

# HB2871



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB2871

Introduced 2/19/2021, by Rep. Natalie A. Manley

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/203  
35 ILCS 5/601

from Ch. 120, par. 2-203  
from Ch. 120, par. 6-601

Amends the Illinois Income Tax Act. Provides that, when calculating the taxpayer's base income, the taxpayer's federal adjusted gross income shall be modified to exclude the portion of the income or loss received from a trade or business conducted within and without Illinois or from a pass-through entity conducting business within and without Illinois that is not derived from or connected with Illinois sources. Repeals provisions concerning a credit for foreign taxes. Effective immediately.

LRB102 10759 HLH 16088 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by  
5 changing Sections 203 and 601 as follows:

6 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

23 (B) An amount equal to the amount of tax imposed by

1           this Act to the extent deducted from gross income in  
2           the computation of adjusted gross income for the  
3           taxable year;

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

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

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

1 Section 20 of the Medical Care Savings Account Act of  
2 2000;

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

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

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

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

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

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

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

5 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

24 (D-18) An amount equal to the amount of intangible  
25 expenses and costs otherwise allowed as a deduction in  
26 computing base income, and that were paid, accrued, or

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



1 dividends caused a reduction to the addition  
2 modification required under Section 203(a)(2)(D-17) of  
3 this Act. As used in this subparagraph, the term  
4 "intangible expenses and costs" includes (1) expenses,  
5 losses, and costs for, or related to, the direct or  
6 indirect acquisition, use, maintenance or management,  
7 ownership, sale, exchange, or any other disposition of  
8 intangible property; (2) losses incurred, directly or  
9 indirectly, from factoring transactions or discounting  
10 transactions; (3) royalty, patent, technical, and  
11 copyright fees; (4) licensing fees; and (5) other  
12 similar expenses and costs. For purposes of this  
13 subparagraph, "intangible property" includes patents,  
14 patent applications, trade names, trademarks, service  
15 marks, copyrights, mask works, trade secrets, and  
16 similar types of intangible assets.

17 This paragraph shall not apply to the following:

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

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

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

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

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

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

24 Nothing in this subsection shall preclude the  
25 Director from making any other adjustment  
26 otherwise allowed under Section 404 of this Act

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

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

1 stock of the same person to whom the premiums and costs  
2 were directly or indirectly paid, incurred, or  
3 accrued. The preceding sentence does not apply to the  
4 extent that the same dividends caused a reduction to  
5 the addition modification required under Section  
6 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
7 Act.

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

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

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

23           (D-20.5) For taxable years beginning on or after  
24          January 1, 2018, in the case of a distribution from a  
25          qualified ABLE program under Section 529A of the  
26          Internal Revenue Code, other than a distribution from

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

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

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

23 (D-22) For taxable years beginning on or after  
24 January 1, 2009, and prior to January 1, 2018, in the  
25 case of a nonqualified withdrawal or refund of moneys  
26 from a qualified tuition program under Section 529 of

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

26 (D-23) An amount equal to the credit allowable to

1 the taxpayer under Section 218(a) of this Act,  
2 determined without regard to Section 218(c) of this  
3 Act;

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

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

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



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

16 (F) An amount equal to all amounts included in  
17 such total pursuant to the provisions of Sections  
18 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and  
19 408 of the Internal Revenue Code, or included in such  
20 total as distributions under the provisions of any  
21 retirement or disability plan for employees of any  
22 governmental agency or unit, or retirement payments to  
23 retired partners, which payments are excluded in  
24 computing net earnings from self employment by Section  
25 1402 of the Internal Revenue Code and regulations  
26 adopted pursuant thereto;

1 (G) The valuation limitation amount;

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

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

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

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

1           (L) For taxable years ending after December 31,  
2 1983, an amount equal to all social security benefits  
3 and railroad retirement benefits included in such  
4 total pursuant to Sections 72(r) and 86 of the  
5 Internal Revenue Code;

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

23           (N) An amount equal to all amounts included in  
24 such total which are exempt from taxation by this  
25 State either by reason of its statutes or Constitution  
26 or by reason of the Constitution, treaties or statutes

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

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

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

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

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

25 (S) An amount, to the extent included in adjusted  
26 gross income, equal to the amount of a contribution

1 made in the taxable year on behalf of the taxpayer to a  
2 medical care savings account established under the  
3 Medical Care Savings Account Act or the Medical Care  
4 Savings Account Act of 2000 to the extent the  
5 contribution is accepted by the account administrator  
6 as provided in that Act;

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

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

20 (V) Beginning with tax years ending on or after  
21 December 31, 1995 and ending with tax years ending on  
22 or before December 31, 2004, an amount equal to the  
23 amount paid by a taxpayer who is a self-employed  
24 taxpayer, a partner of a partnership, or a shareholder  
25 in a Subchapter S corporation for health insurance or  
26 long-term care insurance for that taxpayer or that

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

21 (W) For taxable years beginning on or after  
22 January 1, 1998, all amounts included in the  
23 taxpayer's federal gross income in the taxable year  
24 from amounts converted from a regular IRA to a Roth  
25 IRA. This paragraph is exempt from the provisions of  
26 Section 250;

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

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

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



1 made by the employee. This subparagraph (Y) is exempt  
2 from the provisions of Section 250;

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

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

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

20 (3) for taxable years ending after December  
21 31, 2005:

22 (i) for property on which a bonus  
23 depreciation deduction of 30% of the adjusted  
24 basis was taken, "x" equals "y" multiplied by  
25 30 and then divided by 70 (or "y" multiplied  
26 by 0.429); and

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

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

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

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

25                  The taxpayer is allowed to take the deduction  
26                  under this subparagraph only once with respect to any

1 one piece of property.

2 This subparagraph (AA) is exempt from the  
3 provisions of Section 250;

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

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

24 (DD) An amount equal to the interest income taken  
25 into account for the taxable year (net of the  
26 deductions allocable thereto) with respect to

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

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

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

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

20 (GG) 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(a)(2)(D-19), 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 (GG), 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 (GG). This  
8 subparagraph (GG) is exempt from the provisions of  
9 Section 250; and

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

22 (b) Corporations.

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

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

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

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

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

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

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

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

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

24           For taxable years in which there is a net  
25 operating loss carryback or carryforward from more  
26 than one other taxable year ending prior to December



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

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

10          (E-10) 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          (E-11) 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 (E-10), then  
19          an amount equal to the aggregate amount of the  
20          deductions taken in all taxable years under  
21          subparagraph (T) 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 (T), 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 (E-12) 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;

26 (E-13) 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(b)(2)(E-12) 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 (E-14) 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(b)(2)(E-12) or Section 203(b)(2)(E-13) of this  
9 Act;

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

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

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

24 (E-18) for taxable years beginning after December  
25 31, 2018, an amount equal to the deduction allowed  
26 under Section 250(a)(1)(A) of the Internal Revenue

1 Code for the taxable year.

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

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

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

14 (I) With the exception of any amounts subtracted  
15 under subparagraph (J), an amount equal to the sum of  
16 all amounts disallowed as deductions by (i) Sections  
17 171(a)(2),~~7~~ and 265(a)(2) and amounts disallowed as  
18 interest expense by Section 291(a)(3) of the Internal  
19 Revenue Code, and all amounts of expenses allocable to  
20 interest and disallowed as deductions by Section  
21 265(a)(1) of the Internal Revenue Code; and (ii) for  
22 taxable years ending on or after August 13, 1999,  
23 Sections 171(a)(2), 265, 280C, 291(a)(3), and  
24 832(b)(5)(B)(i) of the Internal Revenue Code, plus,  
25 for tax years ending on or after December 31, 2011,  
26 amounts disallowed as deductions by Section 45G(e)(3)

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

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

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

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

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

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

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

11 (M-1) For any taxpayer that is a financial  
12 organization within the meaning of Section 304(c) of  
13 this Act, an amount included in such total as interest  
14 income from a loan or loans made by such taxpayer to a  
15 borrower, to the extent that such a loan is secured by  
16 property which is eligible for the High Impact  
17 Business Investment Credit. To determine the portion  
18 of a loan or loans that is secured by property eligible  
19 for a Section 201(h) investment credit to the  
20 borrower, the entire principal amount of the loan or  
21 loans between the taxpayer and the borrower should be  
22 divided into the basis of the Section 201(h)  
23 investment credit property which secures the loan or  
24 loans, using for this purpose the original basis of  
25 such property on the date that it was placed in service  
26 in a federally designated Foreign Trade Zone or

1 Sub-Zone located in Illinois. No taxpayer that is  
2 eligible for the deduction provided in subparagraph  
3 (M) of paragraph (2) of this subsection shall be  
4 eligible for the deduction provided under this  
5 subparagraph (M-1). The subtraction modification  
6 available to taxpayers in any year under this  
7 subsection shall be that portion of the total interest  
8 paid by the borrower with respect to such loan  
9 attributable to the eligible property as calculated  
10 under the previous sentence;

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

22 (O) An amount equal to: (i) 85% for taxable years  
23 ending on or before December 31, 1992, or, a  
24 percentage equal to the percentage allowable under  
25 Section 243(a)(1) of the Internal Revenue Code of 1986  
26 for taxable years ending after December 31, 1992, of

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

1 provided under subparagraph (G) of paragraph (2) of  
2 this subsection (b) which is related to such  
3 dividends. This subparagraph (O) is exempt from the  
4 provisions of Section 250 of this Act;

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

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

26 (S) For taxable years ending on or after December



1           31, 1997, in the case of a Subchapter S corporation, an  
2           amount equal to all amounts of income allocable to a  
3           shareholder subject to the Personal Property Tax  
4           Replacement Income Tax imposed by subsections (c) and  
5           (d) of Section 201 of this Act, including amounts  
6           allocable to organizations exempt from federal income  
7           tax by reason of Section 501(a) of the Internal  
8           Revenue Code. This subparagraph (S) is exempt from the  
9           provisions of Section 250;

10           (T) For taxable years 2001 and thereafter, for the  
11           taxable year in which the bonus depreciation deduction  
12           is taken on the taxpayer's federal income tax return  
13           under subsection (k) of Section 168 of the Internal  
14           Revenue Code and for each applicable taxable year  
15           thereafter, an amount equal to "x", where:

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

23           (2) for taxable years ending on or before  
24           December 31, 2005, "x" equals "y" multiplied by 30  
25           and then divided by 70 (or "y" multiplied by  
26           0.429); and

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

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

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

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

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

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

1 taxpayer may claim a depreciation deduction for  
2 federal income tax purposes and for which the taxpayer  
3 was required in any taxable year to make an addition  
4 modification under subparagraph (E-10), then an amount  
5 equal to that addition modification.

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

9 This subparagraph (U) is exempt from the  
10 provisions of Section 250;

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

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

10 (W) 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 that the foreign person's business  
16 activity outside the United States is 80% or more of  
17 that person's total business activity and (ii) for  
18 taxable years ending on or after December 31, 2008, to  
19 a person who would be a member of the same unitary  
20 business group but for the fact that the person is  
21 prohibited under Section 1501(a)(27) from being  
22 included in the unitary business group because he or  
23 she is ordinarily required to apportion business  
24 income under different subsections of Section 304, but  
25 not to exceed the addition modification required to be  
26 made for the same taxable year under Section

1           203(b) (2) (E-12) for interest paid, accrued, or  
2           incurred, directly or indirectly, to the same person.  
3           This subparagraph (W) is exempt from the provisions of  
4           Section 250;

5           (X) An amount equal to the income from intangible  
6           property taken into account for the taxable year (net  
7           of the deductions allocable thereto) with respect to  
8           transactions with (i) a foreign person who would be a  
9           member of the taxpayer's unitary business group but  
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(b) (2) (E-13) for intangible expenses and costs  
23          paid, accrued, or incurred, directly or indirectly, to  
24          the same foreign person. This subparagraph (X) is  
25          exempt from the provisions of Section 250;

26          (Y) For taxable years ending on or after December

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

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

24                 (3) Special rule. For purposes of paragraph (2)(A),  
25          "gross income" in the case of a life insurance company,  
26          for tax years ending on and after December 31, 1994, and

1 prior to December 31, 2011, shall mean the gross  
2 investment income for the taxable year and, for tax years  
3 ending on or after December 31, 2011, shall mean all  
4 amounts included in life insurance gross income under  
5 Section 803(a)(3) of the Internal Revenue Code.

6 (c) Trusts and estates.

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

10 (2) Modifications. Subject to the provisions of  
11 paragraph (3), the taxable income referred to in paragraph  
12 (1) shall be modified by adding thereto the sum of the  
13 following amounts:

14 (A) An amount equal to all amounts paid or accrued  
15 to the taxpayer as interest or dividends during the  
16 taxable year to the extent excluded from gross income  
17 in the computation of taxable income;

18 (B) In the case of (i) an estate, \$600; (ii) a  
19 trust which, under its governing instrument, is  
20 required to distribute all of its income currently,  
21 \$300; and (iii) any other trust, \$100, but in each such  
22 case, only to the extent such amount was deducted in  
23 the computation of taxable income;

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

1 the computation of taxable income for the taxable  
2 year;

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 taxable year, with  
15 the following limitations applied in the order that  
16 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 (F) For taxable years ending on or after January  
12 1, 1989, an amount equal to the tax deducted pursuant  
13 to Section 164 of the Internal Revenue Code if the  
14 trust or estate is claiming the same tax for purposes  
15 of the Illinois foreign tax credit under Section 601  
16 of this Act;

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

21 (G-5) For taxable years ending after December 31,  
22 1997, an amount equal to any eligible remediation  
23 costs that the trust or estate deducted in computing  
24 adjusted gross income and for which the trust or  
25 estate claims a credit under subsection (1) of Section  
26 201;

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

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

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

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

23           (G-12) An amount equal to the amount otherwise  
24 allowed as a deduction in computing base income for  
25 interest paid, accrued, or incurred, directly or  
26 indirectly, (i) for taxable years ending on or after

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

24 This paragraph shall not apply to the following:

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

1 is subject in a foreign country or state, other  
2 than a state which requires mandatory unitary  
3 reporting, to a tax on or measured by net income  
4 with respect to such interest; or

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

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

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

20 (iii) the taxpayer can establish, based on  
21 clear and convincing evidence, that the interest  
22 paid, accrued, or incurred relates to a contract  
23 or agreement entered into at arm's-length rates  
24 and terms and the principal purpose for the  
25 payment is not federal or Illinois tax avoidance;  
26 or

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

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

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

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

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

10 This paragraph shall not apply to the following:

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

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

23 (a) the person during the same taxable  
24 year paid, accrued, or incurred, the  
25 intangible expense or cost to a person that is  
26 not a related member, and

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

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



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

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

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

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

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

22          (I) The valuation limitation amount;

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

26          (K) An amount equal to all amounts included in

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

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

1           250;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 (T) The amount of (i) any interest income (net of  
10 the deductions allocable thereto) taken into account  
11 for the taxable year with respect to a transaction  
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 such addition modification and (ii) any  
17 income from intangible property (net of the deductions  
18 allocable thereto) taken into account for the taxable  
19 year with respect to a transaction with a taxpayer  
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 such  
24 addition modification. This subparagraph (T) is exempt  
25 from the provisions of Section 250;

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



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

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

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

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

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

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

17 (Z) For taxable years beginning after December 31,  
18 2018 and before January 1, 2026, the amount of excess  
19 business loss of the taxpayer disallowed as a  
20 deduction by Section 461(l)(1)(B) of the Internal  
21 Revenue Code.

22 (3) Limitation. The amount of any modification  
23 otherwise required under this subsection shall, under  
24 regulations prescribed by the Department, be adjusted by  
25 any amounts included therein which were properly paid,  
26 credited, or required to be distributed, or permanently

1 set aside for charitable purposes pursuant to Internal  
2 Revenue Code Section 642(c) during the taxable year.

3 (d) Partnerships.

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

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

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

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

17 (C) The amount of deductions allowed to the  
18 partnership pursuant to Section 707 (c) of the  
19 Internal Revenue Code in calculating its taxable  
20 income;

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

25 (D-5) For taxable years 2001 and thereafter, an

1 amount equal to the bonus depreciation deduction taken  
2 on the taxpayer's federal income tax return for the  
3 taxable year under subsection (k) of Section 168 of  
4 the Internal Revenue Code;

5 (D-6) If the taxpayer sells, transfers, abandons,  
6 or otherwise disposes of property for which the  
7 taxpayer was required in any taxable year to make an  
8 addition modification under subparagraph (D-5), then  
9 an amount equal to the aggregate amount of the  
10 deductions taken in all taxable years under  
11 subparagraph (O) with respect to that property.

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

19 The taxpayer is required to make the addition  
20 modification under this subparagraph only once with  
21 respect to any one piece of property;

22 (D-7) An amount equal to the amount otherwise  
23 allowed as a deduction in computing base income for  
24 interest paid, accrued, or incurred, directly or  
25 indirectly, (i) for taxable years ending on or after  
26 December 31, 2004, to a foreign person who would be a

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

23 This paragraph shall not apply to the following:

24 (i) an item of interest paid, accrued, or  
25 incurred, directly or indirectly, to a person who  
26 is subject in a foreign country or state, other

1 than a state which requires mandatory unitary  
2 reporting, to a tax on or measured by net income  
3 with respect to such interest; or

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

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

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

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

26 (iv) an item of interest paid, accrued, or

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

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

16 (D-8) An amount equal to the amount of intangible  
17 expenses and costs otherwise allowed as a deduction in  
18 computing base income, and that were paid, accrued, or  
19 incurred, directly or indirectly, (i) for taxable  
20 years ending on or after December 31, 2004, to a  
21 foreign person who would be a member of the same  
22 unitary business group but for the fact that the  
23 foreign person's business activity outside the United  
24 States is 80% or more of that person's total business  
25 activity and (ii) for taxable years ending on or after  
26 December 31, 2008, to a person who would be a member of



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

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

9 This paragraph shall not apply to the following:

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

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

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

26 (b) the transaction giving rise to the

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

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

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

25          (D-9) For taxable years ending on or after  
26          December 31, 2008, an amount equal to the amount of

1 insurance premium expenses and costs otherwise allowed  
2 as a deduction in computing base income, and that were  
3 paid, accrued, or incurred, directly or indirectly, 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. The  
10 addition modification required by this subparagraph  
11 shall be reduced to the extent that dividends were  
12 included in base income of the unitary group for the  
13 same taxable year and received by the taxpayer or by a  
14 member of the taxpayer's unitary business group  
15 (including amounts included in gross income under  
16 Sections 951 through 964 of the Internal Revenue Code  
17 and amounts included in gross income under Section 78  
18 of the Internal Revenue Code) with respect to the  
19 stock of the same person to whom the premiums and costs  
20 were directly or indirectly paid, incurred, or  
21 accrued. The preceding sentence does not apply to the  
22 extent that the same dividends caused a reduction to  
23 the addition modification required under Section  
24 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;  
25 (D-10) An amount equal to the credit allowable to  
26 the taxpayer under Section 218(a) of this Act,

1 determined without regard to Section 218(c) of this  
2 Act;

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

7 and by deducting from the total so obtained the following  
8 amounts:

9 (E) The valuation limitation amount;

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

23 (H) Any income of the partnership which  
24 constitutes personal service income as defined in  
25 Section 1348(b)(1) of the Internal Revenue Code (as in  
26 effect December 31, 1981) or a reasonable allowance

1 for compensation paid or accrued for services rendered  
2 by partners to the partnership, whichever is greater;  
3 this subparagraph (H) is exempt from the provisions of  
4 Section 250;

5 (I) An amount equal to all amounts of income  
6 distributable to an entity subject to the Personal  
7 Property Tax Replacement Income Tax imposed by  
8 subsections (c) and (d) of Section 201 of this Act  
9 including amounts distributable to organizations  
10 exempt from federal income tax by reason of Section  
11 501(a) of the Internal Revenue Code; this subparagraph  
12 (I) is exempt from the provisions of Section 250;

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

1 of the Internal Revenue Code; the provisions of this  
2 subparagraph are exempt from the provisions of Section  
3 250;

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

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

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

24 (N) An amount equal to the amount of the deduction  
25 used to compute the federal income tax credit for  
26 restoration of substantial amounts held under claim of

1 right for the taxable year pursuant to Section 1341 of  
2 the Internal Revenue Code;

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

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

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

20 (3) for taxable years ending after December  
21 31, 2005:

22 (i) for property on which a bonus  
23 depreciation deduction of 30% of the adjusted  
24 basis was taken, "x" equals "y" multiplied by  
25 30 and then divided by 70 (or "y" multiplied  
26 by 0.429); and



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

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

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

18                  If the taxpayer continues to own property through  
19                  the last day of the last tax year for which the  
20                  taxpayer may claim a depreciation deduction for  
21                  federal income tax purposes and for which the taxpayer  
22                  was required in any taxable year to make an addition  
23                  modification under subparagraph (D-5), then an amount  
24                  equal to that addition modification.

25                  The taxpayer is allowed to take the deduction  
26                  under this subparagraph only once with respect to any

1 one piece of property.

2 This subparagraph (P) is exempt from the  
3 provisions of Section 250;

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

21 (R) An amount equal to the interest income taken  
22 into account for the taxable year (net of the  
23 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(d)(2)(D-7) for interest paid, accrued, or  
13 incurred, directly or indirectly, to the same person.  
14 This subparagraph (R) is exempt from Section 250;

15 (S) An amount equal to the income from intangible  
16 property taken into account for the taxable year (net  
17 of the deductions allocable thereto) with respect to  
18 transactions with (i) a foreign person who would be a  
19 member of the taxpayer's unitary business group but  
20 for the fact that the foreign person's business  
21 activity outside the United States is 80% or more of  
22 that person's total business activity and (ii) for  
23 taxable years ending on or after December 31, 2008, to  
24 a person who would be a member of the same unitary  
25 business group but for the fact that the person is  
26 prohibited under Section 1501(a)(27) from being

1 included in the unitary business group because he or  
2 she is ordinarily required to apportion business  
3 income under different subsections of Section 304, but  
4 not to exceed the addition modification required to be  
5 made for the same taxable year under Section  
6 203(d)(2)(D-8) for intangible expenses and costs paid,  
7 accrued, or incurred, directly or indirectly, to the  
8 same person. This subparagraph (S) is exempt from  
9 Section 250; and

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

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

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

1 addition modification must be made under those  
2 subparagraphs for any other taxable year to which the  
3 taxable income less than zero (net operating loss) is  
4 applied under Section 172 of the Internal Revenue Code or  
5 under subparagraph (E) of paragraph (2) of this subsection  
6 (e) applied in conjunction with Section 172 of the  
7 Internal Revenue Code.

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

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

18 (B) Certain other insurance companies. In the case  
19 of mutual insurance companies subject to the tax  
20 imposed by Section 831 of the Internal Revenue Code,  
21 insurance company taxable income;

22 (C) Regulated investment companies. In the case of  
23 a regulated investment company subject to the tax  
24 imposed by Section 852 of the Internal Revenue Code,  
25 investment company taxable income;

26 (D) Real estate investment trusts. In the case of

1 a real estate investment trust subject to the tax  
2 imposed by Section 857 of the Internal Revenue Code,  
3 real estate investment trust taxable income;

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

17 (F) Cooperatives. In the case of a cooperative  
18 corporation or association, the taxable income of such  
19 organization determined in accordance with the  
20 provisions of Section 1381 through 1388 of the  
21 Internal Revenue Code, but without regard to the  
22 prohibition against offsetting losses from patronage  
23 activities against income from nonpatronage  
24 activities; except that a cooperative corporation or  
25 association may make an election to follow its federal  
26 income tax treatment of patronage losses and

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

22 (G) Subchapter S corporations. In the case of: (i)  
23 a Subchapter S corporation for which there is in  
24 effect an election for the taxable year under Section  
25 1362 of the Internal Revenue Code, the taxable income  
26 of such corporation determined in accordance with



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

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

20 (3) Recapture of business expenses on disposition of  
21 asset or business. Notwithstanding any other law to the  
22 contrary, if in prior years income from an asset or  
23 business has been classified as business income and in a  
24 later year is demonstrated to be non-business income, then  
25 all expenses, without limitation, deducted in such later  
26 year and in the 2 immediately preceding taxable years

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

11 (f) Valuation limitation amount.

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

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

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

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

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

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

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

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

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

7           (g-5) For taxable years beginning on or after January 1,  
8           2022, in calculating the taxpayer's base income, the  
9           taxpayer's federal adjusted gross income shall also be  
10          modified to exclude the portion of the income or loss received  
11          from a trade or business conducted within and without Illinois  
12          or from a pass-through entity conducting business within and  
13          without Illinois that is not derived from or connected with  
14          Illinois sources as determined in the provisions in Article 3  
15          of this Act. This subsection (g-5) is exempt from the  
16          provisions of Section 250.

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

1 such taxable year, whether in respect of property values as of  
2 August 1, 1969 or otherwise.

3 (Source: P.A. 100-22, eff. 7-6-17; 100-905, eff. 8-17-18;  
4 101-9, eff. 6-5-19; 101-81, eff. 7-12-19; revised 9-20-19.)

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

6 Sec. 601. Payment on due date of return.

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

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

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

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

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

17 (3) Foreign tax. For taxable years beginning prior to  
18 January 1, 2022, the ~~The~~ aggregate amount of tax which is  
19 imposed upon or measured by income and which is paid by a  
20 resident for a taxable year to another state or states on  
21 income which is also subject to the tax imposed by  
22 subsections 201(a) and (b) of this Act shall be credited  
23 against the tax imposed by subsections 201(a) and (b)  
24 otherwise due under this Act for such taxable year. For  
25 taxable years ending prior to December 31, 2009 but  
26 beginning prior to January 1, 2022, the aggregate credit

1 provided under this paragraph shall not exceed that amount  
2 which bears the same ratio to the tax imposed by  
3 subsections 201(a) and (b) otherwise due under this Act as  
4 the amount of the taxpayer's base income subject to tax  
5 both by such other state or states and by this State bears  
6 to his total base income subject to tax by this State for  
7 the taxable year. For taxable years ending on or after  
8 December 31, 2009 but beginning prior to January 1, 2022,  
9 the credit provided under this paragraph for tax paid to  
10 other states shall not exceed that amount which bears the  
11 same ratio to the tax imposed by subsections 201(a) and  
12 (b) otherwise due under this Act as the amount of the  
13 taxpayer's base income that would be allocated or  
14 apportioned to other states if all other states had  
15 adopted the provisions in Article 3 of this Act bears to  
16 the taxpayer's total base income subject to tax by this  
17 State for the taxable year. This subsection is exempt from  
18 the 30-day threshold set forth in subparagraph (iii) of  
19 paragraph (B) of item (2) of subsection (a) of Section  
20 304. The credit provided by this paragraph shall not be  
21 allowed if any creditable tax was deducted in determining  
22 base income for the taxable year. Any person claiming such  
23 credit shall attach a statement in support thereof and  
24 shall notify the Director of any refund or reductions in  
25 the amount of tax claimed as a credit hereunder all in such  
26 manner and at such time as the Department shall by

1 regulations prescribe.

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

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

21 (Source: P.A. 101-585, eff. 8-26-19.)

22 Section 99. Effective date. This Act takes effect upon  
23 becoming law.