

HB5613



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB5613

Introduced 2/9/2024, by Rep. Tim Ozinga

SYNOPSIS AS INTRODUCED:

35 ILCS 5/203

Amends the Illinois Income Tax Act. In provisions concerning a deduction for contributions to a College Savings Pool account or the Illinois Prepaid Tuition Trust Fund, provides that a \$10,000 limitation does not apply for taxable years beginning on or after January 1, 2025. Effective immediately.

LRB103 36448 HLH 66550 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)

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 a
22 subtraction is allowed with respect to that property
23 under subparagraph (Z) and for which the taxpayer was
24 allowed in any taxable year to make a subtraction
25 modification under subparagraph (Z), then an amount
26 equal to that subtraction modification.

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

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

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

5 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

17 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 computing net earnings from self employment by Section
2 1402 of the Internal Revenue Code and regulations
3 adopted pursuant thereto;

4 (G) The valuation limitation amount;

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

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

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

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

1 subparagraph (J) of paragraph (2) of this subsection
2 shall not be eligible for the deduction provided under
3 this subparagraph (K);

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

9 (M) With the exception of any amounts subtracted
10 under subparagraph (N), an amount equal to the sum of
11 all amounts disallowed as deductions by (i) Sections
12 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
13 and all amounts of expenses allocable to interest and
14 disallowed as deductions by Section 265(a)(1) of the
15 Internal Revenue Code; and (ii) for taxable years
16 ending on or after August 13, 1999, Sections
17 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
18 Internal Revenue Code, plus, for taxable years ending
19 on or after December 31, 2011, Section 45G(e)(3) of
20 the Internal Revenue Code and, for taxable years
21 ending on or after December 31, 2008, any amount
22 included in gross income under Section 87 of the
23 Internal Revenue Code; the provisions of this
24 subparagraph are exempt from the provisions of Section
25 250;

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

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

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

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

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

26 (R) An amount equal to the amount of any federal or

1 State bonus paid to veterans of the Persian Gulf War;

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

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

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

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

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

24 (W) For taxable years beginning on or after
25 January 1, 1998, all amounts included in the
26 taxpayer's federal gross income in the taxable year

1 from amounts converted from a regular IRA to a Roth
2 IRA. This paragraph is exempt from the provisions of
3 Section 250;

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

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

11 (Y) For taxable years beginning on or after
12 January 1, 2002 and ending on or before December 31,
13 2004, moneys contributed in the taxable year to a
14 College Savings Pool account under Section 16.5 of the
15 State Treasurer Act, except that amounts excluded from
16 gross income under Section 529(c)(3)(C)(i) of the
17 Internal Revenue Code shall not be considered moneys
18 contributed under this subparagraph (Y). For taxable
19 years beginning on or after January 1, 2005 and
20 beginning before January 1, 2025, a maximum of \$10,000
21 contributed in the taxable year to (i) a College
22 Savings Pool account under Section 16.5 of the State
23 Treasurer Act or (ii) the Illinois Prepaid Tuition
24 Trust Fund, except that amounts excluded from gross
25 income under Section 529(c)(3)(C)(i) of the Internal
26 Revenue Code shall not be considered moneys

1 contributed under this subparagraph (Y). For taxable
2 years beginning on or after January 1, 2025, the
3 amount contributed in the taxable year to (i) a
4 College Savings Pool account under Section 16.5 of the
5 State Treasurer Act or (ii) the Illinois Prepaid
6 Tuition Trust Fund, except that amounts excluded from
7 gross income under Section 529(c)(3)(C)(i) of the
8 Internal Revenue Code shall not be considered moneys
9 contributed under this subparagraph (Y). For purposes
10 of this subparagraph, contributions made by an
11 employer on behalf of an employee, or matching
12 contributions made by an employee, shall be treated as
13 made by the employee. This subparagraph (Y) is exempt
14 from the provisions of Section 250;

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

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

1 including the bonus depreciation deduction;

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

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

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

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

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

26 (iv) for property on which a bonus

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

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

18 (AA) 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 (D-15), then
22 an amount equal to that addition modification.

23 If the taxpayer continues to own property through
24 the last day of the last tax year for which a
25 subtraction is allowed with respect to that property
26 under subparagraph (Z) and for which the taxpayer was

1 required in any taxable year to make an addition
2 modification under subparagraph (D-15), then an amount
3 equal to that addition modification.

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

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

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

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

1 addition modification. This subparagraph (CC) is
2 exempt from the provisions of Section 250;

3 (DD) An amount equal to the interest income taken
4 into account for the taxable year (net of the
5 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(a)(2)(D-17) for interest paid, accrued, or
21 incurred, directly or indirectly, to the same person.
22 This subparagraph (DD) is exempt from the provisions
23 of Section 250;

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

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

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

25 (GG) For taxable years ending on or after December
26 31, 2011, in the case of a taxpayer who was required to

1 add back any insurance premiums under Section
2 203(a)(2)(D-19), such taxpayer may elect to subtract
3 that part of a reimbursement received from the
4 insurance company equal to the amount of the expense
5 or loss (including expenses incurred by the insurance
6 company) that would have been taken into account as a
7 deduction for federal income tax purposes if the
8 expense or loss had been uninsured. If a taxpayer
9 makes the election provided for by this subparagraph
10 (GG), the insurer to which the premiums were paid must
11 add back to income the amount subtracted by the
12 taxpayer pursuant to this subparagraph (GG). This
13 subparagraph (GG) is exempt from the provisions of
14 Section 250;

15 (HH) For taxable years beginning on or after
16 January 1, 2018 and prior to January 1, 2028, a maximum
17 of \$10,000 contributed in the taxable year to a
18 qualified ABLE account under Section 16.6 of the State
19 Treasurer Act, except that amounts excluded from gross
20 income under Section 529(c)(3)(C)(i) or Section
21 529A(c)(1)(C) of the Internal Revenue Code shall not
22 be considered moneys contributed under this
23 subparagraph (HH). For purposes of this subparagraph
24 (HH), contributions made by an employer on behalf of
25 an employee, or matching contributions made by an
26 employee, shall be treated as made by the employee;

1 (II) For taxable years that begin on or after
2 January 1, 2021 and begin before January 1, 2026, the
3 amount that is included in the taxpayer's federal
4 adjusted gross income pursuant to Section 61 of the
5 Internal Revenue Code as discharge of indebtedness
6 attributable to student loan forgiveness and that is
7 not excluded from the taxpayer's federal adjusted
8 gross income pursuant to paragraph (5) of subsection
9 (f) of Section 108 of the Internal Revenue Code; ~~and~~

10 (JJ) For taxable years beginning on or after
11 January 1, 2023, for any cannabis establishment
12 operating in this State and licensed under the
13 Cannabis Regulation and Tax Act or any cannabis
14 cultivation center or medical cannabis dispensing
15 organization operating in this State and licensed
16 under the Compassionate Use of Medical Cannabis
17 Program Act, an amount equal to the deductions that
18 were disallowed under Section 280E of the Internal
19 Revenue Code for the taxable year and that would not be
20 added back under this subsection. The provisions of
21 this subparagraph (JJ) are exempt from the provisions
22 of Section 250; ~~and-~~

23 (KK) ~~(JJ)~~ To the extent includible in gross income
24 for federal income tax purposes, any amount awarded or
25 paid to the taxpayer as a result of a judgment or
26 settlement for fertility fraud as provided in Section

1 15 of the Illinois Fertility Fraud Act, donor
2 fertility fraud as provided in Section 20 of the
3 Illinois Fertility Fraud Act, or similar action in
4 another state.

5 (b) Corporations.

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

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

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

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

21 (C) In the case of a regulated investment company,
22 an amount equal to the excess of (i) the net long-term
23 capital gain for the taxable year, over (ii) the
24 amount of the capital gain dividends designated as
25 such in accordance with Section 852(b)(3)(C) of the

1 Internal Revenue Code and any amount designated under
2 Section 852(b)(3)(D) of the Internal Revenue Code,
3 attributable to the taxable year (this amendatory Act
4 of 1995 (Public Act 89-89) is declarative of existing
5 law and is not a new enactment);

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

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

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

1 base income of an earlier taxable year, and

2 (ii) the addition modification relating to the
3 net operating loss carried back or forward to the
4 taxable year from any taxable year ending prior to
5 December 31, 1986 shall not exceed the amount of
6 such carryback or carryforward;

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

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

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

24 (E-11) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (E-10), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (T) with respect to that property.

5 If the taxpayer continues to own property through
6 the last day of the last tax year for which a
7 subtraction is allowed with respect to that property
8 under subparagraph (T) and for which the taxpayer was
9 allowed in any taxable year to make a subtraction
10 modification under subparagraph (T), then an amount
11 equal to that subtraction modification.

12 The taxpayer is required to make the addition
13 modification under this subparagraph only once with
14 respect to any one piece of property;

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

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304. The addition modification
5 required by this subparagraph shall be reduced to the
6 extent that dividends were included in base income of
7 the unitary group for the same taxable year and
8 received by the taxpayer or by a member of the
9 taxpayer's unitary business group (including amounts
10 included in gross income pursuant to Sections 951
11 through 964 of the Internal Revenue Code and amounts
12 included in gross income under Section 78 of the
13 Internal Revenue Code) with respect to the stock of
14 the same person to whom the interest was paid,
15 accrued, or incurred.

16 This paragraph shall not apply to the following:

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

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

1 following:

2 (a) the person, during the same taxable
3 year, paid, accrued, or incurred, the interest
4 to a person that is not a related member, and

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

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

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

26 Nothing in this subsection shall preclude the

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

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

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

1 similar types of intangible assets.

2 This paragraph shall not apply to the following:

3 (i) any item of intangible expenses or costs
4 paid, accrued, or incurred, directly or
5 indirectly, from a transaction with a person who
6 is subject in a foreign country or state, other
7 than a state which requires mandatory unitary
8 reporting, to a tax on or measured by net income
9 with respect to such item; or

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

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

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

26 (iii) any item of intangible expense or cost

1 paid, accrued, or incurred, directly or
2 indirectly, from a transaction with a person if
3 the taxpayer establishes by clear and convincing
4 evidence, that the adjustments are unreasonable;
5 or if the taxpayer and the Director agree in
6 writing to the application or use of an
7 alternative method of apportionment under Section
8 304(f);

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

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

1 she is ordinarily required to apportion business
2 income under different subsections of Section 304. The
3 addition modification required by this subparagraph
4 shall be reduced to the extent that dividends were
5 included in base income of the unitary group for the
6 same taxable year and received by the taxpayer or by a
7 member of the taxpayer's unitary business group
8 (including amounts included in gross income under
9 Sections 951 through 964 of the Internal Revenue Code
10 and amounts included in gross income under Section 78
11 of the Internal Revenue Code) with respect to the
12 stock of the same person to whom the premiums and costs
13 were directly or indirectly paid, incurred, or
14 accrued. The preceding sentence does not apply to the
15 extent that the same dividends caused a reduction to
16 the addition modification required under Section
17 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
18 Act;

19 (E-15) For taxable years beginning after December
20 31, 2008, any deduction for dividends paid by a
21 captive real estate investment trust that is allowed
22 to a real estate investment trust under Section
23 857(b)(2)(B) of the Internal Revenue Code for
24 dividends paid;

25 (E-16) An amount equal to the credit allowable to
26 the taxpayer under Section 218(a) of this Act,

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

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

7 (E-18) for taxable years beginning after December
8 31, 2018, an amount equal to the deduction allowed
9 under Section 250(a)(1)(A) of the Internal Revenue
10 Code for the taxable year;

11 (E-19) for taxable years ending on or after June
12 30, 2021, an amount equal to the deduction allowed
13 under Section 250(a)(1)(B)(i) of the Internal Revenue
14 Code for the taxable year;

15 (E-20) for taxable years ending on or after June
16 30, 2021, an amount equal to the deduction allowed
17 under Sections 243(e) and 245A(a) of the Internal
18 Revenue Code for the taxable year.

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

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 any amount included in such
25 total under Section 78 of the Internal Revenue Code;

26 (H) In the case of a regulated investment company,

1 an amount equal to the amount of exempt interest
2 dividends as defined in subsection (b)(5) of Section
3 852 of the Internal Revenue Code, paid to shareholders
4 for the taxable year;

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

1 the case of a life insurance company allowed a
2 deduction for an increase in reserves for the tax
3 year); the provisions of this subparagraph are exempt
4 from the provisions of Section 250;

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

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

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

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

5 (M) For any taxpayer that is a financial
6 organization within the meaning of Section 304(c) of
7 this Act, an amount included in such total as interest
8 income from a loan or loans made by such taxpayer to a
9 borrower, to the extent that such a loan is secured by
10 property which is eligible for the River Edge
11 Redevelopment Zone Investment Credit. To determine the
12 portion of a loan or loans that is secured by property
13 eligible for a Section 201(f) investment credit to the
14 borrower, the entire principal amount of the loan or
15 loans between the taxpayer and the borrower should be
16 divided into the basis of the Section 201(f)
17 investment credit property which secures the loan or
18 loans, using for this purpose the original basis of
19 such property on the date that it was placed in service
20 in the River Edge Redevelopment Zone. The subtraction
21 modification available to the taxpayer in any year
22 under this subsection shall be that portion of the
23 total interest paid by the borrower with respect to
24 such loan attributable to the eligible property as
25 calculated under the previous sentence. This
26 subparagraph (M) is exempt from the provisions of

1 Section 250;

2 (M-1) For any taxpayer that is a financial
3 organization within the meaning of Section 304(c) of
4 this Act, an amount included in such total as interest
5 income from a loan or loans made by such taxpayer to a
6 borrower, to the extent that such a loan is secured by
7 property which is eligible for the High Impact
8 Business Investment Credit. To determine the portion
9 of a loan or loans that is secured by property eligible
10 for a Section 201(h) investment credit to the
11 borrower, the entire principal amount of the loan or
12 loans between the taxpayer and the borrower should be
13 divided into the basis of the Section 201(h)
14 investment credit property which secures the loan or
15 loans, using for this purpose the original basis of
16 such property on the date that it was placed in service
17 in a federally designated Foreign Trade Zone or
18 Sub-Zone located in Illinois. No taxpayer that is
19 eligible for the deduction provided in subparagraph
20 (M) of paragraph (2) of this subsection shall be
21 eligible for the deduction provided under this
22 subparagraph (M-1). The subtraction modification
23 available to taxpayers in any year under this
24 subsection shall be that portion of the total interest
25 paid by the borrower with respect to such loan
26 attributable to the eligible property as calculated

1 under the previous sentence;

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

13 (O) An amount equal to: (i) 85% for taxable years
14 ending on or before December 31, 1992, or, a
15 percentage equal to the percentage allowable under
16 Section 243(a)(1) of the Internal Revenue Code of 1986
17 for taxable years ending after December 31, 1992, of
18 the amount by which dividends included in taxable
19 income and received from a corporation that is not
20 created or organized under the laws of the United
21 States or any state or political subdivision thereof,
22 including, for taxable years ending on or after
23 December 31, 1988, dividends received or deemed
24 received or paid or deemed paid under Sections 951
25 through 965 of the Internal Revenue Code, exceed the
26 amount of the modification provided under subparagraph

1 (G) of paragraph (2) of this subsection (b) which is
2 related to such dividends, and including, for taxable
3 years ending on or after December 31, 2008, dividends
4 received from a captive real estate investment trust;
5 plus (ii) 100% of the amount by which dividends,
6 included in taxable income and received, including,
7 for taxable years ending on or after December 31,
8 1988, dividends received or deemed received or paid or
9 deemed paid under Sections 951 through 964 of the
10 Internal Revenue Code and including, for taxable years
11 ending on or after December 31, 2008, dividends
12 received from a captive real estate investment trust,
13 from any such corporation specified in clause (i) that
14 would but for the provisions of Section 1504(b)(3) of
15 the Internal Revenue Code be treated as a member of the
16 affiliated group which includes the dividend
17 recipient, exceed the amount of the modification
18 provided under subparagraph (G) of paragraph (2) of
19 this subsection (b) which is related to such
20 dividends. For taxable years ending on or after June
21 30, 2021, (i) for purposes of this subparagraph, the
22 term "dividend" does not include any amount treated as
23 a dividend under Section 1248 of the Internal Revenue
24 Code, and (ii) this subparagraph shall not apply to
25 dividends for which a deduction is allowed under
26 Section 245(a) of the Internal Revenue Code. This

1 subparagraph (O) is exempt from the provisions of
2 Section 250 of this Act;

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

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

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

24 (S) For taxable years ending on or after December
25 31, 1997, in the case of a Subchapter S corporation, an
26 amount equal to all amounts of income allocable to a

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

8 (T) 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);

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

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

1 percentage bonus depreciation on the property
2 (that is, $100(1-\text{bonus}\%)$).

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 (T) is exempt from the provisions of
10 Section 250;

11 (U) If the taxpayer sells, transfers, abandons, or
12 otherwise disposes of property for which the taxpayer
13 was required in any taxable year to make an addition
14 modification under subparagraph (E-10), then an amount
15 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 a
18 subtraction is allowed with respect to that property
19 under subparagraph (T) and for which the taxpayer was
20 required in any taxable year to make an addition
21 modification under subparagraph (E-10), then an amount
22 equal to that addition modification.

23 The taxpayer is allowed to take the deduction
24 under this subparagraph only once with respect to any
25 one piece of property.

26 This subparagraph (U) is exempt from the

1 provisions of Section 250;

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

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

22 (X) An amount equal to the income from intangible
23 property taken into account for the taxable year (net
24 of the 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-13) for intangible expenses and costs
14 paid, accrued, or incurred, directly or indirectly, to
15 the same foreign person. This subparagraph (X) is
16 exempt from the provisions of Section 250;

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

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

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

15 (AA) For taxable years beginning on or after
16 January 1, 2023, for any cannabis establishment
17 operating in this State and licensed under the
18 Cannabis Regulation and Tax Act or any cannabis
19 cultivation center or medical cannabis dispensing
20 organization operating in this State and licensed
21 under the Compassionate Use of Medical Cannabis
22 Program Act, an amount equal to the deductions that
23 were disallowed under Section 280E of the Internal
24 Revenue Code for the taxable year and that would not be
25 added back under this subsection. The provisions of
26 this subparagraph (AA) are exempt from the provisions

1 of Section 250.

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

10 (c) Trusts and estates.

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

14 (2) Modifications. Subject to the provisions of
15 paragraph (3), the taxable income referred to in paragraph
16 (1) shall be modified by adding thereto the sum of the
17 following amounts:

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

22 (B) In the case of (i) an estate, \$600; (ii) a
23 trust which, under its governing instrument, is
24 required to distribute all of its income currently,
25 \$300; and (iii) any other trust, \$100, but in each such

1 case, only to the extent such amount was deducted in
2 the computation of taxable income;

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

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

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

21 (i) the addition modification relating to the
22 net operating loss carried back or forward to the
23 taxable year from any taxable year ending prior to
24 December 31, 1986 shall be reduced by the amount
25 of addition modification under this subparagraph
26 (E) which related to that net operating loss and

1 which was taken into account in calculating the
2 base income of an earlier taxable year, and

3 (ii) 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 not exceed the amount of
7 such carryback or carryforward;

8 For taxable years in which there is a net
9 operating loss carryback or carryforward from more
10 than one other taxable year ending prior to December
11 31, 1986, the addition modification provided in this
12 subparagraph (E) shall be the sum of the amounts
13 computed independently under the preceding provisions
14 of this subparagraph (E) for each such taxable year;

15 (F) For taxable years ending on or after January
16 1, 1989, an amount equal to the tax deducted pursuant
17 to Section 164 of the Internal Revenue Code if the
18 trust or estate is claiming the same tax for purposes
19 of the Illinois foreign tax credit under Section 601
20 of this Act;

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

25 (G-5) For taxable years ending after December 31,
26 1997, an amount equal to any eligible remediation

1 costs that the trust or estate deducted in computing
2 adjusted gross income and for which the trust or
3 estate claims a credit under subsection (l) of Section
4 201;

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

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

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which a
19 subtraction is allowed with respect to that property
20 under subparagraph (R) and for which the taxpayer was
21 allowed in any taxable year to make a subtraction
22 modification under subparagraph (R), then an amount
23 equal to that subtraction modification.

24 The taxpayer is required to make the addition
25 modification under this subparagraph only once with
26 respect to any one piece of property;

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

1 accrued, or incurred.

2 This paragraph shall not apply to the following:

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

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

14 (a) the person, during the same taxable
15 year, paid, accrued, or incurred, the interest
16 to a person that is not a related member, and

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

24 (iii) the taxpayer can establish, based on
25 clear and convincing evidence, that the interest
26 paid, accrued, or incurred relates to a contract

1 or agreement entered into at arm's-length rates
2 and terms and the principal purpose for the
3 payment is not federal or Illinois tax avoidance;
4 or

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

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

21 (G-13) An amount equal to the amount of intangible
22 expenses and costs otherwise allowed as a deduction in
23 computing base income, and that were paid, accrued, or
24 incurred, directly or indirectly, (i) for taxable
25 years ending on or after December 31, 2004, to a
26 foreign person who would be a member of the same

1 unitary business group but for the fact that the
2 foreign person's business activity outside the United
3 States is 80% or more of that person's total business
4 activity and (ii) for taxable years ending on or after
5 December 31, 2008, to a person who would be a member of
6 the same unitary business group but for the fact that
7 the person is prohibited under Section 1501(a)(27)
8 from being included in the unitary business group
9 because he or she is ordinarily required to apportion
10 business income under different subsections of Section
11 304. The addition modification required by this
12 subparagraph shall be reduced to the extent that
13 dividends were included in base income of the unitary
14 group for the same taxable year and received by the
15 taxpayer or by a member of the taxpayer's unitary
16 business group (including amounts included in gross
17 income pursuant to Sections 951 through 964 of the
18 Internal Revenue Code and amounts included in gross
19 income under Section 78 of the Internal Revenue Code)
20 with respect to the stock of the same person to whom
21 the intangible expenses and costs were directly or
22 indirectly paid, incurred, or accrued. The preceding
23 sentence shall not apply to the extent that the same
24 dividends caused a reduction to the addition
25 modification required under Section 203(c)(2)(G-12) of
26 this Act. As used in this subparagraph, the term

1 "intangible expenses and costs" includes: (1)
2 expenses, losses, and costs for or related to the
3 direct or indirect acquisition, use, maintenance or
4 management, ownership, sale, exchange, or any other
5 disposition of intangible property; (2) losses
6 incurred, directly or indirectly, from factoring
7 transactions or discounting transactions; (3) royalty,
8 patent, technical, and copyright fees; (4) licensing
9 fees; and (5) other similar expenses and costs. For
10 purposes of this subparagraph, "intangible property"
11 includes patents, patent applications, trade names,
12 trademarks, service marks, copyrights, mask works,
13 trade secrets, and similar types of intangible assets.

14 This paragraph shall not apply to the following:

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

22 (ii) any item of intangible expense or cost
23 paid, accrued, or incurred, directly or
24 indirectly, if the taxpayer can establish, based
25 on a preponderance of the evidence, both of the
26 following:

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

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

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

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

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

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

1 extent that the same dividends caused a reduction to
2 the addition modification required under Section
3 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this
4 Act;

5 (G-15) An amount equal to the credit allowable to
6 the taxpayer under Section 218(a) of this Act,
7 determined without regard to Section 218(c) of this
8 Act;

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

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

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

26 (I) The valuation limitation amount;

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

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

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

1 taxable years ending on or after December 31, 2008,
2 any amount included in gross income under Section 87
3 of the Internal Revenue Code; the provisions of this
4 subparagraph are exempt from the provisions of Section
5 250;

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

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

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

26 (P) An amount equal to the amount of the deduction

1 used to compute the federal income tax credit for
2 restoration of substantial amounts held under claim of
3 right for the taxable year pursuant to Section 1341 of
4 the Internal Revenue Code;

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

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

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

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

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

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

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

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

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

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

23 (iv) for property on which a bonus
24 depreciation deduction of a percentage other
25 than 30%, 50% or 100% of the adjusted basis
26 was taken in a taxable year ending on or after

1 December 31, 2021, "x" equals "y" multiplied
2 by 100 times the percentage bonus depreciation
3 on the property (that is, $100(\text{bonus}\%)$) and
4 then divided by 100 times 1 minus the
5 percentage bonus depreciation on the property
6 (that is, $100(1-\text{bonus}\%)$).

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

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

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which a
22 subtraction is allowed with respect to that property
23 under subparagraph (R) and for which the taxpayer was
24 required in any taxable year to make an addition
25 modification under subparagraph (G-10), then an amount
26 equal to that addition modification.

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

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

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

23 (U) An amount equal to the interest income taken
24 into account for the taxable year (net of the
25 deductions allocable thereto) with respect to
26 transactions with (i) a foreign person who would be a

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

17 (V) 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(c)(2)(G-13) for intangible expenses and costs
9 paid, accrued, or incurred, directly or indirectly, to
10 the same foreign person. This subparagraph (V) is
11 exempt from the provisions of Section 250;

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

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

24 (Y) For taxable years ending on or after December
25 31, 2011, in the case of a taxpayer who was required to
26 add back any insurance premiums under Section

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

14 (Z) For taxable years beginning after December 31,
15 2018 and before January 1, 2026, the amount of excess
16 business loss of the taxpayer disallowed as a
17 deduction by Section 461(1)(1)(B) of the Internal
18 Revenue Code; and

19 (AA) For taxable years beginning on or after
20 January 1, 2023, for any cannabis establishment
21 operating in this State and licensed under the
22 Cannabis Regulation and Tax Act or any cannabis
23 cultivation center or medical cannabis dispensing
24 organization operating in this State and licensed
25 under the Compassionate Use of Medical Cannabis
26 Program Act, an amount equal to the deductions that

1 were disallowed under Section 280E of the Internal
2 Revenue Code for the taxable year and that would not be
3 added back under this subsection. The provisions of
4 this subparagraph (AA) are exempt from the provisions
5 of Section 250.

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

13 (d) Partnerships.

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

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

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

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

1 the taxable year;

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

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

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

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

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which a
24 subtraction is allowed with respect to that property
25 under subparagraph (O) and for which the taxpayer was
26 allowed in any taxable year to make a subtraction

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

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

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

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

7 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

19 This paragraph shall not apply to the following:

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

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

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

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

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

26 Nothing in this subsection shall preclude the

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

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

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

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

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

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

19 (E) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (2) for taxable years ending on or before

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

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

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

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

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

24 (iv) for property on which a bonus
25 depreciation deduction of a percentage other
26 than 30%, 50% or 100% of the adjusted basis

1 was taken in a taxable year ending on or after
2 December 31, 2021, "x" equals "y" multiplied
3 by 100 times the percentage bonus depreciation
4 on the property (that is, $100(\text{bonus}\%)$) and
5 then divided by 100 times 1 minus the
6 percentage bonus depreciation on the property
7 (that is, $100(1-\text{bonus}\%)$).

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

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

21 If the taxpayer continues to own property through
22 the last day of the last tax year for which a
23 subtraction is allowed with respect to that property
24 under subparagraph (O) and for which the taxpayer was
25 required in any taxable year to make an addition
26 modification under subparagraph (D-5), then an amount

1 equal to that addition modification.

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

5 This subparagraph (P) is exempt from the
6 provisions of Section 250;

7 (Q) 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 such 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 such
22 addition modification. This subparagraph (Q) is exempt
23 from Section 250;

24 (R) 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(d)(2)(D-7) for interest paid, accrued, or
16 incurred, directly or indirectly, to the same person.
17 This subparagraph (R) is exempt from Section 250;

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

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

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

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

3 (U) For taxable years beginning on or after
4 January 1, 2023, for any cannabis establishment
5 operating in this State and licensed under the
6 Cannabis Regulation and Tax Act or any cannabis
7 cultivation center or medical cannabis dispensing
8 organization operating in this State and licensed
9 under the Compassionate Use of Medical Cannabis
10 Program Act, an amount equal to the deductions that
11 were disallowed under Section 280E of the Internal
12 Revenue Code for the taxable year and that would not be
13 added back under this subsection. The provisions of
14 this subparagraph (U) are exempt from the provisions
15 of Section 250.

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

17 (1) In general. Subject to the provisions of paragraph
18 (2) and subsection (b) (3), for purposes of this Section
19 and Section 803(e), a taxpayer's gross income, adjusted
20 gross income, or taxable income for the taxable year shall
21 mean the amount of gross income, adjusted gross income or
22 taxable income properly reportable for federal income tax
23 purposes for the taxable year under the provisions of the
24 Internal Revenue Code. Taxable income may be less than
25 zero. However, for taxable years ending on or after

1 December 31, 1986, net operating loss carryforwards from
2 taxable years ending prior to December 31, 1986, may not
3 exceed the sum of federal taxable income for the taxable
4 year before net operating loss deduction, plus the excess
5 of addition modifications over subtraction modifications
6 for the taxable year. For taxable years ending prior to
7 December 31, 1986, taxable income may never be an amount
8 in excess of the net operating loss for the taxable year as
9 defined in subsections (c) and (d) of Section 172 of the
10 Internal Revenue Code, provided that when taxable income
11 of a corporation (other than a Subchapter S corporation),
12 trust, or estate is less than zero and addition
13 modifications, other than those provided by subparagraph
14 (E) of paragraph (2) of subsection (b) for corporations or
15 subparagraph (E) of paragraph (2) of subsection (c) for
16 trusts and estates, exceed subtraction modifications, an
17 addition modification must be made under those
18 subparagraphs for any other taxable year to which the
19 taxable income less than zero (net operating loss) is
20 applied under Section 172 of the Internal Revenue Code or
21 under subparagraph (E) of paragraph (2) of this subsection
22 (e) applied in conjunction with Section 172 of the
23 Internal Revenue Code.

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

1 (A) Certain life insurance companies. In the case
2 of a life insurance company subject to the tax imposed
3 by Section 801 of the Internal Revenue Code, life
4 insurance company taxable income, plus the amount of
5 distribution from pre-1984 policyholder surplus
6 accounts as calculated under Section 815a of the
7 Internal Revenue Code;

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

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

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

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

1 preceding taxable year for which it was a member of an
2 affiliated group. For purposes of this subparagraph,
3 the taxpayer's separate taxable income shall be
4 determined as if the election provided by Section
5 243(b)(2) of the Internal Revenue Code had been in
6 effect for all such years;

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

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

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

1 federal Subchapter S rules as in effect on July 1,
2 1982; and

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

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

1 (f) Valuation limitation amount.

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

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

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

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

20 (A) If the fair market value of property referred
21 to in paragraph (1) was readily ascertainable on
22 August 1, 1969, the pre-August 1, 1969 appreciation
23 amount for such property is the lesser of (i) the
24 excess of such fair market value over the taxpayer's
25 basis (for determining gain) for such property on that

1 date (determined under the Internal Revenue Code as in
2 effect on that date), or (ii) the total gain realized
3 and reportable for federal income tax purposes in
4 respect of the sale, exchange or other disposition of
5 such property.

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

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

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

23 (h) Legislative intention. Except as expressly provided by
24 this Section there shall be no modifications or limitations on

1 the amounts of income, gain, loss or deduction taken into
2 account in determining gross income, adjusted gross income or
3 taxable income for federal income tax purposes for the taxable
4 year, or in the amount of such items entering into the
5 computation of base income and net income under this Act for
6 such taxable year, whether in respect of property values as of
7 August 1, 1969 or otherwise.

8 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
9 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.
10 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; revised
11 9-26-23.)

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.