

SB3455



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3455

Introduced 1/18/2022, by Sen. Brian W. Stewart

SYNOPSIS AS INTRODUCED:

35 ILCS 5/203

from Ch. 120, par. 2-203

Amends the Illinois Income Tax Act. Makes changes concerning the federal depreciation deduction to restore provisions that were in effect prior to Public Act 102-16. Effective immediately.

LRB102 22651 HLH 31795 b

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 Section 203 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 ~~a subtraction is allowed~~
24 ~~with respect to that property under subparagraph (Z)~~
25 and for which the taxpayer was allowed in any taxable
26 year to make a subtraction modification under

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

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

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

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

7 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

19 This paragraph shall not apply to the following:

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

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

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

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

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

26 Nothing in this subsection shall preclude the

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

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

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

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

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

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

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

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

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

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

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

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

1 of this Section;

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

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

10 (D-25) In the case of a resident, an amount equal
11 to the amount of tax for which a credit is allowed
12 pursuant to Section 201(p) (7) of this Act;

13 and by deducting from the total so obtained the sum of the
14 following amounts:

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

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

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

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

6 (G) The valuation limitation amount;

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

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

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

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

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

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

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

1 250;

2 (N) An amount equal to all amounts included in
3 such total which are exempt from taxation by this
4 State either by reason of its statutes or Constitution
5 or by reason of the Constitution, treaties or statutes
6 of the United States; provided that, in the case of any
7 statute of this State that exempts income derived from
8 bonds or other obligations from the tax imposed under
9 this Act, the amount exempted shall be the interest
10 net of bond premium amortization;

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

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

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

1 illness;

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

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

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

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

25 (V) Beginning with tax years ending on or after
26 December 31, 1995 and ending with tax years ending on

1 or before December 31, 2004, an amount equal to the
2 amount paid by a taxpayer who is a self-employed
3 taxpayer, a partner of a partnership, or a shareholder
4 in a Subchapter S corporation for health insurance or
5 long-term care insurance for that taxpayer or that
6 taxpayer's spouse or dependents, to the extent that
7 the amount paid for that health insurance or long-term
8 care insurance may be deducted under Section 213 of
9 the Internal Revenue Code, has not been deducted on
10 the federal income tax return of the taxpayer, and
11 does not exceed the taxable income attributable to
12 that taxpayer's income, self-employment income, or
13 Subchapter S corporation income; except that no
14 deduction shall be allowed under this item (V) if the
15 taxpayer is eligible to participate in any health
16 insurance or long-term care insurance plan of an
17 employer of the taxpayer or the taxpayer's spouse. The
18 amount of the health insurance and long-term care
19 insurance subtracted under this item (V) shall be
20 determined by multiplying total health insurance and
21 long-term care insurance premiums paid by the taxpayer
22 times a number that represents the fractional
23 percentage of eligible medical expenses under Section
24 213 of the Internal Revenue Code of 1986 not actually
25 deducted on the taxpayer's federal income tax return;

26 (W) For taxable years beginning on or after

1 January 1, 1998, all amounts included in the
2 taxpayer's federal gross income in the taxable year
3 from amounts converted from a regular IRA to a Roth
4 IRA. This paragraph is exempt from the provisions of
5 Section 250;

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

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

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

1 Internal Revenue Code shall not be considered moneys
2 contributed under this subparagraph (Y). For purposes
3 of this subparagraph, contributions made by an
4 employer on behalf of an employee, or matching
5 contributions made by an employee, shall be treated as
6 made by the employee. This subparagraph (Y) is exempt
7 from the provisions of Section 250;

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

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

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

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

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

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

10 (iii) (blank); ~~for property on which a~~
11 ~~bonus depreciation deduction of 100% of the~~
12 ~~adjusted basis was taken in a taxable year~~
13 ~~ending on or after December 31, 2021, "x"~~
14 ~~equals the depreciation deduction that would~~
15 ~~be allowed on that property if the taxpayer~~
16 ~~had made the election under Section 168(k)(7)~~
17 ~~of the Internal Revenue Code to not claim~~
18 ~~bonus depreciation on that property; and~~

19 (iv) (blank). ~~for property on which a~~
20 ~~bonus depreciation deduction of a percentage~~
21 ~~other than 30%, 50% or 100% of the adjusted~~
22 ~~basis was taken in a taxable year ending on or~~
23 ~~after December 31, 2021, "x" equals "y"~~
24 ~~multiplied by 100 times the percentage bonus~~
25 ~~depreciation on the property (that is,~~
26 ~~100(bonus%)) and then divided by 100 times 1~~

1 ~~minus the percentage bonus depreciation on the~~
2 ~~property (that is, 100(1-bonus%)).~~

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

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

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

1 and for which the taxpayer was allowed in any taxable
2 year to make a subtraction modification under
3 subparagraph (T), then an amount equal to that
4 subtraction modification.

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

8 (E-12) An amount equal to the amount otherwise
9 allowed as a deduction in computing base income for
10 interest paid, accrued, or incurred, directly or
11 indirectly, (i) for taxable years ending on or after
12 December 31, 2004, to a foreign person who would be a
13 member of the same unitary business group but for the
14 fact the foreign person's business activity outside
15 the United States is 80% or more of the foreign
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. The addition modification
24 required by this subparagraph shall be reduced to the
25 extent that dividends were included in base income of
26 the unitary group for the same taxable year and

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

9 This paragraph shall not apply to the following:

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

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

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

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

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

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

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

1 its authority under Section 404 of this Act;

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

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

21 This paragraph shall not apply to the following:

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

1 reporting, to a tax on or measured by net income
2 with respect to such item; or

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

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

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

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

1 304(f);

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

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

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

12 (E-15) For taxable years beginning after December
13 31, 2008, any deduction for dividends paid by a
14 captive real estate investment trust that is allowed
15 to a real estate investment trust under Section
16 857(b)(2)(B) of the Internal Revenue Code for
17 dividends paid;

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

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

26 (E-18) for taxable years beginning after December

1 31, 2018, an amount equal to the deduction allowed
2 under Section 250(a)(1)(A) of the Internal Revenue
3 Code for the taxable year;

4 (E-19) for taxable years ending on or after June
5 30, 2021, an amount equal to the deduction allowed
6 under Section 250(a)(1)(B)(i) of the Internal Revenue
7 Code for the taxable year;

8 (E-20) for taxable years ending on or after June
9 30, 2021, an amount equal to the deduction allowed
10 under Sections 243(e) and 245A(a) of the Internal
11 Revenue Code for the taxable year.

12 and by deducting from the total so obtained the sum of the
13 following amounts:

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

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

19 (H) In the case of a regulated investment company,
20 an amount equal to the amount of exempt interest
21 dividends as defined in subsection (b)(5) of Section
22 852 of the Internal Revenue Code, paid to shareholders
23 for the taxable year;

24 (I) With the exception of any amounts subtracted
25 under subparagraph (J), an amount equal to the sum of
26 all amounts disallowed as deductions by (i) Sections

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

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

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

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

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

24 (M) For any taxpayer that is a financial
25 organization within the meaning of Section 304(c) of
26 this Act, an amount included in such total as interest

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

21 (M-1) For any taxpayer that is a financial
22 organization within the meaning of Section 304(c) of
23 this Act, an amount included in such total as interest
24 income from a loan or loans made by such taxpayer to a
25 borrower, to the extent that such a loan is secured by
26 property which is eligible for the High Impact

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

21 (N) Two times any contribution made during the
22 taxable year to a designated zone organization to the
23 extent that the contribution (i) qualifies as a
24 charitable contribution under subsection (c) of
25 Section 170 of the Internal Revenue Code and (ii)
26 must, by its terms, be used for a project approved by

1 the Department of Commerce and Economic Opportunity
2 under Section 11 of the Illinois Enterprise Zone Act
3 or under Section 10-10 of the River Edge Redevelopment
4 Zone Act. This subparagraph (N) is exempt from the
5 provisions of Section 250;

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

1 1988, dividends received or deemed received or paid or
2 deemed paid under Sections 951 through 964 of the
3 Internal Revenue Code and including, for taxable years
4 ending on or after December 31, 2008, dividends
5 received from a captive real estate investment trust,
6 from any such corporation specified in clause (i) that
7 would but for the provisions of Section 1504(b)(3) of
8 the Internal Revenue Code be treated as a member of the
9 affiliated group which includes the dividend
10 recipient, exceed the amount of the modification
11 provided under subparagraph (G) of paragraph (2) of
12 this subsection (b) which is related to such
13 dividends. For taxable years ending on or after June
14 30, 2021, (i) for purposes of this subparagraph, the
15 term "dividend" does not include any amount treated as
16 a dividend under Section 1248 of the Internal Revenue
17 Code, and (ii) this subparagraph shall not apply to
18 dividends for which a deduction is allowed under
19 Section 245(a) of the Internal Revenue Code. This
20 subparagraph (O) is exempt from the provisions of
21 Section 250 of this Act;

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

25 (Q) An amount equal to the amount of the deduction
26 used to compute the federal income tax credit for

1 restoration of substantial amounts held under claim of
2 right for the taxable year pursuant to Section 1341 of
3 the Internal Revenue Code;

4 (R) On and after July 20, 1999, in the case of an
5 attorney-in-fact with respect to whom an interinsurer
6 or a reciprocal insurer has made the election under
7 Section 835 of the Internal Revenue Code, 26 U.S.C.
8 835, an amount equal to the excess, if any, of the
9 amounts paid or incurred by that interinsurer or
10 reciprocal insurer in the taxable year to the
11 attorney-in-fact over the deduction allowed to that
12 interinsurer or reciprocal insurer with respect to the
13 attorney-in-fact under Section 835(b) of the Internal
14 Revenue Code for the taxable year; the provisions of
15 this subparagraph are exempt from the provisions of
16 Section 250;

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

1 (T) For taxable years 2001 and thereafter, for the
2 taxable year in which the bonus depreciation deduction
3 is taken on the taxpayer's federal income tax return
4 under subsection (k) of Section 168 of the Internal
5 Revenue Code and for each applicable taxable year
6 thereafter, an amount equal to "x", where:

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

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

18 (3) for taxable years ending after December
19 31, 2005:

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

25 (ii) for property on which a bonus
26 depreciation deduction of 50% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 1.0;

3 (iii) (blank); ~~for property on which a~~
4 ~~bonus depreciation deduction of 100% of the~~
5 ~~adjusted basis was taken in a taxable year~~
6 ~~ending on or after December 31, 2021, "x"~~
7 ~~equals the depreciation deduction that would~~
8 ~~be allowed on that property if the taxpayer~~
9 ~~had made the election under Section 168(k)(7)~~
10 ~~of the Internal Revenue Code to not claim~~
11 ~~bonus depreciation on that property; and~~

12 (iv) (blank). ~~for property on which a~~
13 ~~bonus depreciation deduction of a percentage~~
14 ~~other than 30%, 50% or 100% of the adjusted~~
15 ~~basis was taken in a taxable year ending on or~~
16 ~~after December 31, 2021, "x" equals "y"~~
17 ~~multiplied by 100 times the percentage bonus~~
18 ~~depreciation on the property (that is,~~
19 ~~100(bonus%)) and then divided by 100 times 1~~
20 ~~minus the percentage bonus depreciation on the~~
21 ~~property (that is, 100(1-bonus%)).~~

22 The aggregate amount deducted under this
23 subparagraph in all taxable years for any one piece of
24 property may not exceed the amount of the bonus
25 depreciation deduction taken on that property on the
26 taxpayer's federal income tax return under subsection

1 (k) of Section 168 of the Internal Revenue Code. This
2 subparagraph (T) is exempt from the provisions of
3 Section 250;

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

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

18 The taxpayer is allowed to take the deduction
19 under this subparagraph only once with respect to any
20 one piece of property.

21 This subparagraph (U) is exempt from the
22 provisions of Section 250;

23 (V) The amount of: (i) any interest income (net of
24 the deductions allocable thereto) taken into account
25 for the taxable year with respect to a transaction
26 with a taxpayer that is required to make an addition

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

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

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

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

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

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

1 Section 250; and

2 (Z) The difference between the nondeductible
3 controlled foreign corporation dividends under Section
4 965(e)(3) of the Internal Revenue Code over the
5 taxable income of the taxpayer, computed without
6 regard to Section 965(e)(2)(A) of the Internal Revenue
7 Code, and without regard to any net operating loss
8 deduction. This subparagraph (Z) is exempt from the
9 provisions of Section 250.

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

18 (c) Trusts and estates.

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

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

1 (A) An amount equal to all amounts paid or accrued
2 to the taxpayer as interest or dividends during the
3 taxable year to the extent excluded from gross income
4 in the computation of taxable income;

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

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

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

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

1 the following limitations applied in the order that
2 they are listed:

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

11 (ii) 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 not exceed the amount of
15 such carryback or carryforward;

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

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

1 of the Illinois foreign tax credit under Section 601
2 of this Act;

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

7 (G-5) For taxable years ending after December 31,
8 1997, an amount equal to any eligible remediation
9 costs that the trust or estate deducted in computing
10 adjusted gross income and for which the trust or
11 estate claims a credit under subsection (l) of Section
12 201;

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

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

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

1 taxpayer may claim a depreciation deduction for
2 federal income tax purposes ~~a subtraction is allowed~~
3 ~~with respect to that property under subparagraph (R)~~
4 and for which the taxpayer was allowed in any taxable
5 year to make a subtraction modification under
6 subparagraph (R), then an amount equal to that
7 subtraction modification.

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

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

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

12 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

24 This paragraph shall not apply to the following:

25 (i) any item of intangible expenses or costs
26 paid, accrued, or incurred, directly or

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

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

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

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

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

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

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

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

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

15 (G-15) An amount equal to the credit allowable to
16 the taxpayer under Section 218(a) of this Act,
17 determined without regard to Section 218(c) of this
18 Act;

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

23 and by deducting from the total so obtained the sum of the
24 following amounts:

25 (H) An amount equal to all amounts included in
26 such total pursuant to the provisions of Sections

1 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
2 of the Internal Revenue Code or included in such total
3 as distributions under the provisions of any
4 retirement or disability plan for employees of any
5 governmental agency or unit, or retirement payments to
6 retired partners, which payments are excluded in
7 computing net earnings from self employment by Section
8 1402 of the Internal Revenue Code and regulations
9 adopted pursuant thereto;

10 (I) The valuation limitation amount;

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

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

25 (L) With the exception of any amounts subtracted
26 under subparagraph (K), an amount equal to the sum of

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

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

24 (N) An amount equal to any contribution made to a
25 job training project established pursuant to the Tax
26 Increment Allocation Redevelopment Act;

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

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

15 (Q) For taxable year 1999 and thereafter, an
16 amount equal to the amount of any (i) distributions,
17 to the extent includible in gross income for federal
18 income tax purposes, made to the taxpayer because of
19 his or her status as a victim of persecution for racial
20 or religious reasons by Nazi Germany or any other Axis
21 regime or as an heir of the victim and (ii) items of
22 income, to the extent includible in gross income for
23 federal income tax purposes, attributable to, derived
24 from or in any way related to assets stolen from,
25 hidden from, or otherwise lost to a victim of
26 persecution for racial or religious reasons by Nazi

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

22 (R) For taxable years 2001 and thereafter, for the
23 taxable year in which the bonus depreciation deduction
24 is taken on the taxpayer's federal income tax return
25 under subsection (k) of Section 168 of the Internal
26 Revenue Code and for each applicable taxable year

1 thereafter, an amount equal to "x", where:

2 (1) "y" equals the amount of the depreciation
3 deduction taken for the taxable year on the
4 taxpayer's federal income tax return on property
5 for which the bonus depreciation deduction was
6 taken in any year under subsection (k) of Section
7 168 of the Internal Revenue Code, but not
8 including the bonus depreciation deduction;

9 (2) for taxable years ending on or before
10 December 31, 2005, "x" equals "y" multiplied by 30
11 and then divided by 70 (or "y" multiplied by
12 0.429); and

13 (3) for taxable years ending after December
14 31, 2005:

15 (i) for property on which a bonus
16 depreciation deduction of 30% of the adjusted
17 basis was taken, "x" equals "y" multiplied by
18 30 and then divided by 70 (or "y" multiplied
19 by 0.429); and

20 (ii) for property on which a bonus
21 depreciation deduction of 50% of the adjusted
22 basis was taken, "x" equals "y" multiplied by
23 1.0;

24 (iii) (blank); ~~for property on which a~~
25 ~~bonus depreciation deduction of 100% of the~~
26 ~~adjusted basis was taken in a taxable year~~

1 ~~ending on or after December 31, 2021, "x"~~
2 ~~equals the depreciation deduction that would~~
3 ~~be allowed on that property if the taxpayer~~
4 ~~had made the election under Section 168(k)(7)~~
5 ~~of the Internal Revenue Code to not claim~~
6 ~~bonus depreciation on that property; and~~

7 (iv) (blank). ~~for property on which a~~
8 ~~bonus depreciation deduction of a percentage~~
9 ~~other than 30%, 50% or 100% of the adjusted~~
10 ~~basis was taken in a taxable year ending on or~~
11 ~~after December 31, 2021, "x" equals "y"~~
12 ~~multiplied by 100 times the percentage bonus~~
13 ~~depreciation on the property (that is,~~
14 ~~100(bonus%)) and then divided by 100 times 1~~
15 ~~minus the percentage bonus depreciation on the~~
16 ~~property (that is, 100(1-bonus%)).~~

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

25 (S) If the taxpayer sells, transfers, abandons, or
26 otherwise disposes of property for which the taxpayer

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

4 If the taxpayer continues to own property through
5 the last day of the last tax year for which a the
6 taxpayer may claim a depreciation deduction for
7 federal income tax purposes ~~subtraction is allowed~~
8 ~~with respect to that property under subparagraph (R)~~
9 and for which the taxpayer was required in any taxable
10 year to make an addition modification under
11 subparagraph (G-10), then an amount equal to that
12 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 ~~a subtraction is allowed~~
25 ~~with respect to that property under subparagraph (O)~~
26 and for which the taxpayer was allowed in any taxable

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

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

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

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

8 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

20 This paragraph shall not apply to the following:

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

1 with respect to such item; or

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

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

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

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

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

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

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

10 (D-10) 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 (D-11) 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 following
19 amounts:

20 (E) The valuation limitation amount;

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

24 (G) An amount equal to all amounts included in
25 taxable income as modified by subparagraphs (A), (B),
26 (C) and (D) which are exempt from taxation by this

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

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

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

24 (J) With the exception of any amounts subtracted
25 under subparagraph (G), an amount equal to the sum of
26 all amounts disallowed as deductions by (i) Sections

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

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

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

26 (M) An amount equal to those dividends included in

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

9 (N) 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;

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

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

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

5 (3) for taxable years ending after December
6 31, 2005:

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

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

16 (iii) (blank); ~~for property on which a~~
17 ~~bonus depreciation deduction of 100% of the~~
18 ~~adjusted basis was taken in a taxable year~~
19 ~~ending on or after December 31, 2021, "x"~~
20 ~~equals the depreciation deduction that would~~
21 ~~be allowed on that property if the taxpayer~~
22 ~~had made the election under Section 168(k)(7)~~
23 ~~of the Internal Revenue Code to not claim~~
24 ~~bonus depreciation on that property; and~~

25 (iv) (blank). ~~for property on which a~~
26 ~~bonus depreciation deduction of a percentage~~

~~other than 30%, 50% or 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals "y" multiplied by 100 times the percentage bonus depreciation on the property (that is, $100(\text{bonus}\%)$) and then divided by 100 times 1 minus the percentage bonus depreciation on the property (that is, $100(1 - \text{bonus}\%)$).~~

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

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

If the taxpayer continues to own property through the last day of the last tax year for which the taxpayer may claim a depreciation deduction for federal income tax purposes ~~a subtraction is allowed with respect to that property under subparagraph (O)~~

1 and for which the taxpayer was required in any taxable
2 year to make an addition modification under
3 subparagraph (D-5), then an amount equal to that
4 addition modification.

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

8 This subparagraph (P) is exempt from the
9 provisions of Section 250;

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

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

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

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

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

1 (T), the insurer to which the premiums were paid must
2 add back to income the amount subtracted by the
3 taxpayer pursuant to this subparagraph (T). This
4 subparagraph (T) is exempt from the provisions of
5 Section 250.

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

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

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

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

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

24 (B) Certain other insurance companies. In the case
25 of mutual insurance companies subject to the tax
26 imposed by Section 831 of the Internal Revenue Code,

1 insurance company taxable income;

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

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

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

23 (F) Cooperatives. In the case of a cooperative
24 corporation or association, the taxable income of such
25 organization determined in accordance with the
26 provisions of Section 1381 through 1388 of the

1 Internal Revenue Code, but without regard to the
2 prohibition against offsetting losses from patronage
3 activities against income from nonpatronage
4 activities; except that a cooperative corporation or
5 association may make an election to follow its federal
6 income tax treatment of patronage losses and
7 nonpatronage losses. In the event such election is
8 made, such losses shall be computed and carried over
9 in a manner consistent with subsection (a) of Section
10 207 of this Act and apportioned by the apportionment
11 factor reported by the cooperative on its Illinois
12 income tax return filed for the taxable year in which
13 the losses are incurred. The election shall be
14 effective for all taxable years with original returns
15 due on or after the date of the election. In addition,
16 the cooperative may file an amended return or returns,
17 as allowed under this Act, to provide that the
18 election shall be effective for losses incurred or
19 carried forward for taxable years occurring prior to
20 the date of the election. Once made, the election may
21 only be revoked upon approval of the Director. The
22 Department shall adopt rules setting forth
23 requirements for documenting the elections and any
24 resulting Illinois net loss and the standards to be
25 used by the Director in evaluating requests to revoke
26 elections. Public Act 96-932 is declaratory of

1 existing law;

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

19 (H) Partnerships. In the case of a partnership,
20 taxable income determined in accordance with Section
21 703 of the Internal Revenue Code, except that taxable
22 income shall take into account those items which are
23 required by Section 703(a)(1) to be separately stated
24 but which would be taken into account by an individual
25 in calculating his taxable income.

26 (3) Recapture of business expenses on disposition of

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

17 (f) Valuation limitation amount.

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

21 (A) The sum of the pre-August 1, 1969 appreciation
22 amounts (to the extent consisting of gain reportable
23 under the provisions of Section 1245 or 1250 of the
24 Internal Revenue Code) for all property in respect of
25 which such gain was reported for the taxable year;

1 plus

2 (B) The lesser of (i) the sum of the pre-August 1,
3 1969 appreciation amounts (to the extent consisting of
4 capital gain) for all property in respect of which
5 such gain was reported for federal income tax purposes
6 for the taxable year, or (ii) the net capital gain for
7 the taxable year, reduced in either case by any amount
8 of such gain included in the amount determined under
9 subsection (a) (2) (F) or (c) (2) (H).

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

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

22 (B) If the fair market value of property referred
23 to in paragraph (1) was not readily ascertainable on
24 August 1, 1969, the pre-August 1, 1969 appreciation
25 amount for such property is that amount which bears
26 the same ratio to the total gain reported in respect of

1 the property for federal income tax purposes for the
2 taxable year, as the number of full calendar months in
3 that part of the taxpayer's holding period for the
4 property ending July 31, 1969 bears to the number of
5 full calendar months in the taxpayer's entire holding
6 period for the property.

7 (C) The Department shall prescribe such
8 regulations as may be necessary to carry out the
9 purposes of this paragraph.

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

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

22 (Source: P.A. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;
23 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.
24 8-27-21; revised 10-14-21.)

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.