

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 211, 303, 304, 710, and 902 as follows:

6 (35 ILCS 5/211)

7 Sec. 211. Economic Development for a Growing Economy Tax
8 Credit. For tax years beginning on or after January 1, 1999, a
9 Taxpayer who has entered into an Agreement (including a New
10 Construction EDGE Agreement) under the Economic Development
11 for a Growing Economy Tax Credit Act is entitled to a credit
12 against the taxes imposed under subsections (a) and (b) of
13 Section 201 of this Act in an amount to be determined in the
14 Agreement. If the Taxpayer is a partnership or Subchapter S
15 corporation, the credit shall be allowed to the partners or
16 shareholders in accordance with the determination of income
17 and distributive share of income under Sections 702 and 704
18 and subchapter S of the Internal Revenue Code. The Department,
19 in cooperation with the Department of Commerce and Economic
20 Opportunity, shall prescribe rules to enforce and administer
21 the provisions of this Section. This Section is exempt from
22 the provisions of Section 250 of this Act.

23 The credit shall be subject to the conditions set forth in

1 the Agreement and the following limitations:

2 (1) The tax credit shall not exceed the Incremental
3 Income Tax (as defined in Section 5-5 of the Economic
4 Development for a Growing Economy Tax Credit Act) with
5 respect to the project; additionally, the New Construction
6 EDGE Credit shall not exceed the New Construction EDGE
7 Incremental Income Tax (as defined in Section 5-5 of the
8 Economic Development for a Growing Economy Tax Credit
9 Act).

10 (2) The amount of the credit allowed during the tax
11 year plus the sum of all amounts allowed in prior years
12 shall not exceed 100% of the aggregate amount expended by
13 the Taxpayer during all prior tax years on approved costs
14 defined by Agreement.

15 (3) The amount of the credit shall be determined on an
16 annual basis. Except as applied in a carryover year
17 pursuant to Section 211(4) of this Act, the credit may not
18 be applied against any State income tax liability in more
19 than 10 taxable years; provided, however, that (i) an
20 eligible business certified by the Department of Commerce
21 and Economic Opportunity under the Corporate Headquarters
22 Relocation Act may not apply the credit against any of its
23 State income tax liability in more than 15 taxable years
24 and (ii) credits allowed to that eligible business are
25 subject to the conditions and requirements set forth in
26 Sections 5-35 and 5-45 of the Economic Development for a

1 Growing Economy Tax Credit Act and Section 5-51 as
2 applicable to New Construction EDGE Credits.

3 (4) The credit may not exceed the amount of taxes
4 imposed pursuant to subsections (a) and (b) of Section 201
5 of this Act. Any credit that is unused in the year the
6 credit is computed may be carried forward and applied to
7 the tax liability of the 5 taxable years following the
8 excess credit year. The credit shall be applied to the
9 earliest year for which there is a tax liability. If there
10 are credits from more than one tax year that are available
11 to offset a liability, the earlier credit shall be applied
12 first.

13 (5) No credit shall be allowed with respect to any
14 Agreement for any taxable year ending after the
15 Noncompliance Date. Upon receiving notification by the
16 Department of Commerce and Economic Opportunity of the
17 noncompliance of a Taxpayer with an Agreement, the
18 Department shall notify the Taxpayer that no credit is
19 allowed with respect to that Agreement for any taxable
20 year ending after the Noncompliance Date, as stated in
21 such notification. If any credit has been allowed with
22 respect to an Agreement for a taxable year ending after
23 the Noncompliance Date for that Agreement, any refund paid
24 to the Taxpayer for that taxable year shall, to the extent
25 of that credit allowed, be an erroneous refund within the
26 meaning of Section 912 of this Act.

1 If, during any taxable year, a taxpayer ceases
2 operations at a project location that is the subject of
3 that Agreement with the intent to terminate operations in
4 the State, the tax imposed under subsections (a) and (b)
5 of Section 201 of this Act for such taxable year shall be
6 increased by the amount of any credit allowed under the
7 Agreement for that project location prior to the date the
8 taxpayer ceases operations.

9 (6) For purposes of this Section, the terms
10 "Agreement", "Incremental Income Tax", "New Construction
11 EDGE Agreement", "New Construction EDGE Credit", "New
12 Construction EDGE Incremental Income Tax", and
13 "Noncompliance Date" have the same meaning as when used in
14 the Economic Development for a Growing Economy Tax Credit
15 Act.

16 (Source: P.A. 101-9, eff. 6-5-19.)

17 (35 ILCS 5/303) (from Ch. 120, par. 3-303)

18 Sec. 303. (a) In general. Any item of capital gain or loss,
19 and any item of income from rents or royalties from real or
20 tangible personal property, interest, dividends, and patent or
21 copyright royalties, and prizes awarded under the Illinois
22 Lottery Law, and, for taxable years ending on or after
23 December 31, 2019, wagering and gambling winnings from
24 Illinois sources as set forth in subsection (e-1) of this
25 Section, and, for taxable years ending on or after December

1 31, 2021, sports wagering and winnings from Illinois sources
2 as set forth in subsection (e-2) of this Section, to the extent
3 such item constitutes nonbusiness income, together with any
4 item of deduction directly allocable thereto, shall be
5 allocated by any person other than a resident as provided in
6 this Section.

7 (b) Capital gains and losses.

8 (1) Real property. Capital gains and losses from sales
9 or exchanges of real property are allocable to this State
10 if the property is located in this State.

11 (2) Tangible personal property. Capital gains and
12 losses from sales or exchanges of tangible personal
13 property are allocable to this State if, at the time of
14 such sale or exchange:

15 (A) The property had its situs in this State; or

16 (B) The taxpayer had its commercial domicile in
17 this State and was not taxable in the state in which
18 the property had its situs.

19 (3) Intangibles. Capital gains and losses from sales
20 or exchanges of intangible personal property are allocable
21 to this State if the taxpayer had its commercial domicile
22 in this State at the time of such sale or exchange.

23 (c) Rents and royalties.

24 (1) Real property. Rents and royalties from real
25 property are allocable to this State if the property is
26 located in this State.

1 (2) Tangible personal property. Rents and royalties
2 from tangible personal property are allocable to this
3 State:

4 (A) If and to the extent that the property is
5 utilized in this State; or

6 (B) In their entirety if, at the time such rents or
7 royalties were paid or accrued, the taxpayer had its
8 commercial domicile in this State and was not
9 organized under the laws of or taxable with respect to
10 such rents or royalties in the state in which the
11 property was utilized. The extent of utilization of
12 tangible personal property in a state is determined by
13 multiplying the rents or royalties derived from such
14 property by a fraction, the numerator of which is the
15 number of days of physical location of the property in
16 the state during the rental or royalty period in the
17 taxable year and the denominator of which is the
18 number of days of physical location of the property
19 everywhere during all rental or royalty periods in the
20 taxable year. If the physical location of the property
21 during the rental or royalty period is unknown or
22 unascertainable by the taxpayer, tangible personal
23 property is utilized in the state in which the
24 property was located at the time the rental or royalty
25 payer obtained possession.

26 (d) Patent and copyright royalties.

1 (1) Allocation. Patent and copyright royalties are
2 allocable to this State:

3 (A) If and to the extent that the patent or
4 copyright is utilized by the payer in this State; or

5 (B) If and to the extent that the patent or
6 copyright is utilized by the payer in a state in which
7 the taxpayer is not taxable with respect to such
8 royalties and, at the time such royalties were paid or
9 accrued, the taxpayer had its commercial domicile in
10 this State.

11 (2) Utilization.

12 (A) A patent is utilized in a state to the extent
13 that it is employed in production, fabrication,
14 manufacturing or other processing in the state or to
15 the extent that a patented product is produced in the
16 state. If the basis of receipts from patent royalties
17 does not permit allocation to states or if the
18 accounting procedures do not reflect states of
19 utilization, the patent is utilized in this State if
20 the taxpayer has its commercial domicile in this
21 State.

22 (B) A copyright is utilized in a state to the
23 extent that printing or other publication originates
24 in the state. If the basis of receipts from copyright
25 royalties does not permit allocation to states or if
26 the accounting procedures do not reflect states of

1 utilization, the copyright is utilized in this State
2 if the taxpayer has its commercial domicile in this
3 State.

4 (e) Illinois lottery prizes. Prizes awarded under the
5 Illinois Lottery Law are allocable to this State. Payments
6 received in taxable years ending on or after December 31,
7 2013, from the assignment of a prize under Section 13.1 of the
8 Illinois Lottery Law are allocable to this State.

9 (e-1) Wagering and gambling winnings. Payments received in
10 taxable years ending on or after December 31, 2019 of winnings
11 from pari-mutuel wagering conducted at a wagering facility
12 licensed under the Illinois Horse Racing Act of 1975 and from
13 gambling games conducted on a riverboat or in a casino or
14 organization gaming facility licensed under the Illinois
15 Gambling Act are allocable to this State.

16 (e-2) Sports wagering and winnings. Payments received in
17 taxable years ending on or after December 31, 2021 of winnings
18 from sports wagering conducted in accordance with the Sports
19 Wagering Act are allocable to this State.

20 (e-5) Unemployment benefits. Unemployment benefits paid by
21 the Illinois Department of Employment Security are allocable
22 to this State.

23 (f) Taxability in other state. For purposes of allocation
24 of income pursuant to this Section, a taxpayer is taxable in
25 another state if:

26 (1) In that state he is subject to a net income tax, a

1 franchise tax measured by net income, a franchise tax for
2 the privilege of doing business, or a corporate stock tax;
3 or

4 (2) That state has jurisdiction to subject the
5 taxpayer to a net income tax regardless of whether, in
6 fact, the state does or does not.

7 (g) Cross references.

8 (1) For allocation of interest and dividends by
9 persons other than residents, see Section 301(c)(2).

10 (2) For allocation of nonbusiness income by residents,
11 see Section 301(a).

12 (Source: P.A. 101-31, eff. 6-28-19.)

13 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

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

15 (a) In general. The business income of a person other than
16 a resident shall be allocated to this State if such person's
17 business income is derived solely from this State. If a person
18 other than a resident derives business income from this State
19 and one or more other states, then, for tax years ending on or
20 before December 30, 1998, and except as otherwise provided by
21 this Section, such person's business income shall be
22 apportioned to this State by multiplying the income by a
23 fraction, the numerator of which is the sum of the property
24 factor (if any), the payroll factor (if any) and 200% of the
25 sales factor (if any), and the denominator of which is 4

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

10 (1) Property factor.

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

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

25 (C) The average value of property shall be determined
26 by averaging the values at the beginning and ending of the

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

5 (2) Payroll factor.

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

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

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

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

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

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

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

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

25 (1) the individual performs service on
26 behalf of the employer and a greater amount of

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

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

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

20 (c):

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

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

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

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

1 (iv) Compensation paid to nonresident professional
2 athletes.

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

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

19 (c) Definitions. For purposes of this subpart
20 (iv):

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

25 (2) The term "member of a professional
26 athletic team" includes those employees who are

1 active players, players on the disabled list, and
2 any other persons required to travel and who
3 travel with and perform services on behalf of a
4 professional athletic team on a regular basis.
5 This includes, but is not limited to, coaches,
6 managers, and trainers.

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

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

1 training and rehabilitation activities, when
2 such activities are conducted at team
3 facilities.

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

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

23 (D) Days for which a member of a
24 professional athletic team is not compensated
25 and is not performing services for the team in
26 any manner, including days when such member of

1 a professional athletic team has been
2 suspended without pay and prohibited from
3 performing any services for the team, shall
4 not be treated as duty days.

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

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

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

24 (B) during the taxable year on a date
25 which does not fall within the foregoing
26 period (e.g., participation in instructional

1 leagues, the "All Star Game", or promotional
2 caravans).

3 This compensation shall include, but is not
4 limited to, salaries, wages, bonuses as described
5 in this subpart, and any other type of
6 compensation paid during the taxable year to a
7 member of a professional athletic team for
8 services performed in that year. This compensation
9 does not include strike benefits, severance pay,
10 termination pay, contract or option year buy-out
11 payments, expansion or relocation payments, or any
12 other payments not related to services performed
13 for the team.

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

1 services for the team or even making the team, the
2 signing bonus is payable separately from the
3 salary and any other compensation, and the signing
4 bonus is nonrefundable.

5 (3) Sales factor.

6 (A) The sales factor is a fraction, the numerator of
7 which is the total sales of the person in this State during
8 the taxable year, and the denominator of which is the
9 total sales of the person everywhere during the taxable
10 year.

11 (B) Sales of tangible personal property are in this
12 State if:

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

17 (ii) The property is shipped from an office,
18 store, warehouse, factory or other place of storage in
19 this State and either the purchaser is the United
20 States government or the person is not taxable in the
21 state of the purchaser; provided, however, that
22 premises owned or leased by a person who has
23 independently contracted with the seller for the
24 printing of newspapers, periodicals or books shall not
25 be deemed to be an office, store, warehouse, factory
26 or other place of storage for purposes of this

1 Section. Sales of tangible personal property are not
2 in this State if the seller and purchaser would be
3 members of the same unitary business group but for the
4 fact that either the seller or purchaser is a person
5 with 80% or more of total business activity outside of
6 the United States and the property is purchased for
7 resale.

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

10 (i) Gross receipts from the licensing, sale, or
11 other disposition of a patent, copyright, trademark,
12 or similar item of intangible personal property, other
13 than gross receipts governed by paragraph (B-7) of
14 this item (3), are in this State to the extent the item
15 is utilized in this State during the year the gross
16 receipts are included in gross income.

17 (ii) Place of utilization.

18 (I) A patent is utilized in a state to the
19 extent that it is employed in production,
20 fabrication, manufacturing, or other processing in
21 the state or to the extent that a patented product
22 is produced in the state. If a patent is utilized
23 in more than one state, the extent to which it is
24 utilized in any one state shall be a fraction
25 equal to the gross receipts of the licensee or
26 purchaser from sales or leases of items produced,

1 fabricated, manufactured, or processed within that
2 state using the patent and of patented items
3 produced within that state, divided by the total
4 of such gross receipts for all states in which the
5 patent is utilized.

6 (II) A copyright is utilized in a state to the
7 extent that printing or other publication
8 originates in the state. If a copyright is
9 utilized in more than one state, the extent to
10 which it is utilized in any one state shall be a
11 fraction equal to the gross receipts from sales or
12 licenses of materials printed or published in that
13 state divided by the total of such gross receipts
14 for all states in which the copyright is utilized.

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

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

1 sales factor.

2 (B-2) Gross receipts from the license, sale, or other
3 disposition of patents, copyrights, trademarks, and
4 similar items of intangible personal property, other than
5 gross receipts governed by paragraph (B-7) of this item
6 (3), may be included in the numerator or denominator of
7 the sales factor only if gross receipts from licenses,
8 sales, or other disposition of such items comprise more
9 than 50% of the taxpayer's total gross receipts included
10 in gross income during the tax year and during each of the
11 2 immediately preceding tax years; provided that, when a
12 taxpayer is a member of a unitary business group, such
13 determination shall be made on the basis of the gross
14 receipts of the entire unitary business group.

15 (B-5) For taxable years ending on or after December
16 31, 2008, except as provided in subsections (ii) through
17 (vii), receipts from the sale of telecommunications
18 service or mobile telecommunications service are in this
19 State if the customer's service address is in this State.

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

22 "Ancillary services" means services that are
23 associated with or incidental to the provision of
24 "telecommunications services", including, but not
25 limited to, "detailed telecommunications billing",
26 "directory assistance", "vertical service", and "voice

1 mail services".

2 "Air-to-Ground Radiotelephone service" means a
3 radio service, as that term is defined in 47 CFR 22.99,
4 in which common carriers are authorized to offer and
5 provide radio telecommunications service for hire to
6 subscribers in aircraft.

7 "Call-by-call Basis" means any method of charging
8 for telecommunications services where the price is
9 measured by individual calls.

10 "Communications Channel" means a physical or
11 virtual path of communications over which signals are
12 transmitted between or among customer channel
13 termination points.

14 "Conference bridging service" means an "ancillary
15 service" that links two or more participants of an
16 audio or video conference call and may include the
17 provision of a telephone number. "Conference bridging
18 service" does not include the "telecommunications
19 services" used to reach the conference bridge.

20 "Customer Channel Termination Point" means the
21 location where the customer either inputs or receives
22 the communications.

23 "Detailed telecommunications billing service"
24 means an "ancillary service" of separately stating
25 information pertaining to individual calls on a
26 customer's billing statement.

1 "Directory assistance" means an "ancillary
2 service" of providing telephone number information,
3 and/or address information.

4 "Home service provider" means the facilities based
5 carrier or reseller with which the customer contracts
6 for the provision of mobile telecommunications
7 services.

8 "Mobile telecommunications service" means
9 commercial mobile radio service, as defined in Section
10 20.3 of Title 47 of the Code of Federal Regulations as
11 in effect on June 1, 1999.

12 "Place of primary use" means the street address
13 representative of where the customer's use of the
14 telecommunications service primarily occurs, which
15 must be the residential street address or the primary
16 business street address of the customer. In the case
17 of mobile telecommunications services, "place of
18 primary use" must be within the licensed service area
19 of the home service provider.

20 "Post-paid telecommunication service" means the
21 telecommunications service obtained by making a
22 payment on a call-by-call basis either through the use
23 of a credit card or payment mechanism such as a bank
24 card, travel card, credit card, or debit card, or by
25 charge made to a telephone number which is not
26 associated with the origination or termination of the

1 telecommunications service. A post-paid calling
2 service includes telecommunications service, except a
3 prepaid wireless calling service, that would be a
4 prepaid calling service except it is not exclusively a
5 telecommunication service.

6 "Prepaid telecommunication service" means the
7 right to access exclusively telecommunications
8 services, which must be paid for in advance and which
9 enables the origination of calls using an access
10 number or authorization code, whether manually or
11 electronically dialed, and that is sold in
12 predetermined units or dollars of which the number
13 declines with use in a known amount.

14 "Prepaid Mobile telecommunication service" means a
15 telecommunications service that provides the right to
16 utilize mobile wireless service as well as other
17 non-telecommunication services, including, but not
18 limited to, ancillary services, which must be paid for
19 in advance that is sold in predetermined units or
20 dollars of which the number declines with use in a
21 known amount.

22 "Private communication service" means a
23 telecommunication service that entitles the customer
24 to exclusive or priority use of a communications
25 channel or group of channels between or among
26 termination points, regardless of the manner in which

1 such channel or channels are connected, and includes
2 switching capacity, extension lines, stations, and any
3 other associated services that are provided in
4 connection with the use of such channel or channels.

5 "Service address" means:

6 (a) The location of the telecommunications
7 equipment to which a customer's call is charged
8 and from which the call originates or terminates,
9 regardless of where the call is billed or paid;

10 (b) If the location in line (a) is not known,
11 service address means the origination point of the
12 signal of the telecommunications services first
13 identified by either the seller's
14 telecommunications system or in information
15 received by the seller from its service provider
16 where the system used to transport such signals is
17 not that of the seller; and

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

21 "Telecommunications service" means the electronic
22 transmission, conveyance, or routing of voice, data,
23 audio, video, or any other information or signals to a
24 point, or between or among points. The term
25 "telecommunications service" includes such
26 transmission, conveyance, or routing in which computer

1 processing applications are used to act on the form,
2 code or protocol of the content for purposes of
3 transmission, conveyance or routing without regard to
4 whether such service is referred to as voice over
5 Internet protocol services or is classified by the
6 Federal Communications Commission as enhanced or value
7 added. "Telecommunications service" does not include:

8 (a) Data processing and information services
9 that allow data to be generated, acquired, stored,
10 processed, or retrieved and delivered by an
11 electronic transmission to a purchaser when such
12 purchaser's primary purpose for the underlying
13 transaction is the processed data or information;

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

16 (c) Tangible personal property;

17 (d) Advertising, including, but not limited
18 to, directory advertising;

19 (e) Billing and collection services provided
20 to third parties;

21 (f) Internet access service;

22 (g) Radio and television audio and video
23 programming services, regardless of the medium,
24 including the furnishing of transmission,
25 conveyance and routing of such services by the
26 programming service provider. Radio and television

1 audio and video programming services shall
2 include, but not be limited to, cable service as
3 defined in 47 USC 522(6) and audio and video
4 programming services delivered by commercial
5 mobile radio service providers, as defined in 47
6 CFR 20.3;

7 (h) "Ancillary services"; or

8 (i) Digital products "delivered
9 electronically", including, but not limited to,
10 software, music, video, reading materials or ring
11 tones.

12 "Vertical service" means an "ancillary service"
13 that is offered in connection with one or more
14 "telecommunications services", which offers advanced
15 calling features that allow customers to identify
16 callers and to manage multiple calls and call
17 connections, including "conference bridging services".

18 "Voice mail service" means an "ancillary service"
19 that enables the customer to store, send or receive
20 recorded messages. "Voice mail service" does not
21 include any "vertical services" that the customer may
22 be required to have in order to utilize the "voice mail
23 service".

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

1 (a) The call both originates and terminates in
2 this State.

3 (b) The call either originates or terminates
4 in this State and the service address is located
5 in this State.

6 (iii) Receipts from the sale of postpaid
7 telecommunications service at retail are in this State
8 if the origination point of the telecommunication
9 signal, as first identified by the service provider's
10 telecommunication system or as identified by
11 information received by the seller from its service
12 provider if the system used to transport
13 telecommunication signals is not the seller's, is
14 located in this State.

15 (iv) Receipts from the sale of prepaid
16 telecommunications service or prepaid mobile
17 telecommunications service at retail are in this State
18 if the purchaser obtains the prepaid card or similar
19 means of conveyance at a location in this State.
20 Receipts from recharging a prepaid telecommunications
21 service or mobile telecommunications service is in
22 this State if the purchaser's billing information
23 indicates a location in this State.

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

26 (a) 100% of receipts from charges imposed at

1 each channel termination point in this State.

2 (b) 100% of receipts from charges for the
3 total channel mileage between each channel
4 termination point in this State.

5 (c) 50% of the total receipts from charges for
6 service segments when those segments are between 2
7 customer channel termination points, 1 of which is
8 located in this State and the other is located
9 outside of this State, which segments are
10 separately charged.

11 (d) The receipts from charges for service
12 segments with a channel termination point located
13 in this State and in two or more other states, and
14 which segments are not separately billed, are in
15 this State based on a percentage determined by
16 dividing the number of customer channel
17 termination points in this State by the total
18 number of customer channel termination points.

19 (vi) Receipts from charges for ancillary services
20 for telecommunications service sold to customers at
21 retail are in this State if the customer's primary
22 place of use of telecommunications services associated
23 with those ancillary services is in this State. If the
24 seller of those ancillary services cannot determine
25 where the associated telecommunications are located,
26 then the ancillary services shall be based on the

1 location of the purchaser.

2 (vii) Receipts to access a carrier's network or
3 from the sale of telecommunication services or
4 ancillary services for resale are in this State as
5 follows:

6 (a) 100% of the receipts from access fees
7 attributable to intrastate telecommunications
8 service that both originates and terminates in
9 this State.

10 (b) 50% of the receipts from access fees
11 attributable to interstate telecommunications
12 service if the interstate call either originates
13 or terminates in this State.

14 (c) 100% of the receipts from interstate end
15 user access line charges, if the customer's
16 service address is in this State. As used in this
17 subdivision, "interstate end user access line
18 charges" includes, but is not limited to, the
19 surcharge approved by the federal communications
20 commission and levied pursuant to 47 CFR 69.

21 (d) Gross receipts from sales of
22 telecommunication services or from ancillary
23 services for telecommunications services sold to
24 other telecommunication service providers for
25 resale shall be sourced to this State using the
26 apportionment concepts used for non-resale

1 receipts of telecommunications services if the
2 information is readily available to make that
3 determination. If the information is not readily
4 available, then the taxpayer may use any other
5 reasonable and consistent method.

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

11 "Advertising revenue" means consideration received
12 by the taxpayer in exchange for broadcasting services
13 or allowing the broadcasting of commercials or
14 announcements in connection with the broadcasting of
15 film or radio programming, from sponsorships of the
16 programming, or from product placements in the
17 programming.

18 "Audience factor" means the ratio that the
19 audience or subscribers located in this State of a
20 station, a network, or a cable system bears to the
21 total audience or total subscribers for that station,
22 network, or cable system. The audience factor for film
23 or radio programming shall be determined by reference
24 to the books and records of the taxpayer or by
25 reference to published rating statistics provided the
26 method used by the taxpayer is consistently used from

1 year to year for this purpose and fairly represents
2 the taxpayer's activity in this State.

3 "Broadcast" or "broadcasting" or "broadcasting
4 services" means the transmission or provision of film
5 or radio programming, whether through the public
6 airwaves, by cable, by direct or indirect satellite
7 transmission, or by any other means of communication,
8 either through a station, a network, or a cable
9 system.

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

21 "Radio" or "radio programming" means the broadcast
22 on radio of any and all performances, events, or
23 productions, including, but not limited to, news,
24 sporting events, plays, stories, or other literary,
25 commercial, educational, or artistic works, either
26 live or through the use of an audio tape, disc, or any

1 other format or medium. Each episode in a series of
2 radio programming produced for radio broadcast shall
3 constitute a separate "radio programming"
4 notwithstanding that the series relates to the same
5 principal subject and is produced during one or more
6 tax periods.

7 (i) In the case of advertising revenue from
8 broadcasting, the customer is the advertiser and
9 the service is received in this State if the
10 commercial domicile of the advertiser is in this
11 State.

12 (ii) In the case where film or radio
13 programming is broadcast by a station, a network,
14 or a cable system for a fee or other remuneration
15 received from the recipient of the broadcast, the
16 portion of the service that is received in this
17 State is measured by the portion of the recipients
18 of the broadcast located in this State.
19 Accordingly, the fee or other remuneration for
20 such service that is included in the Illinois
21 numerator of the sales factor is the total of
22 those fees or other remuneration received from
23 recipients in Illinois. For purposes of this
24 paragraph, a taxpayer may determine the location
25 of the recipients of its broadcast using the
26 address of the recipient shown in its contracts

1 with the recipient or using the billing address of
2 the recipient in the taxpayer's records.

3 (iii) In the case where film or radio
4 programming is broadcast by a station, a network,
5 or a cable system for a fee or other remuneration
6 from the person providing the programming, the
7 portion of the broadcast service that is received
8 by such station, network, or cable system in this
9 State is measured by the portion of recipients of
10 the broadcast located in this State. Accordingly,
11 the amount of revenue related to such an
12 arrangement that is included in the Illinois
13 numerator of the sales factor is the total fee or
14 other total remuneration from the person providing
15 the programming related to that broadcast
16 multiplied by the Illinois audience factor for
17 that broadcast.

18 (iv) In the case where film or radio
19 programming is provided by a taxpayer that is a
20 network or station to a customer for broadcast in
21 exchange for a fee or other remuneration from that
22 customer the broadcasting service is received at
23 the location of the office of the customer from
24 which the services were ordered in the regular
25 course of the customer's trade or business.
26 Accordingly, in such a case the revenue derived by

1 the taxpayer that is included in the taxpayer's
2 Illinois numerator of the sales factor is the
3 revenue from such customers who receive the
4 broadcasting service in Illinois.

5 (v) In the case where film or radio
6 programming is provided by a taxpayer that is not
7 a network or station to another person for
8 broadcasting in exchange for a fee or other
9 remuneration from that person, the broadcasting
10 service is received at the location of the office
11 of the customer from which the services were
12 ordered in the regular course of the customer's
13 trade or business. Accordingly, in such a case the
14 revenue derived by the taxpayer that is included
15 in the taxpayer's Illinois numerator of the sales
16 factor is the revenue from such customers who
17 receive the broadcasting service in Illinois.

18 (B-8) Gross receipts from winnings under the Illinois
19 Lottery Law from the assignment of a prize under Section
20 13.1 of the Illinois Lottery Law are received in this
21 State. This paragraph (B-8) applies only to taxable years
22 ending on or after December 31, 2013.

23 (B-9) For taxable years ending on or after December
24 31, 2019, gross receipts from winnings from pari-mutuel
25 wagering conducted at a wagering facility licensed under
26 the Illinois Horse Racing Act of 1975 or from winnings

1 from gambling games conducted on a riverboat or in a
2 casino or organization gaming facility licensed under the
3 Illinois Gambling Act are in this State.

4 (B-10) For taxable years ending on or after December
5 31, 2021, gross receipts from winnings from sports
6 wagering conducted in accordance with the Sports Wagering
7 Act are in this State.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (b) Insurance companies.

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

24 (2) Reinsurance. If the principal source of premiums
25 written by an insurance company consists of premiums for
26 reinsurance accepted by it, the business income of such

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

1 permission of the Department, which shall not be
2 unreasonably withheld.

3 (c) Financial organizations.

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

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

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

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

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

26 (E) Any other gross income resulting from the

1 operation as a financial organization within this
2 State.

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

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

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

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

21 (i) The numerator shall be:

22 The average aggregate, determined on a
23 quarterly basis, of the financial organization's
24 loans to banks in foreign countries, to foreign
25 domiciled borrowers (except where secured
26 primarily by real estate) and to foreign

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

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

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

1 financial accounts for the current taxable year.

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

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

1 this subparagraph (3) means gross income, including net
2 taxable gain on disposition of assets, including
3 securities and money market instruments, when derived from
4 transactions and activities in the regular course of the
5 financial organization's trade or business. The following
6 examples are illustrative:

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

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

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

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

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

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

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

24 (vii) Receipts from the issuance of travelers
25 checks and money orders are from sources in this State
26 if the checks and money orders are issued from a

1 location within this State.

2 (viii) Receipts from investment assets and
3 activities and trading assets and activities are
4 included in the receipts factor as follows:

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

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

1 repurchase agreements.

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

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

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

1 taxpayer within this State and the denominator
2 of which is the gross income from all such
3 assets and activities.

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

19 (C) The amount of interest, dividends,
20 gains, and other income from trading assets
21 and activities, including, but not limited to,
22 assets and activities in the matched book, in
23 the arbitrage book and foreign currency
24 transactions (but excluding amounts described
25 in subparagraphs (A) or (B) of this
26 paragraph), attributable to this State and

1 included in the numerator is determined by
2 multiplying the amount described in
3 subparagraph (B) of paragraph (1) of this
4 subsection by a fraction, the numerator of
5 which is the gross income from such trading
6 assets and activities which are properly
7 assigned to a fixed place of business of the
8 taxpayer within this State and the denominator
9 of which is the gross income from all such
10 assets and activities.

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

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

25 (ii) such assignment on its records is
26 based upon substantive contacts of the

1 asset or activity to such fixed place of
2 business; and

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

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

1 state in which the taxpayer's commercial
2 domicile is located. For purposes of this
3 subparagraph (E), it shall be presumed,
4 subject to rebuttal, that taxpayer's
5 commercial domicile is in the state of the
6 United States or the District of Columbia to
7 which the greatest number of employees are
8 regularly connected with the management of the
9 investment or trading income or out of which
10 they are working, irrespective of where the
11 services of such employees are performed, as
12 of the last day of the taxable year.

13 (4) (Blank).

14 (5) (Blank).

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

25 (1) Receipts attributable to transactions executed on
26 a physical trading floor if that physical trading floor is

1 located in this State.

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

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

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

1 group determined by application of this subparagraph (iv) for
2 the taxable year are attributable to the matching, execution,
3 or clearing of transactions conducted by an entity described
4 in subparagraph (i), (ii), or (iii) of this paragraph.

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

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

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

1 an average of the passenger revenue mile fraction and the
2 freight revenue mile fraction, weighted to reflect the
3 person's

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

8 (B) relative gross receipts from passenger and
9 freight transportation, in case of transportation
10 other than by railroad.

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

21 (3) For taxable years ending on or after December 31,
22 2008, business income derived from providing
23 transportation services other than airline services shall
24 be apportioned to this State by using a fraction, (a) the
25 numerator of which shall be (i) all receipts from any
26 movement or shipment of people, goods, mail, oil, gas, or

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

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

23 (B) relative gross receipts from passenger and
24 freight transportation, in case of transportation
25 other than by railroad.

26 (4) For taxable years ending on or after December 31,

1 2008, business income derived from furnishing airline
2 transportation services shall be apportioned to this State
3 by multiplying such income by a fraction, the numerator of
4 which is the revenue miles of the person in this State, and
5 the denominator of which is the revenue miles of the
6 person everywhere. For purposes of this paragraph, a
7 revenue mile is the transportation of one passenger or one
8 net ton of freight the distance of one mile for a
9 consideration. If a person is engaged in the
10 transportation of both passengers and freight, the
11 fraction above referred to shall be determined by means of
12 an average of the passenger revenue mile fraction and the
13 freight revenue mile fraction, weighted to reflect the
14 person's relative gross receipts from passenger and
15 freight airline transportation.

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

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

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

6 (1) Separate accounting;

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

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

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

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

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

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

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

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

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

10 (Source: P.A. 100-201, eff. 8-18-17; 101-31, eff. 6-28-19;
11 101-585, eff. 8-26-19; revised 9-12-19.)

12 (35 ILCS 5/710) (from Ch. 120, par. 7-710)

13 Sec. 710. Withholding from lottery, wagering, and gambling
14 winnings.

15 (a) In general.

16 (1) Any person making a payment to a resident or
17 nonresident of winnings under the Illinois Lottery Law and
18 not required to withhold Illinois income tax from such
19 payment under Subsection (b) of Section 701 of this Act
20 because those winnings are not subject to Federal income
21 tax withholding, must withhold Illinois income tax from
22 such payment at a rate equal to the percentage tax rate for
23 individuals provided in subsection (b) of Section 201,
24 provided that withholding is not required if such payment
25 of winnings is less than \$1,000.

1 (2) In the case of an assignment of a lottery prize
2 under Section 13.1 of the Illinois Lottery Law, any person
3 making a payment of the purchase price after December 31,
4 2013, shall withhold from the amount of each payment at a
5 rate equal to the percentage tax rate for individuals
6 provided in subsection (b) of Section 201.

7 (3) Any person making a payment after December 31,
8 2019 to a resident or nonresident of winnings from
9 pari-mutuel wagering conducted at a wagering facility
10 licensed under the Illinois Horse Racing Act of 1975 or
11 from gambling games conducted on a riverboat or in a
12 casino or organization gaming facility licensed under the
13 Illinois Gambling Act must withhold Illinois income tax
14 from such payment at a rate equal to the percentage tax
15 rate for individuals provided in subsection (b) of Section
16 201, provided that the person making the payment is
17 required to withhold under Section 3402(q) of the Internal
18 Revenue Code.

19 (4) Any person making a payment after December 31,
20 2021 to a resident or nonresident of winnings from sports
21 wagering conducted in accordance with the Sports Wagering
22 Act must withhold Illinois income tax from such payment at
23 a rate equal to the percentage tax rate for individuals
24 provided in subsection (b) of Section 201, provided that
25 the person making the payment is required to withhold
26 under Section 3402(q) of the Internal Revenue Code.

1 (b) Credit for taxes withheld. Any amount withheld under
2 Subsection (a) shall be a credit against the Illinois income
3 tax liability of the person to whom the payment of winnings was
4 made for the taxable year in which that person incurred an
5 Illinois income tax liability with respect to those winnings.

6 (Source: P.A. 101-31, eff. 6-28-19.)

7 (35 ILCS 5/902) (from Ch. 120, par. 9-902)

8 Sec. 902. Notice and Demand.

9 (a) In general. Except as provided in subsection (b) the
10 Director shall, as soon as practicable after an amount payable
11 under this Act is deemed assessed (as provided in Section
12 903), give notice to each person liable for any unpaid portion
13 of such assessment, stating the amount unpaid and demanding
14 payment thereof. In the case of tax deemed assessed with the
15 filing of a return, the Director shall give notice no later
16 than 3 years after the date the return was filed. Upon receipt
17 of any notice and demand there shall be paid at the place and
18 time stated in such notice the amount stated in such notice.
19 Such notice shall be left at the dwelling or usual place of
20 business of such person or shall be sent by mail to the
21 person's last known address.

22 (b) Judicial review. In the case of a deficiency deemed
23 assessed under Section 903(a)(2) after the filing of a
24 protest, notice and demand shall not be made with respect to
25 such assessment until all proceedings in court for the review

1 of such assessment have terminated or the time for the taking
2 thereof has expired without such proceedings being instituted.

3 (c) Action for recovery of taxes. At any time that the
4 Department might commence proceedings for a levy under Section
5 1109, regardless of whether a notice of lien was filed under
6 the provisions of Section 1103, it may bring an action in any
7 court of competent jurisdiction within or without this State
8 in the name of the people of this State to recover the amount
9 of any taxes, penalties and interest due and unpaid under this
10 Act. In such action, the certificate of the Department showing
11 the amount of the delinquency shall be prima facie evidence of
12 the correctness of such amount, its assessment and of the
13 compliance by the Department with all the provisions of this
14 Act.

15 (d) Sales or transfers outside the usual course of
16 business-Report-Payment of Tax - Rights and duties of
17 purchaser or transferee - penalty. If any taxpayer, outside
18 the usual course of his business, sells or transfers the major
19 part of any one or more of (A) the stock of goods which he is
20 engaged in the business of selling, or (B) the furniture or
21 fixtures, or (C) the machinery and equipment, or (D) the real
22 property, of any business that is subject to the provisions of
23 this Act, the purchaser or transferee of such assets shall, no
24 later than 10 business days before ~~after~~ the sale or transfer,
25 file a notice of sale or transfer of business assets with the
26 ~~Chicago office of the~~ Department disclosing the name and

1 address of the seller or transferor, the name and address of
2 the purchaser or transferee, the date of the sale or transfer,
3 a copy of the sales contract and financing agreements which
4 shall include a description of the property sold or
5 transferred, the amount of the purchase price or a statement
6 of other consideration for the sale or transfer, and the terms
7 for payment of the purchase price, and such other information
8 as the Department may reasonably require. If the purchaser or
9 transferee fails to file the above described notice of sale
10 with the Department within the prescribed time, the purchaser
11 or transferee shall be personally liable to the Department for
12 the amount owed hereunder by the seller or transferor but
13 unpaid, up to the amount of the reasonable value of the
14 property acquired by the purchaser or transferee. The
15 purchaser or transferee shall pay the Department the amount of
16 tax, penalties, and interest owed by the seller or transferor
17 under this Act, to the extent they have not been paid by the
18 seller or transferor. The seller or transferor, or the
19 purchaser or transferee, at least 10 business days before the
20 date of the sale or transfer, may notify the Department of the
21 intended sale or transfer and request the Department to make a
22 determination as to whether the seller or transferor owes any
23 tax, penalty or interest due under this Act. The Department
24 shall take such steps as may be appropriate to comply with such
25 request.

26 Any order issued by the Department pursuant to this

1 Section to withhold from the purchase price shall be issued
2 within 10 business days after the Department receives
3 notification of a sale as provided in this Section. The
4 purchaser or transferee shall withhold such portion of the
5 purchase price as may be directed by the Department, but not to
6 exceed a minimum amount varying by type of business, as
7 determined by the Department pursuant to regulations, plus
8 twice the outstanding unpaid liabilities and twice the average
9 liability of preceding filings times the number of unfiled
10 returns which were not filed when due, to cover the amount of
11 all tax, penalty, and interest due and unpaid by the seller or
12 transferor under this Act or, if the payment of money or
13 property is not involved, shall withhold the performance of
14 the condition that constitutes the consideration for the sale
15 or transfer. Within 60 business days after issuance of the
16 initial order to withhold, the Department shall provide
17 written notice to the purchaser or transferee of the actual
18 amount of all taxes, penalties and interest then due and
19 whether or not additional amounts may become due as a result of
20 unpaid taxes required to be withheld by an employer, returns
21 which were not filed when due, pending assessments and audits
22 not completed. The purchaser or transferee shall continue to
23 withhold the amount directed to be withheld by the initial
24 order or such lesser amount as is specified by the final
25 withholding order or to withhold the performance of the
26 condition which constitutes the consideration for the sale or

1 transfer until the purchaser or transferee receives from the
2 Department a certificate showing that no unpaid tax, penalty
3 or interest is due from the seller or transferor under this
4 Act.

5 The purchaser or transferee is relieved of any duty to
6 continue to withhold from the purchase price and of any
7 liability for tax, penalty, or interest due hereunder from the
8 seller or transferor if the Department fails to notify the
9 purchaser or transferee in the manner provided herein of the
10 amount to be withheld within 10 business days after the sale or
11 transfer has been reported to the Department or within 60
12 business days after issuance of the initial order to withhold,
13 as the case may be. The Department shall have the right to
14 determine amounts claimed on an estimated basis to allow for
15 periods for which returns were not filed when due, pending
16 assessments and audits not completed, however the purchaser or
17 transferee shall be personally liable only for the actual
18 amount due when determined.

19 If the seller or transferor has failed to pay the tax,
20 penalty, and interest due from him hereunder and the
21 Department makes timely claim therefor against the purchaser
22 or transferee as hereinabove provided, then the purchaser or
23 transferee shall pay to the Department the amount so withheld
24 from the purchase price. If the purchaser or transferee fails
25 to comply with the requirements of this Section, the purchaser
26 or transferee shall be personally liable to the Department for

1 the amount owed hereunder by the seller or transferor up to the
2 amount of the reasonable value of the property acquired by the
3 purchaser or transferee.

4 Any person who shall acquire any property or rights
5 thereto which, at the time of such acquisition, is subject to a
6 valid lien in favor of the Department, shall be personally
7 liable to the Department for a sum equal to the amount of
8 taxes, penalties and interests, secured by such lien, but not
9 to exceed the reasonable value of such property acquired by
10 him.

11 (Source: P.A. 94-776, eff. 5-19-06.)