made to a
9 job training project established pursuant to the Tax
10 Increment Allocation Redevelopment Act;

11 (P) An amount equal to the amount of the deduction
12 used to compute the federal income tax credit for
13 restoration of substantial amounts held under claim of
14 right for the taxable year pursuant to Section 1341 of
15 the Internal Revenue Code or of any itemized deduction
16 taken from adjusted gross income in the computation of
17 taxable income for restoration of substantial amounts
18 held under claim of right for the taxable year;

19 (Q) An amount equal to any amounts included in
20 such total, received by the taxpayer as an
21 acceleration in the payment of life, endowment or
22 annuity benefits in advance of the time they would
23 otherwise be payable as an indemnity for a terminal
24 illness;

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

1 (S) An amount, to the extent included in adjusted
2 gross income, equal to the amount of a contribution
3 made in the taxable year on behalf of the taxpayer to a
4 medical care savings account established under the
5 Medical Care Savings Account Act or the Medical Care
6 Savings Account Act of 2000 to the extent the
7 contribution is accepted by the account administrator
8 as provided in that Act;

9 (T) An amount, to the extent included in adjusted
10 gross income, equal to the amount of interest earned
11 in the taxable year on a medical care savings account
12 established under the Medical Care Savings Account Act
13 or the Medical Care Savings Account Act of 2000 on
14 behalf of the taxpayer, other than interest added
15 pursuant to item (D-5) of this paragraph (2);

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

22 (V) Beginning with tax years ending on or after
23 December 31, 1995 and ending with tax years ending on
24 or before December 31, 2004, an amount equal to the
25 amount paid by a taxpayer who is a self-employed
26 taxpayer, a partner of a partnership, or a shareholder

1 in a Subchapter S corporation for health insurance or
2 long-term care insurance for that taxpayer or that
3 taxpayer's spouse or dependents, to the extent that
4 the amount paid for that health insurance or long-term
5 care insurance may be deducted under Section 213 of
6 the Internal Revenue Code, has not been deducted on
7 the federal income tax return of the taxpayer, and
8 does not exceed the taxable income attributable to
9 that taxpayer's income, self-employment income, or
10 Subchapter S corporation income; except that no
11 deduction shall be allowed under this item (V) if the
12 taxpayer is eligible to participate in any health
13 insurance or long-term care insurance plan of an
14 employer of the taxpayer or the taxpayer's spouse. The
15 amount of the health insurance and long-term care
16 insurance subtracted under this item (V) shall be
17 determined by multiplying total health insurance and
18 long-term care insurance premiums paid by the taxpayer
19 times a number that represents the fractional
20 percentage of eligible medical expenses under Section
21 213 of the Internal Revenue Code of 1986 not actually
22 deducted on the taxpayer's federal income tax return;

23 (W) For taxable years beginning on or after
24 January 1, 1998, all amounts included in the
25 taxpayer's federal gross income in the taxable year
26 from amounts converted from a regular IRA to a Roth

1 IRA. This paragraph is exempt from the provisions of
2 Section 250;

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

1 first recipient of such assets after their recovery
2 and who is a victim of persecution for racial or
3 religious reasons by Nazi Germany or any other Axis
4 regime or as an heir of the victim. The amount of and
5 the eligibility for any public assistance, benefit, or
6 similar entitlement is not affected by the inclusion
7 of items (i) and (ii) of this paragraph in gross income
8 for federal income tax purposes. This paragraph is
9 exempt from the provisions of Section 250;

10 (Y) For taxable years beginning on or after
11 January 1, 2002 and ending on or before December 31,
12 2004, moneys contributed in the taxable year to a
13 College Savings Pool account under Section 16.5 of the
14 State Treasurer Act, except that amounts excluded from
15 gross income under Section 529(c)(3)(C)(i) of the
16 Internal Revenue Code shall not be considered moneys
17 contributed under this subparagraph (Y). For taxable
18 years beginning on or after January 1, 2005, a maximum
19 of \$10,000 contributed in the taxable year to (i) a
20 College Savings Pool account under Section 16.5 of the
21 State Treasurer Act or (ii) the Illinois Prepaid
22 Tuition Trust Fund, except that amounts excluded from
23 gross income under Section 529(c)(3)(C)(i) of the
24 Internal Revenue Code shall not be considered moneys
25 contributed under this subparagraph (Y). For purposes
26 of this subparagraph, contributions made by an

1 employer on behalf of an employee, or matching
2 contributions made by an employee, shall be treated as
3 made by the employee. This subparagraph (Y) is exempt
4 from the provisions of Section 250;

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

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

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

22 (3) for taxable years ending after December
23 31, 2005:

24 (i) for property on which a bonus
25 depreciation deduction of 30% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 30 and then divided by 70 (or "y" multiplied
2 by 0.429); and

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

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

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

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which the
22 taxpayer may claim a depreciation deduction for
23 federal income tax purposes and for which the taxpayer
24 was required in any taxable year to make an addition
25 modification under subparagraph (D-15), then an amount
26 equal to that addition modification.

1 The taxpayer is allowed to take the deduction
2 under this subparagraph only once with respect to any
3 one piece of property.

4 This subparagraph (AA) is exempt from the
5 provisions of Section 250;

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

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

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

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

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

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

16 (FF) An amount equal to any amount awarded to the
17 taxpayer during the taxable year by the Court of
18 Claims under subsection (c) of Section 8 of the Court
19 of Claims Act for time unjustly served in a State
20 prison. This subparagraph (FF) is exempt from the
21 provisions of Section 250;

22 (GG) For taxable years ending on or after December
23 31, 2011, in the case of a taxpayer who was required to
24 add back any insurance premiums under Section
25 203(a)(2)(D-19), such taxpayer may elect to subtract
26 that part of a reimbursement received from the

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

12 (HH) For taxable years beginning on or after
13 January 1, 2018 and prior to January 1, 2023, a maximum
14 of \$10,000 contributed in the taxable year to a
15 qualified ABLE account under Section 16.6 of the State
16 Treasurer Act, except that amounts excluded from gross
17 income under Section 529(c)(3)(C)(i) or Section
18 529A(c)(1)(C) of the Internal Revenue Code shall not
19 be considered moneys contributed under this
20 subparagraph (HH). For purposes of this subparagraph
21 (HH), contributions made by an employer on behalf of
22 an employee, or matching contributions made by an
23 employee, shall be treated as made by the employee.

24 (II) Any grant amounts received as an eligible
25 entity under the Real Economic Support That
26 Acknowledges Unique Restaurant Assistance Needed To

1 Survive (RESTAURANTS) Act.

2 (b) Corporations.

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

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

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

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

18 (C) In the case of a regulated investment company,
19 an amount equal to the excess of (i) the net long-term
20 capital gain for the taxable year, over (ii) the
21 amount of the capital gain dividends designated as
22 such in accordance with Section 852(b)(3)(C) of the
23 Internal Revenue Code and any amount designated under
24 Section 852(b)(3)(D) of the Internal Revenue Code,
25 attributable to the taxable year (this amendatory Act

1 of 1995 (Public Act 89-89) is declarative of existing
2 law and is not a new enactment);

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

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

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

25 (ii) the addition modification relating to the
26 net operating loss carried back or forward to the

1 taxable year from any taxable year ending prior to
2 December 31, 1986 shall not exceed the amount of
3 such carryback or carryforward;

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

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

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

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

1 subparagraph (T) with respect to that property.

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

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

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

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

13 This paragraph shall not apply to the following:

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

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

25 (a) the person, during the same taxable
26 year, paid, accrued, or incurred, the interest

1 to a person that is not a related member, and

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

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

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

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

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

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

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

25 This paragraph shall not apply to the following:

26 (i) any item of intangible expenses or costs

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

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

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

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

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

1 evidence, that the adjustments are unreasonable;
2 or if the taxpayer and the Director agree in
3 writing to the application or use of an
4 alternative method of apportionment under Section
5 304(f);

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

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

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

16 (E-15) For taxable years beginning after December
17 31, 2008, any deduction for dividends paid by a
18 captive real estate investment trust that is allowed
19 to a real estate investment trust under Section
20 857(b)(2)(B) of the Internal Revenue Code for
21 dividends paid;

22 (E-16) An amount equal to the credit allowable to
23 the taxpayer under Section 218(a) of this Act,
24 determined without regard to Section 218(c) of this
25 Act;

26 (E-17) For taxable years ending on or after

1 December 31, 2017, an amount equal to the deduction
2 allowed under Section 199 of the Internal Revenue Code
3 for the taxable year;

4 (E-18) for taxable years beginning after December
5 31, 2018, an amount equal to the deduction allowed
6 under Section 250(a)(1)(A) of the Internal Revenue
7 Code for the taxable year.

8 and by deducting from the total so obtained the sum of the
9 following amounts:

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

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

15 (H) In the case of a regulated investment company,
16 an amount equal to the amount of exempt interest
17 dividends as defined in subsection (b)(5) of Section
18 852 of the Internal Revenue Code, paid to shareholders
19 for the taxable year;

20 (I) With the exception of any amounts subtracted
21 under subparagraph (J), an amount equal to the sum of
22 all amounts disallowed as deductions by (i) Sections
23 171(a)(2) and 265(a)(2) and amounts disallowed as
24 interest expense by Section 291(a)(3) of the Internal
25 Revenue Code, and all amounts of expenses allocable to
26 interest and disallowed as deductions by Section

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

20 (J) An amount equal to all amounts included in
21 such total which are exempt from taxation by this
22 State either by reason of its statutes or Constitution
23 or by reason of the Constitution, treaties or statutes
24 of the United States; provided that, in the case of any
25 statute of this State that exempts income derived from
26 bonds or other obligations from the tax imposed under

1 this Act, the amount exempted shall be the interest
2 net of bond premium amortization;

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

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

20 (M) For any taxpayer that is a financial
21 organization within the meaning of Section 304(c) of
22 this Act, an amount included in such total as interest
23 income from a loan or loans made by such taxpayer to a
24 borrower, to the extent that such a loan is secured by
25 property which is eligible for the River Edge
26 Redevelopment Zone Investment Credit. To determine the

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

17 (M-1) For any taxpayer that is a financial
18 organization within the meaning of Section 304(c) of
19 this Act, an amount included in such total as interest
20 income from a loan or loans made by such taxpayer to a
21 borrower, to the extent that such a loan is secured by
22 property which is eligible for the High Impact
23 Business Investment Credit. To determine the portion
24 of a loan or loans that is secured by property eligible
25 for a Section 201(h) investment credit to the
26 borrower, the entire principal amount of the loan or

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

17 (N) Two times any contribution made during the
18 taxable year to a designated zone organization to the
19 extent that the contribution (i) qualifies as a
20 charitable contribution under subsection (c) of
21 Section 170 of the Internal Revenue Code and (ii)
22 must, by its terms, be used for a project approved by
23 the Department of Commerce and Economic Opportunity
24 under Section 11 of the Illinois Enterprise Zone Act
25 or under Section 10-10 of the River Edge Redevelopment
26 Zone Act. This subparagraph (N) is exempt from the

1 provisions of Section 250;

2 (O) An amount equal to: (i) 85% for taxable years
3 ending on or before December 31, 1992, or, a
4 percentage equal to the percentage allowable under
5 Section 243(a)(1) of the Internal Revenue Code of 1986
6 for taxable years ending after December 31, 1992, of
7 the amount by which dividends included in taxable
8 income and received from a corporation that is not
9 created or organized under the laws of the United
10 States or any state or political subdivision thereof,
11 including, for taxable years ending on or after
12 December 31, 1988, dividends received or deemed
13 received or paid or deemed paid under Sections 951
14 through 965 of the Internal Revenue Code, exceed the
15 amount of the modification provided under subparagraph
16 (G) of paragraph (2) of this subsection (b) which is
17 related to such dividends, and including, for taxable
18 years ending on or after December 31, 2008, dividends
19 received from a captive real estate investment trust;
20 plus (ii) 100% of the amount by which dividends,
21 included in taxable income and received, including,
22 for taxable years ending on or after December 31,
23 1988, dividends received or deemed received or paid or
24 deemed paid under Sections 951 through 964 of the
25 Internal Revenue Code and including, for taxable years
26 ending on or after December 31, 2008, dividends

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

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

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

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

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

6 (S) For taxable years ending on or after December
7 31, 1997, in the case of a Subchapter S corporation, an
8 amount equal to all amounts of income allocable to a
9 shareholder subject to the Personal Property Tax
10 Replacement Income Tax imposed by subsections (c) and
11 (d) of Section 201 of this Act, including amounts
12 allocable to organizations exempt from federal income
13 tax by reason of Section 501(a) of the Internal
14 Revenue Code. This subparagraph (S) is exempt from the
15 provisions of Section 250;

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

22 (1) "y" equals the amount of the depreciation
23 deduction taken for the taxable year on the
24 taxpayer's federal income tax return on property
25 for which the bonus depreciation deduction was
26 taken in any year under subsection (k) of Section

1 168 of the Internal Revenue Code, but not
2 including the bonus depreciation deduction;

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

7 (3) for taxable years ending after December
8 31, 2005:

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

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

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

26 (U) If the taxpayer sells, transfers, abandons, or

1 otherwise disposes of property for which the taxpayer
2 was required in any taxable year to make an addition
3 modification under subparagraph (E-10), then an amount
4 equal to that addition modification.

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

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

15 This subparagraph (U) is exempt from the
16 provisions of Section 250;

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

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

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

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

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

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

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

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

1 Code, and without regard to any net operating loss
2 deduction. This subparagraph (Z) is exempt from the
3 provisions of Section 250.

4 (AA) Any grant amounts received as an eligible
5 entity under the Real Economic Support That
6 Acknowledges Unique Restaurant Assistance Needed To
7 Survive (RESTAURANTS) Act.

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

16 (c) Trusts and estates.

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

20 (2) Modifications. Subject to the provisions of
21 paragraph (3), the taxable income referred to in paragraph
22 (1) shall be modified by adding thereto the sum of the
23 following amounts:

24 (A) An amount equal to all amounts paid or accrued
25 to the taxpayer as interest or dividends during the

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

3 (B) In the case of (i) an estate, \$600; (ii) a
4 trust which, under its governing instrument, is
5 required to distribute all of its income currently,
6 \$300; and (iii) any other trust, \$100, but in each such
7 case, only to the extent such amount was deducted in
8 the computation of taxable income;

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

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

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

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

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

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

21 (F) For taxable years ending on or after January
22 1, 1989, an amount equal to the tax deducted pursuant
23 to Section 164 of the Internal Revenue Code if the
24 trust or estate is claiming the same tax for purposes
25 of the Illinois foreign tax credit under Section 601
26 of this Act;

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

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

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

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

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

1 was allowed in any taxable year to make a subtraction
2 modification under subparagraph (R), then an amount
3 equal to that subtraction modification.

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

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

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

8 This paragraph shall not apply to the following:

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

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

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

23 (b) the transaction giving rise to the
24 interest expense between the taxpayer and the
25 person did not have as a principal purpose the
26 avoidance of Illinois income tax, and is paid

1 pursuant to a contract or agreement that
2 reflects an arm's-length interest rate and
3 terms; or

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

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

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

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

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

20 This paragraph shall not apply to the following:

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

1 with respect to such item; or

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

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

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

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

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

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

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

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

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

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

21 (H) An amount equal to all amounts included in
22 such total pursuant to the provisions of Sections
23 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
24 of the Internal Revenue Code or included in such total
25 as distributions under the provisions of any
26 retirement or disability plan for employees of any

1 governmental agency or unit, or retirement payments to
2 retired partners, which payments are excluded in
3 computing net earnings from self employment by Section
4 1402 of the Internal Revenue Code and regulations
5 adopted pursuant thereto;

6 (I) The valuation limitation amount;

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

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

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

1 Internal Revenue Code; and (ii) for taxable years
2 ending on or after August 13, 1999, Sections
3 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
4 Internal Revenue Code, plus, (iii) for taxable years
5 ending on or after December 31, 2011, Section
6 45G(e)(3) of the Internal Revenue Code and, for
7 taxable years ending on or after December 31, 2008,
8 any amount included in gross income under Section 87
9 of the Internal Revenue Code; the provisions of this
10 subparagraph are exempt from the provisions of Section
11 250;

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

20 (N) An amount equal to any contribution made to a
21 job training project established pursuant to the Tax
22 Increment Allocation Redevelopment Act;

23 (O) An amount equal to those dividends included in
24 such total that were paid by a corporation that
25 conducts business operations in a federally designated
26 Foreign Trade Zone or Sub-Zone and that is designated

1 a High Impact Business located in Illinois; provided
2 that dividends eligible for the deduction provided in
3 subparagraph (M) of paragraph (2) of this subsection
4 shall not be eligible for the deduction provided under
5 this subparagraph (O);

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

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

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

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

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

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

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

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

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

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

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

1 Section 250;

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

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

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

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

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

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

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

1 interest paid, accrued, or incurred, directly or
2 indirectly, to the same person. This subparagraph (U)
3 is exempt from the provisions of Section 250;

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

25 (W) in the case of an estate, an amount equal to
26 all amounts included in such total pursuant to the

1 provisions of Section 111 of the Internal Revenue Code
2 as a recovery of items previously deducted by the
3 decedent from adjusted gross income in the computation
4 of taxable income. This subparagraph (W) is exempt
5 from Section 250;

6 (X) an amount equal to the refund included in such
7 total of any tax deducted for federal income tax
8 purposes, to the extent that deduction was added back
9 under subparagraph (F). This subparagraph (X) is
10 exempt from the provisions of Section 250;

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

1 (Z) For taxable years beginning after December 31,
2 2018 and before January 1, 2026, the amount of excess
3 business loss of the taxpayer disallowed as a
4 deduction by Section 461(1)(1)(B) of the Internal
5 Revenue Code.

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

13 (d) Partnerships.

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

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

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

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

1 the taxable year;

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

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

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

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

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which the
24 taxpayer may claim a depreciation deduction for
25 federal income tax purposes and for which the taxpayer
26 was allowed in any taxable year to make a subtraction

1 modification under subparagraph (O), then an amount
2 equal to that subtraction modification.

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

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

1 included in gross income pursuant to Sections 951
2 through 964 of the Internal Revenue Code and amounts
3 included in gross income under Section 78 of the
4 Internal Revenue Code) with respect to the stock of
5 the same person to whom the interest was paid,
6 accrued, or incurred.

7 This paragraph shall not apply to the following:

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

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

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

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

1 reflects an arm's-length interest rate and
2 terms; or

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

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

17 Nothing in this subsection shall preclude the
18 Director from making any other adjustment
19 otherwise allowed under Section 404 of this Act
20 for any tax year beginning after the effective
21 date of this amendment provided such adjustment is
22 made pursuant to regulation adopted by the
23 Department and such regulations provide methods
24 and standards by which the Department will utilize
25 its authority under Section 404 of this Act; and
26 (D-8) An amount equal to the amount of intangible

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

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

19 This paragraph shall not apply to the following:

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

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

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

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

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

26 Nothing in this subsection shall preclude the

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

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

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

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

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

17 and by deducting from the total so obtained the following
18 amounts:

19 (E) The valuation limitation amount;

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

23 (G) An amount equal to all amounts included in
24 taxable income as modified by subparagraphs (A), (B),
25 (C) and (D) which are exempt from taxation by this
26 State either by reason of its statutes or Constitution

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

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

15 (I) An amount equal to all amounts of income
16 distributable to an entity subject to the Personal
17 Property Tax Replacement Income Tax imposed by
18 subsections (c) and (d) of Section 201 of this Act
19 including amounts distributable to organizations
20 exempt from federal income tax by reason of Section
21 501(a) of the Internal Revenue Code; this subparagraph
22 (I) is exempt from the provisions of Section 250;

23 (J) With the exception of any amounts subtracted
24 under subparagraph (G), an amount equal to the sum of
25 all amounts disallowed as deductions by (i) Sections
26 171(a)(2) and 265(a)(2) of the Internal Revenue Code,

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

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

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

25 (M) An amount equal to those dividends included in
26 such total that were paid by a corporation that

1 conducts business operations in a federally designated
2 Foreign Trade Zone or Sub-Zone and that is designated
3 a High Impact Business located in Illinois; provided
4 that dividends eligible for the deduction provided in
5 subparagraph (K) of paragraph (2) of this subsection
6 shall not be eligible for the deduction provided under
7 this subparagraph (M);

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

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

19 (1) "y" equals the amount of the depreciation
20 deduction taken for the taxable year on the
21 taxpayer's federal income tax return on property
22 for which the bonus depreciation deduction was
23 taken in any year under subsection (k) of Section
24 168 of the Internal Revenue Code, but not
25 including the bonus depreciation deduction;

26 (2) for taxable years ending on or before

1 December 31, 2005, "x" equals "y" multiplied by 30
2 and then divided by 70 (or "y" multiplied by
3 0.429); and

4 (3) for taxable years ending after December
5 31, 2005:

6 (i) for property on which a bonus
7 depreciation deduction of 30% of the adjusted
8 basis was taken, "x" equals "y" multiplied by
9 30 and then divided by 70 (or "y" multiplied
10 by 0.429); and

11 (ii) for property on which a bonus
12 depreciation deduction of 50% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 1.0.

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

23 (P) If the taxpayer sells, transfers, abandons, or
24 otherwise disposes of property for which the taxpayer
25 was required in any taxable year to make an addition
26 modification under subparagraph (D-5), then an amount

1 equal to that addition modification.

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

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

12 This subparagraph (P) is exempt from the
13 provisions of Section 250;

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

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

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

25 (S) An amount equal to the income from intangible
26 property taken into account for the taxable year (net

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

20 (T) For taxable years ending on or after December
21 31, 2011, in the case of a taxpayer who was required to
22 add back any insurance premiums under Section
23 203(d)(2)(D-9), such taxpayer may elect to subtract
24 that part of a reimbursement received from the
25 insurance company equal to the amount of the expense
26 or loss (including expenses incurred by the insurance

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

10 (U) Any grant amounts received as an eligible
11 entity under the Real Economic Support That
12 Acknowledges Unique Restaurant Assistance Needed To
13 Survive (RESTAURANTS) Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (G) Subchapter S corporations. In the case of: (i)
11 a Subchapter S corporation for which there is in
12 effect an election for the taxable year under Section
13 1362 of the Internal Revenue Code, the taxable income
14 of such corporation determined in accordance with
15 Section 1363(b) of the Internal Revenue Code, except
16 that taxable income shall take into account those
17 items which are required by Section 1363(b)(1) of the
18 Internal Revenue Code to be separately stated; and
19 (ii) a Subchapter S corporation for which there is in
20 effect a federal election to opt out of the provisions
21 of the Subchapter S Revision Act of 1982 and have
22 applied instead the prior federal Subchapter S rules
23 as in effect on July 1, 1982, the taxable income of
24 such corporation determined in accordance with the
25 federal Subchapter S rules as in effect on July 1,
26 1982; and

1 (H) Partnerships. In the case of a partnership,
2 taxable income determined in accordance with Section
3 703 of the Internal Revenue Code, except that taxable
4 income shall take into account those items which are
5 required by Section 703(a)(1) to be separately stated
6 but which would be taken into account by an individual
7 in calculating his taxable income.

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

25 (f) Valuation limitation amount.

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

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

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

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

19 (A) If the fair market value of property referred
20 to in paragraph (1) was readily ascertainable on
21 August 1, 1969, the pre-August 1, 1969 appreciation
22 amount for such property is the lesser of (i) the
23 excess of such fair market value over the taxpayer's
24 basis (for determining gain) for such property on that
25 date (determined under the Internal Revenue Code as in
26 effect on that date), or (ii) the total gain realized

1 and reportable for federal income tax purposes in
2 respect of the sale, exchange or other disposition of
3 such property.

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

15 (C) The Department shall prescribe such
16 regulations as may be necessary to carry out the
17 purposes of this paragraph.

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

21 (h) Legislative intention. Except as expressly provided by
22 this Section there shall be no modifications or limitations on
23 the amounts of income, gain, loss or deduction taken into
24 account in determining gross income, adjusted gross income or

1 taxable income for federal income tax purposes for the taxable
2 year, or in the amount of such items entering into the
3 computation of base income and net income under this Act for
4 such taxable year, whether in respect of property values as of
5 August 1, 1969 or otherwise.

6 (Source: P.A. 100-22, eff. 7-6-17; 100-905, eff. 8-17-18;
7 101-9, eff. 6-5-19; 101-81, eff. 7-12-19; revised 9-20-19.)

8 Section 905. The State Finance Act is amended by adding
9 Section 5.935 as follows:

10 (30 ILCS 105/5.935 new)

11 Sec. 5.935. The Illinois Restaurant Revitalization Fund.

12 Section 999. Effective date. This Act takes effect upon
13 becoming law.