

# HB3478



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

**HB3478**

Introduced 2/22/2021, by Rep. Delia C. Ramirez

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/203  
35 ILCS 5/1501

from Ch. 120, par. 2-203  
from Ch. 120, par. 15-1501

Amends the Illinois Income Tax Act. Contains provisions concerning a deduction for income included in the taxpayer's federal adjusted gross income and deemed received under Section 951A (GILTI) or Section 952 (Subpart F) of the Internal Revenue Code.

LRB102 14697 HLH 20050 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 1501 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; notwithstanding any other provision of law,  
4 subject to petitions under subsection (f) of Section  
5 304, 50% of the income included in the taxpayer's  
6 federal adjusted gross income and deemed received  
7 under Section 951A (GILTI) or Section 952 (Subpart F)  
8 of the Internal Revenue Code shall not be subtracted,  
9 and 40% of the income included in the taxpayer's  
10 adjusted gross income and deemed received under  
11 Section 965, including 965(h), shall not be  
12 subtracted. This subparagraph (O) is exempt from the  
13 provisions of Section 250 of this Act;

14 (P) An amount equal to any contribution made to a  
15 job training project established pursuant to the Tax  
16 Increment Allocation Redevelopment Act;

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

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



1 amounts paid or incurred by that interinsurer or  
2 reciprocal insurer in the taxable year to the  
3 attorney-in-fact over the deduction allowed to that  
4 interinsurer or reciprocal insurer with respect to the  
5 attorney-in-fact under Section 835(b) of the Internal  
6 Revenue Code for the taxable year; the provisions of  
7 this subparagraph are exempt from the provisions of  
8 Section 250;

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

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

25 (1) "y" equals the amount of the depreciation  
26 deduction taken for the taxable year on the

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

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

10 (3) for taxable years ending after December  
11 31, 2005:

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

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

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

1           subparagraph (T) is exempt from the provisions of  
2           Section 250;

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

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

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

18          This subparagraph (U) is exempt from the  
19          provisions of Section 250;

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

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

19 (W) An amount equal to the interest income taken  
20 into account for the taxable year (net of the  
21 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(b)(2)(E-12) for interest paid, accrued, or  
11 incurred, directly or indirectly, to the same person.  
12 This subparagraph (W) is exempt from the provisions of  
13 Section 250;

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

1 she is ordinarily required to apportion business  
2 income under different subsections of Section 304, but  
3 not to exceed the addition modification required to be  
4 made for the same taxable year under Section  
5 203(b)(2)(E-13) for intangible expenses and costs  
6 paid, accrued, or incurred, directly or indirectly, to  
7 the same foreign person. This subparagraph (X) is  
8 exempt from the provisions of Section 250;

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

25 (Z) The difference between the nondeductible  
26 controlled foreign corporation dividends under Section

1           965(e)(3) of the Internal Revenue Code over the  
2           taxable income of the taxpayer, computed without  
3           regard to Section 965(e)(2)(A) of the Internal Revenue  
4           Code, and without regard to any net operating loss  
5           deduction. This subparagraph (Z) is exempt from the  
6           provisions of Section 250.

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

15          (c) Trusts and estates.

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

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

23           (A) An amount equal to all amounts paid or accrued  
24           to the taxpayer as interest or dividends during the  
25           taxable year to the extent excluded from gross income

1 in the computation of taxable income;

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

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

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

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

26 (i) the addition modification relating to the



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

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

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

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

26 (G) An amount equal to the amount of the capital

1 gain deduction allowable under the Internal Revenue  
2 Code, to the extent deducted from gross income in the  
3 computation of taxable income;

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

10 (G-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; and

15 (G-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 (G-10), then  
19 an amount equal to the aggregate amount of the  
20 deductions taken in all taxable years under  
21 subparagraph (R) 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 (R), 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 (G-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 that the foreign person's business activity  
13 outside 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 (G-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(c)(2)(G-12) of  
5 this Act. As used in this subparagraph, the term  
6 "intangible expenses and costs" includes: (1)  
7 expenses, losses, and costs for or related to the  
8 direct or indirect acquisition, use, maintenance or  
9 management, ownership, sale, exchange, or any other  
10 disposition of intangible property; (2) losses  
11 incurred, directly or indirectly, from factoring  
12 transactions or discounting transactions; (3) royalty,  
13 patent, technical, and copyright fees; (4) licensing  
14 fees; and (5) other similar expenses and costs. For  
15 purposes of this subparagraph, "intangible property"  
16 includes patents, patent applications, trade names,  
17 trademarks, service marks, copyrights, mask works,  
18 trade secrets, and 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 (G-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(c)(2)(G-12) or Section 203(c)(2)(G-13) of this  
9 Act;

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

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

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

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

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

5 (I) The valuation limitation amount;

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

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

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

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

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

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

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

1           that dividends eligible for the deduction provided in  
2           subparagraph (M) of paragraph (2) of this subsection  
3           shall not be eligible for the deduction provided under  
4           this subparagraph (O);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

1 indirectly, to the same person. This subparagraph (U)  
2 is exempt from the provisions of Section 250;

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

24 (W) in the case of an estate, an amount equal to  
25 all amounts included in such total pursuant to the  
26 provisions of Section 111 of the Internal Revenue Code

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

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

10 (Y) 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(c)(2)(G-14), 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 (Y), 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 (Y). This  
24 subparagraph (Y) is exempt from the provisions of  
25 Section 250; and

26 (Z) For taxable years beginning after December 31,

1           2018 and before January 1, 2026, the amount of excess  
2           business loss of the taxpayer disallowed as a  
3           deduction by Section 461(1)(1)(B) of the Internal  
4           Revenue Code.

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

12          (d) Partnerships.

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

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

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

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

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

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

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

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

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

1 equal to that subtraction modification.

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

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

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

6 This paragraph shall not apply to the following:

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

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

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

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

1 terms; or

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

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

25 (D-8) An amount equal to the amount of intangible  
26 expenses and costs otherwise allowed as a deduction in



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

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

18 This paragraph shall not apply to the following:

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

26 (ii) any item of intangible expense or cost

1           paid, accrued, or incurred, directly or  
2           indirectly, if the taxpayer can establish, based  
3           on a preponderance of the evidence, both of the  
4           following:

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

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

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

25                  Nothing in this subsection shall preclude the  
26                  Director from making any other adjustment

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

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

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

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

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

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

18 (E) The valuation limitation amount;

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

22 (G) An amount equal to all amounts included in  
23 taxable income as modified by subparagraphs (A), (B),  
24 (C) and (D) 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 (H) Any income of the partnership which  
7 constitutes personal service income as defined in  
8 Section 1348(b)(1) of the Internal Revenue Code (as in  
9 effect December 31, 1981) or a reasonable allowance  
10 for compensation paid or accrued for services rendered  
11 by partners to the partnership, whichever is greater;  
12 this subparagraph (H) is exempt from the provisions of  
13 Section 250;

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

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

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

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

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

24 (M) An amount equal to those dividends included in  
25 such total that were paid by a corporation that  
26 conducts business operations in a federally designated

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

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

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

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

25 (2) for taxable years ending on or before  
26 December 31, 2005, "x" equals "y" multiplied by 30



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

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

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

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

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

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

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

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

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

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

1           203(d) (2) (D-8), but not to exceed the amount of such  
2           addition modification. This subparagraph (Q) is exempt  
3           from Section 250;

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

24          (S) An amount equal to the income from intangible  
25          property taken into account for the taxable year (net  
26          of the 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(d)(2)(D-8) for intangible expenses and costs paid,  
16 accrued, or incurred, directly or indirectly, to the  
17 same person. This subparagraph (S) is exempt from  
18 Section 250; and

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

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

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

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

1 in excess of the net operating loss for the taxable year as  
2 defined in subsections (c) and (d) of Section 172 of the  
3 Internal Revenue Code, provided that when taxable income  
4 of a corporation (other than a Subchapter S corporation),  
5 trust, or estate is less than zero and addition  
6 modifications, other than those provided by subparagraph  
7 (E) of paragraph (2) of subsection (b) for corporations or  
8 subparagraph (E) of paragraph (2) of subsection (c) for  
9 trusts and estates, exceed subtraction modifications, an  
10 addition modification must be made under those  
11 subparagraphs for any other taxable year to which the  
12 taxable income less than zero (net operating loss) is  
13 applied under Section 172 of the Internal Revenue Code or  
14 under subparagraph (E) of paragraph (2) of this subsection  
15 (e) applied in conjunction with Section 172 of the  
16 Internal Revenue Code.

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

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

1           (B) Certain other insurance companies. In the case  
2 of mutual insurance companies subject to the tax  
3 imposed by Section 831 of the Internal Revenue Code,  
4 insurance company taxable income;

5           (C) Regulated investment companies. In the case of  
6 a regulated investment company subject to the tax  
7 imposed by Section 852 of the Internal Revenue Code,  
8 investment company taxable income;

9           (D) Real estate investment trusts. In the case of  
10 a real estate investment trust subject to the tax  
11 imposed by Section 857 of the Internal Revenue Code,  
12 real estate investment trust taxable income;

13           (E) Consolidated corporations. In the case of a  
14 corporation which is a member of an affiliated group  
15 of corporations filing a consolidated income tax  
16 return for the taxable year for federal income tax  
17 purposes, taxable income determined as if such  
18 corporation had filed a separate return for federal  
19 income tax purposes for the taxable year and each  
20 preceding taxable year for which it was a member of an  
21 affiliated group. For purposes of this subparagraph,  
22 the taxpayer's separate taxable income shall be  
23 determined as if the election provided by Section  
24 243(b)(2) of the Internal Revenue Code had been in  
25 effect for all such years;

26           (F) Cooperatives. In the case of a cooperative

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



1 resulting Illinois net loss and the standards to be  
2 used by the Director in evaluating requests to revoke  
3 elections. Public Act 96-932 is declaratory of  
4 existing law;

5 (G) Subchapter S corporations. In the case of: (i)  
6 a Subchapter S corporation for which there is in  
7 effect an election for the taxable year under Section  
8 1362 of the Internal Revenue Code, the taxable income  
9 of such corporation determined in accordance with  
10 Section 1363(b) of the Internal Revenue Code, except  
11 that taxable income shall take into account those  
12 items which are required by Section 1363(b)(1) of the  
13 Internal Revenue Code to be separately stated; and  
14 (ii) a Subchapter S corporation for which there is in  
15 effect a federal election to opt out of the provisions  
16 of the Subchapter S Revision Act of 1982 and have  
17 applied instead the prior federal Subchapter S rules  
18 as in effect on July 1, 1982, the taxable income of  
19 such corporation determined in accordance with the  
20 federal Subchapter S rules as in effect on July 1,  
21 1982; and

22 (H) Partnerships. In the case of a partnership,  
23 taxable income determined in accordance with Section  
24 703 of the Internal Revenue Code, except that taxable  
25 income shall take into account those items which are  
26 required by Section 703(a)(1) to be separately stated

1 but which would be taken into account by an individual  
2 in calculating his taxable income.

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

20 (f) Valuation limitation amount.

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

24 (A) The sum of the pre-August 1, 1969 appreciation  
25 amounts (to the extent consisting of gain reportable

1 under the provisions of Section 1245 or 1250 of the  
2 Internal Revenue Code) for all property in respect of  
3 which such gain was reported for the taxable year;  
4 plus

5 (B) The lesser of (i) the sum of the pre-August 1,  
6 1969 appreciation amounts (to the extent consisting of  
7 capital gain) for all property in respect of which  
8 such gain was reported for federal income tax purposes  
9 for the taxable year, or (ii) the net capital gain for  
10 the taxable year, reduced in either case by any amount  
11 of such gain included in the amount determined under  
12 subsection (a) (2) (F) or (c) (2) (H).

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

14 (A) If the fair market value of property referred  
15 to in paragraph (1) was readily ascertainable on  
16 August 1, 1969, the pre-August 1, 1969 appreciation  
17 amount for such property is the lesser of (i) the  
18 excess of such fair market value over the taxpayer's  
19 basis (for determining gain) for such property on that  
20 date (determined under the Internal Revenue Code as in  
21 effect on that date), or (ii) the total gain realized  
22 and reportable for federal income tax purposes in  
23 respect of the sale, exchange or other disposition of  
24 such property.

25 (B) If the fair market value of property referred  
26 to in paragraph (1) was not readily ascertainable on

1 August 1, 1969, the pre-August 1, 1969 appreciation  
2 amount for such property is that amount which bears  
3 the same ratio to the total gain reported in respect of  
4 the property for federal income tax purposes for the  
5 taxable year, as the number of full calendar months in  
6 that part of the taxpayer's holding period for the  
7 property ending July 31, 1969 bears to the number of  
8 full calendar months in the taxpayer's entire holding  
9 period for the property.

10 (C) The Department shall prescribe such  
11 regulations as may be necessary to carry out the  
12 purposes of this paragraph.

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

16 (h) Legislative intention. Except as expressly provided by  
17 this Section there shall be no modifications or limitations on  
18 the amounts of income, gain, loss or deduction taken into  
19 account in determining gross income, adjusted gross income or  
20 taxable income for federal income tax purposes for the taxable  
21 year, or in the amount of such items entering into the  
22 computation of base income and net income under this Act for  
23 such taxable year, whether in respect of property values as of  
24 August 1, 1969 or otherwise.

1 (Source: P.A. 100-22, eff. 7-6-17; 100-905, eff. 8-17-18;  
2 101-9, eff. 6-5-19; 101-81, eff. 7-12-19; revised 9-20-19.)

3 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

4 Sec. 1501. Definitions.

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

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

19 (1.5) Captive real estate investment trust:

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

22 (i) that is considered a real estate  
23 investment trust for the taxable year under  
24 Section 856 of the Internal Revenue Code;

25 (ii) the certificates of beneficial interest

1 or shares of which are not regularly traded on an  
2 established securities market; and

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

9 (B) The term "captive real estate investment  
10 trust" does not include:

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

16 (a) a real estate investment trust, other  
17 than a captive real estate investment trust;

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

24 (c) a listed Australian property trust, if  
25 no more than 50% of the voting power or value  
26 of the beneficial interest or shares of that

1 trust, at any time during the last half of the  
2 taxable year, is owned or controlled, directly  
3 or indirectly, by a single person;

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

11 (e) an entity that is organized outside of  
12 the laws of the United States and that  
13 satisfies all of the following criteria:

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

23 (2) the entity is not subject to tax  
24 on amounts that are distributed to its  
25 beneficial owners or is exempt from  
26 entity-level taxation;

1           (3) the entity distributes at least  
2           85% of its taxable income (as computed in  
3           the jurisdiction in which it is organized)  
4           to the holders of its shares or  
5           certificates of beneficial interest on an  
6           annual basis;

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

15          (5) the entity is organized in a  
16          country that has entered into a tax treaty  
17          with the United States; or

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



1           traded on an established securities market prior  
2           to the earlier of the due date (including  
3           extensions) for filing its return under this Act  
4           for that first taxable year or the date it  
5           actually files that return.

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

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

25          (2) Commercial domicile. The term "commercial  
26          domicile" means the principal place from which the trade

1 or business of the taxpayer is directed or managed.

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

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

11 (5) Department. The term "Department" means the  
12 Department of Revenue of this State.

13 (6) Director. The term "Director" means the Director  
14 of Revenue of this State.

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

18 (8) Financial organization.

19 (A) The term "financial organization" means any  
20 bank, bank holding company, trust company, savings  
21 bank, industrial bank, land bank, safe deposit  
22 company, private banker, savings and loan association,  
23 building and loan association, credit union, currency  
24 exchange, cooperative bank, small loan company, sales  
25 finance company, investment company, or any person  
26 which is owned by a bank or bank holding company. For

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

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

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

19 (i) A person primarily engaged in one or more  
20 of the following businesses: the business of  
21 purchasing customer receivables, the business of  
22 making loans upon the security of customer  
23 receivables, the business of making loans for the  
24 express purpose of funding purchases of tangible  
25 personal property or services by the borrower, or  
26 the business of finance leasing. For purposes of

1 this item (i), "customer receivable" means:

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

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

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

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

24 (ii) A corporation meeting each of the  
25 following criteria:

26 (a) the corporation must be a member of an

1 "affiliated group" within the meaning of  
2 Section 1504(a) of the Internal Revenue Code,  
3 determined without regard to Section 1504(b)  
4 of the Internal Revenue Code;

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

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

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

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

23 This amendatory Act of the 91st General Assembly  
24 is declaratory of existing law.

25 (D) Subparagraphs (B) and (C) of this paragraph  
26 are declaratory of existing law and apply

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

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

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

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

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

22 (9.5) Fixed place of business. The term "fixed place  
23 of business" has the same meaning as that term is given in  
24 Section 864 of the Internal Revenue Code and the related  
25 Treasury regulations.

26 (9.6) GILTI. As used in subparagraph (O) of paragraph



1       (2) of subsection (b) of Section 201, "GILTI" means income  
2       deemed received under Section 951A of the Internal Revenue  
3       Code, but not reduced by the deduction in Section 250 of  
4       the Internal Revenue Code; GILTI shall be calculated  
5       without taking into account any subtractions made by the  
6       "high tax exclusion" election of Treas. Reg.  
7       1.951A-2(c)(7).

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

12          (11) Internal Revenue Code. The term "Internal Revenue  
13      Code" means the United States Internal Revenue Code of  
14      1954 or any successor law or laws relating to federal  
15      income taxes in effect for the taxable year.

16          (11.5) Investment partnership.

17           (A) The term "investment partnership" means any  
18      entity that is treated as a partnership for federal  
19      income tax purposes that meets the following  
20      requirements:

21           (i) no less than 90% of the partnership's cost  
22      of its total assets consists of qualifying  
23      investment securities, deposits at banks or other  
24      financial institutions, and office space and  
25      equipment reasonably necessary to carry on its  
26      activities as an investment partnership;

1           (ii) no less than 90% of its gross income  
2 consists of interest, dividends, and gains from  
3 the sale or exchange of qualifying investment  
4 securities; and

5           (iii) the partnership is not a dealer in  
6 qualifying investment securities.

7           (B) For purposes of this paragraph (11.5), the  
8 term "qualifying investment securities" includes all  
9 of the following:

10           (i) common stock, including preferred or debt  
11 securities convertible into common stock, and  
12 preferred stock;

13           (ii) bonds, debentures, and other debt  
14 securities;

15           (iii) foreign and domestic currency deposits  
16 secured by federal, state, or local governmental  
17 agencies;

18           (iv) mortgage or asset-backed securities  
19 secured by federal, state, or local governmental  
20 agencies;

21           (v) repurchase agreements and loan  
22 participations;

23           (vi) foreign currency exchange contracts and  
24 forward and futures contracts on foreign  
25 currencies;

26           (vii) stock and bond index securities and

1 futures contracts and other similar financial  
2 securities and futures contracts on those  
3 securities;

4 (viii) options for the purchase or sale of any  
5 of the securities, currencies, contracts, or  
6 financial instruments described in items (i) to  
7 (vii), inclusive;

8 (ix) regulated futures contracts;

9 (x) commodities (not described in Section  
10 1221(a)(1) of the Internal Revenue Code) or  
11 futures, forwards, and options with respect to  
12 such commodities, provided, however, that any item  
13 of a physical commodity to which title is actually  
14 acquired in the partnership's capacity as a dealer  
15 in such commodity shall not be a qualifying  
16 investment security;

17 (xi) derivatives; and

18 (xii) a partnership interest in another  
19 partnership that is an investment partnership.

20 (12) Mathematical error. The term "mathematical error"  
21 includes the following types of errors, omissions, or  
22 defects in a return filed by a taxpayer which prevents  
23 acceptance of the return as filed for processing:

24 (A) arithmetic errors or incorrect computations on  
25 the return or supporting schedules;

26 (B) entries on the wrong lines;

1 (C) omission of required supporting forms or  
2 schedules or the omission of the information in whole  
3 or in part called for thereon; and

4 (D) an attempt to claim, exclude, deduct, or  
5 improperly report, in a manner directly contrary to  
6 the provisions of the Act and regulations thereunder  
7 any item of income, exemption, deduction, or credit.

8 (13) Nonbusiness income. The term "nonbusiness income"  
9 means all income other than business income or  
10 compensation.

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

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

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

25 The term "partnership" includes any entity, including  
26 a limited liability company formed under the Illinois

1 Limited Liability Company Act, classified as a partnership  
2 for federal income tax purposes.

3 The term "partnership" does not include a syndicate,  
4 group, pool, joint venture, or other unincorporated  
5 organization established for the sole purpose of playing  
6 the Illinois State Lottery.

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

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

1 specified in Section 1301 and 1302.

2 (18A) Records. The term "records" includes all data  
3 maintained by the taxpayer, whether on paper, microfilm,  
4 microfiche, or any type of machine-sensible data  
5 compilation.

6 (19) Regulations. The term "regulations" includes  
7 rules promulgated and forms prescribed by the Department.

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

9 (A) an individual (i) who is in this State for  
10 other than a temporary or transitory purpose during  
11 the taxable year; or (ii) who is domiciled in this  
12 State but is absent from the State for a temporary or  
13 transitory purpose during the taxable year;

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

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

18 (D) An irrevocable trust, the grantor of which was  
19 domiciled in this State at the time such trust became  
20 irrevocable. For purpose of this subparagraph, a trust  
21 shall be considered irrevocable to the extent that the  
22 grantor is not treated as the owner thereof under  
23 Sections 671 through 678 of the Internal Revenue Code.

24 (21) Sales. The term "sales" means all gross receipts  
25 of the taxpayer not allocated under Sections 301, 302 and  
26 303.

1           (22) State. The term "state" when applied to a  
2 jurisdiction other than this State means any state of the  
3 United States, the District of Columbia, the Commonwealth  
4 of Puerto Rico, any Territory or Possession of the United  
5 States, and any foreign country, or any political  
6 subdivision of any of the foregoing. For purposes of the  
7 foreign tax credit under Section 601, the term "state"  
8 means any state of the United States, the District of  
9 Columbia, the Commonwealth of Puerto Rico, and any  
10 territory or possession of the United States, or any  
11 political subdivision of any of the foregoing, effective  
12 for tax years ending on or after December 31, 1989.

13           (22.5) Subpart F. As used in subparagraph (O) of  
14 paragraph (2) of subsection (b) of Section 201, income  
15 deemed received under Section 952 of the Internal Revenue  
16 Code.

17           (23) Taxable year. The term "taxable year" means the  
18 calendar year, or the fiscal year ending during such  
19 calendar year, upon the basis of which the base income is  
20 computed under this Act. "Taxable year" means, in the case  
21 of a return made for a fractional part of a year under the  
22 provisions of this Act, the period for which such return  
23 is made.

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

26           (25) International banking facility. The term

1 international banking facility shall have the same meaning  
2 as is set forth in the Illinois Banking Act or as is set  
3 forth in the laws of the United States or regulations of  
4 the Board of Governors of the Federal Reserve System.

5 (26) Income Tax Return Preparer.

6 (A) The term "income tax return preparer" means  
7 any person who prepares for compensation, or who  
8 employs one or more persons to prepare for  
9 compensation, any return of tax imposed by this Act or  
10 any claim for refund of tax imposed by this Act. The  
11 preparation of a substantial portion of a return or  
12 claim for refund shall be treated as the preparation  
13 of that return or claim for refund.

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

16 (i) furnish typing, reproducing, or other  
17 mechanical assistance;

18 (ii) prepare returns or claims for refunds for  
19 the employer by whom he or she is regularly and  
20 continuously employed;

21 (iii) prepare as a fiduciary returns or claims  
22 for refunds for any person; or

23 (iv) prepare claims for refunds for a taxpayer  
24 in response to any notice of deficiency issued to  
25 that taxpayer or in response to any waiver of  
26 restriction after the commencement of an audit of



1           that taxpayer or of another taxpayer if a  
2           determination in the audit of the other taxpayer  
3           directly or indirectly affects the tax liability  
4           of the taxpayer whose claims he or she is  
5           preparing.

6           (27) Unitary business group.

7           (A) The term "unitary business group" means a  
8           group of persons related through common ownership  
9           whose business activities are integrated with,  
10          dependent upon and contribute to each other. The group  
11          will not include those members whose business activity  
12          outside the United States is 80% or more of any such  
13          member's total business activity; for purposes of this  
14          paragraph and clause (a)(3)(B)(ii) of Section 304,  
15          business activity within the United States shall be  
16          measured by means of the factors ordinarily applicable  
17          under subsections (a), (b), (c), (d), or (h) of  
18          Section 304 except that, in the case of members  
19          ordinarily required to apportion business income by  
20          means of the 3 factor formula of property, payroll and  
21          sales specified in subsection (a) of Section 304,  
22          including the formula as weighted in subsection (h) of  
23          Section 304, such members shall not use the sales  
24          factor in the computation and the results of the  
25          property and payroll factor computations of subsection  
26          (a) of Section 304 shall be divided by 2 (by one if

1           either the property or payroll factor has a  
2           denominator of zero). The computation required by the  
3           preceding sentence shall, in each case, involve the  
4           division of the member's property, payroll, or revenue  
5           miles in the United States, insurance premiums on  
6           property or risk in the United States, or financial  
7           organization business income from sources within the  
8           United States, as the case may be, by the respective  
9           worldwide figures for such items. Common ownership in  
10          the case of corporations is the direct or indirect  
11          control or ownership of more than 50% of the  
12          outstanding voting stock of the persons carrying on  
13          unitary business activity. Unitary business activity  
14          can ordinarily be illustrated where the activities of  
15          the members are: (1) in the same general line (such as  
16          manufacturing, wholesaling, retailing of tangible  
17          personal property, insurance, transportation or  
18          finance); or (2) are steps in a vertically structured  
19          enterprise or process (such as the steps involved in  
20          the production of natural resources, which might  
21          include exploration, mining, refining, and marketing);  
22          and, in either instance, the members are functionally  
23          integrated through the exercise of strong centralized  
24          management (where, for example, authority over such  
25          matters as purchasing, financing, tax compliance,  
26          product line, personnel, marketing and capital

1 investment is not left to each member).

2 (B) In no event, for taxable years ending prior to  
3 December 31, 2017, shall any unitary business group  
4 include members which are ordinarily required to  
5 apportion business income under different subsections  
6 of Section 304 except that for tax years ending on or  
7 after December 31, 1987 this prohibition shall not  
8 apply to a holding company that would otherwise be a  
9 member of a unitary business group with taxpayers that  
10 apportion business income under any of subsections  
11 (b), (c), (c-1), or (d) of Section 304. If a unitary  
12 business group would, but for the preceding sentence,  
13 include members that are ordinarily required to  
14 apportion business income under different subsections  
15 of Section 304, then for each subsection of Section  
16 304 for which there are two or more members, there  
17 shall be a separate unitary business group composed of  
18 such members. For purposes of the preceding two  
19 sentences, a member is "ordinarily required to  
20 apportion business income" under a particular  
21 subsection of Section 304 if it would be required to  
22 use the apportionment method prescribed by such  
23 subsection except for the fact that it derives  
24 business income solely from Illinois. As used in this  
25 paragraph, for taxable years ending before December  
26 31, 2017, the phrase "United States" means only the 50

1 states and the District of Columbia, but does not  
2 include any territory or possession of the United  
3 States or any area over which the United States has  
4 asserted jurisdiction or claimed exclusive rights with  
5 respect to the exploration for or exploitation of  
6 natural resources. For taxable years ending on or  
7 after December 31, 2017, the phrase "United States",  
8 as used in this paragraph, means only the 50 states,  
9 the District of Columbia, and any area over which the  
10 United States has asserted jurisdiction or claimed  
11 exclusive rights with respect to the exploration for  
12 or exploitation of natural resources, but does not  
13 include any territory or possession of the United  
14 States.

15 (C) Holding companies.

16 (i) For purposes of this subparagraph, a  
17 "holding company" is a corporation (other than a  
18 corporation that is a financial organization under  
19 paragraph (8) of this subsection (a) of Section  
20 1501 because it is a bank holding company under  
21 the provisions of the Bank Holding Company Act of  
22 1956 (12 U.S.C. 1841, et seq.) or because it is  
23 owned by a bank or a bank holding company) that  
24 owns a controlling interest in one or more other  
25 taxpayers ("controlled taxpayers"); that, during  
26 the period that includes the taxable year and the

1 2 immediately preceding taxable years or, if the  
2 corporation was formed during the current or  
3 immediately preceding taxable year, the taxable  
4 years in which the corporation has been in  
5 existence, derived substantially all its gross  
6 income from dividends, interest, rents, royalties,  
7 fees or other charges received from controlled  
8 taxpayers for the provision of services, and gains  
9 on the sale or other disposition of interests in  
10 controlled taxpayers or in property leased or  
11 licensed to controlled taxpayers or used by the  
12 taxpayer in providing services to controlled  
13 taxpayers; and that incurs no substantial expenses  
14 other than expenses (including interest and other  
15 costs of borrowing) incurred in connection with  
16 the acquisition and holding of interests in  
17 controlled taxpayers and in the provision of  
18 services to controlled taxpayers or in the leasing  
19 or licensing of property to controlled taxpayers.

20 (ii) The income of a holding company which is  
21 a member of more than one unitary business group  
22 shall be included in each unitary business group  
23 of which it is a member on a pro rata basis, by  
24 including in each unitary business group that  
25 portion of the base income of the holding company  
26 that bears the same proportion to the total base

1 income of the holding company as the gross  
2 receipts of the unitary business group bears to  
3 the combined gross receipts of all unitary  
4 business groups (in both cases without regard to  
5 the holding company) or on any other reasonable  
6 basis, consistently applied.

7 (iii) A holding company shall apportion its  
8 business income under the subsection of Section  
9 304 used by the other members of its unitary  
10 business group. The apportionment factors of a  
11 holding company which would be a member of more  
12 than one unitary business group shall be included  
13 with the apportionment factors of each unitary  
14 business group of which it is a member on a pro  
15 rata basis using the same method used in clause  
16 (ii).

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

19 (D) If including the base income and factors of a  
20 holding company in more than one unitary business  
21 group under subparagraph (C) does not fairly reflect  
22 the degree of integration between the holding company  
23 and one or more of the unitary business groups, the  
24 dependence of the holding company and one or more of  
25 the unitary business groups upon each other, or the  
26 contributions between the holding company and one or

1 more of the unitary business groups, the holding  
2 company may petition the Director, under the  
3 procedures provided under Section 304(f), for  
4 permission to include all base income and factors of  
5 the holding company only with members of a unitary  
6 business group apportioning their business income  
7 under one subsection of subsections (a), (b), (c), or  
8 (d) of Section 304. If the petition is granted, the  
9 holding company shall be included in a unitary  
10 business group only with persons apportioning their  
11 business income under the selected subsection of  
12 Section 304 until the Director grants a petition of  
13 the holding company either to be included in more than  
14 one unitary business group under subparagraph (C) or  
15 to include its base income and factors only with  
16 members of a unitary business group apportioning their  
17 business income under a different subsection of  
18 Section 304.

19 (E) If the unitary business group members'  
20 accounting periods differ, the common parent's  
21 accounting period or, if there is no common parent,  
22 the accounting period of the member that is expected  
23 to have, on a recurring basis, the greatest Illinois  
24 income tax liability must be used to determine whether  
25 to use the apportionment method provided in subsection  
26 (a) or subsection (h) of Section 304. The prohibition

1           against membership in a unitary business group for  
2           taxpayers ordinarily required to apportion income  
3           under different subsections of Section 304 does not  
4           apply to taxpayers required to apportion income under  
5           subsection (a) and subsection (h) of Section 304. The  
6           provisions of this amendatory Act of 1998 apply to tax  
7           years ending on or after December 31, 1998.

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

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

21          (b) Other definitions.

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

25                         (A) Words importing the singular include and apply



1 to several persons, parties or things;

2 (B) Words importing the plural include the  
3 singular; and

4 (C) Words importing the masculine gender include  
5 the feminine as well.

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

12 (3) Other terms. Any term used in any Section of this  
13 Act with respect to the application of, or in connection  
14 with, the provisions of any other Section of this Act  
15 shall have the same meaning as in such other Section.

16 (Source: P.A. 99-213, eff. 7-31-15; 100-22, eff. 7-6-17.)