



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1535

Introduced 2/8/2023, by Sen. Dan McConchie

SYNOPSIS AS INTRODUCED:

35 ILCS 5/203	from Ch. 120, par. 2-203
35 ILCS 5/207	from Ch. 120, par. 2-207
35 ILCS 405/2	from Ch. 120, par. 405A-2
35 ILCS 405/3	from Ch. 120, par. 405A-3
35 ILCS 405/4	from Ch. 120, par. 405A-4
805 ILCS 5/15.35	from Ch. 32, par. 15.35
805 ILCS 5/15.65	from Ch. 32, par. 15.65

Amends the Illinois Income Tax Act. Makes changes concerning the federal depreciation deduction and net operating losses to restore provisions that were in effect prior to Public Act 102-16. Amends the Illinois Estate and Generation-Skipping Transfer Tax Act. Provides that no tax shall be imposed under the Act for persons dying on or after the effective date of the amendatory Act or for transfers made on or after the effective date of the amendatory Act. Amends the Business Corporation Act of 1983. Provides that provisions imposing a franchise tax on corporations are repealed on December 31, 2024. Provides that, on and after January 1, 2022 and prior to January 1, 2023, the first \$10,000 in liability is exempt from the franchise tax. Provides that, on and after January 1, 2023 and prior to January 1, 2024, the first \$100,000 in liability is exempt from the franchise tax. Effective immediately.

LRB103 25041 HLH 51375 b

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 203 and 207 as follows:

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

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

19 This paragraph shall not apply to the following:

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

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

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

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

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

26 Nothing in this subsection shall preclude the

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

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

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

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

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

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

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

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

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

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

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

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

1 of this Section;

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

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

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

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

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

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

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

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

6 (G) The valuation limitation amount;

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

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

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

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

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

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

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

1 250;

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

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

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

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

1 illness;

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

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

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

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

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

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

26 (W) For taxable years beginning on or after

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 one piece of property.

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

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

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

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

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

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

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

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

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

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

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

23 (II) For taxable years that begin on or after
24 January 1, 2021 and begin before January 1, 2026, the
25 amount that is included in the taxpayer's federal
26 adjusted gross income pursuant to Section 61 of the

1 Internal Revenue Code as discharge of indebtedness
2 attributable to student loan forgiveness and that is
3 not excluded from the taxpayer's federal adjusted
4 gross income pursuant to paragraph (5) of subsection
5 (f) of Section 108 of the Internal Revenue Code.

6 (b) Corporations.

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

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

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

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

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

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

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

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

25 (E-11) If the taxpayer sells, transfers, abandons,
26 or otherwise disposes of property for which the

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

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

15 The taxpayer is required to make the addition
16 modification under this subparagraph only once with
17 respect to any one piece of property;

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

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

19 This paragraph shall not apply to the following:

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

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

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

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

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

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

22 (iv) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person if
24 the taxpayer establishes by clear and convincing
25 evidence that the adjustments are unreasonable; or
26 if the taxpayer and the Director agree in writing

1 to the application or use of an alternative method
2 of apportionment under Section 304(f).

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

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

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

1 subparagraph, "intangible property" includes patents,
2 patent applications, trade names, trademarks, service
3 marks, copyrights, mask works, trade secrets, and
4 similar types of intangible assets.

5 This paragraph shall not apply to the following:

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

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

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

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

1 or agreement that reflects arm's-length terms;

2 or

3 (iii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, from a transaction with a person if
6 the taxpayer establishes by clear and convincing
7 evidence, that the adjustments are unreasonable;
8 or if the taxpayer and the Director agree in
9 writing to the application or use of an
10 alternative method of apportionment under Section
11 304(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 (E-14) For taxable years ending on or after
22 December 31, 2008, an amount equal to the amount of
23 insurance premium expenses and costs otherwise allowed
24 as a deduction in computing base income, and that were
25 paid, accrued, or incurred, directly or indirectly, 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. The
6 addition modification required by this subparagraph
7 shall be reduced to the extent that dividends were
8 included in base income of the unitary group for the
9 same taxable year and received by the taxpayer or by a
10 member of the taxpayer's unitary business group
11 (including amounts included in gross income under
12 Sections 951 through 964 of the Internal Revenue Code
13 and amounts included in gross income under Section 78
14 of the Internal Revenue Code) with respect to the
15 stock of the same person to whom the premiums and costs
16 were directly or indirectly paid, incurred, or
17 accrued. The preceding sentence does not apply to the
18 extent that the same dividends caused a reduction to
19 the addition modification required under Section
20 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
21 Act;

22 (E-15) For taxable years beginning after December
23 31, 2008, any deduction for dividends paid by a
24 captive real estate investment trust that is allowed
25 to a real estate investment trust under Section
26 857(b)(2)(B) of the Internal Revenue Code for

1 dividends paid;

2 (E-16) An amount equal to the credit allowable to
3 the taxpayer under Section 218(a) of this Act,
4 determined without regard to Section 218(c) of this
5 Act;

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

10 (E-18) for taxable years beginning after December
11 31, 2018, an amount equal to the deduction allowed
12 under Section 250(a)(1)(A) of the Internal Revenue
13 Code for the taxable year;

14 (E-19) for taxable years ending on or after June
15 30, 2021, an amount equal to the deduction allowed
16 under Section 250(a)(1)(B)(i) of the Internal Revenue
17 Code for the taxable year;

18 (E-20) for taxable years ending on or after June
19 30, 2021, an amount equal to the deduction allowed
20 under Sections 243(e) and 245A(a) of the Internal
21 Revenue Code for the taxable year.

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

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

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

3 (H) In the case of a regulated investment company,
4 an amount equal to the amount of exempt interest
5 dividends as defined in subsection (b)(5) of Section
6 852 of the Internal Revenue Code, paid to shareholders
7 for the taxable year;

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

1 the case of a life insurance company with gross income
2 from a decrease in reserves for the tax year) or
3 Section 807(b)(1)(B) of the Internal Revenue Code (in
4 the case of a life insurance company allowed a
5 deduction for an increase in reserves for the tax
6 year); the provisions of this subparagraph are exempt
7 from the provisions of Section 250;

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

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

25 (L) 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 (L);

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

1 such loan attributable to the eligible property as
2 calculated under the previous sentence. This
3 subparagraph (M) is exempt from the provisions of
4 Section 250;

5 (M-1) 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 High Impact
11 Business Investment Credit. To determine the portion
12 of a loan or loans that is secured by property eligible
13 for a Section 201(h) 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(h)
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 a federally designated Foreign Trade Zone or
21 Sub-Zone located in Illinois. No taxpayer that is
22 eligible for the deduction provided in subparagraph
23 (M) of paragraph (2) of this subsection shall be
24 eligible for the deduction provided under this
25 subparagraph (M-1). The subtraction modification
26 available to taxpayers in any year under this

1 subsection shall be that portion of the total interest
2 paid by the borrower with respect to such loan
3 attributable to the eligible property as calculated
4 under the previous sentence;

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

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

1 received or paid or deemed paid under Sections 951
2 through 965 of the Internal Revenue Code, exceed the
3 amount of the modification provided under subparagraph
4 (G) of paragraph (2) of this subsection (b) which is
5 related to such dividends, and including, for taxable
6 years ending on or after December 31, 2008, dividends
7 received from a captive real estate investment trust;
8 plus (ii) 100% of the amount by which dividends,
9 included in taxable income and received, including,
10 for taxable years ending on or after December 31,
11 1988, dividends received or deemed received or paid or
12 deemed paid under Sections 951 through 964 of the
13 Internal Revenue Code and including, for taxable years
14 ending on or after December 31, 2008, dividends
15 received from a captive real estate investment trust,
16 from any such corporation specified in clause (i) that
17 would but for the provisions of Section 1504(b)(3) of
18 the Internal Revenue Code be treated as a member of the
19 affiliated group which includes the dividend
20 recipient, exceed the amount of the modification
21 provided under subparagraph (G) of paragraph (2) of
22 this subsection (b) which is related to such
23 dividends. For taxable years ending on or after June
24 30, 2021, (i) for purposes of this subparagraph, the
25 term "dividend" does not include any amount treated as
26 a dividend under Section 1248 of the Internal Revenue

1 Code, and (ii) this subparagraph shall not apply to
2 dividends for which a deduction is allowed under
3 Section 245(a) of the Internal Revenue Code. This
4 subparagraph (O) is exempt from the provisions of
5 Section 250 of this Act;

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

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

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

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

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

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

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

1 0.429); and

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

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

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

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

22 (iv) (blank). ~~for property on which a~~
23 ~~bonus depreciation deduction of a percentage~~
24 ~~other than 30%, 50% or 100% of the adjusted~~
25 ~~basis was taken in a taxable year ending on or~~
26 ~~after December 31, 2021, "x" equals "y"~~

1 ~~multiplied by 100 times the percentage bonus~~
2 ~~depreciation on the property (that is,~~
3 ~~100(bonus%)) and then divided by 100 times 1~~
4 ~~minus the percentage bonus depreciation on the~~
5 ~~property (that is, 100(1-bonus%)).~~

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

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

19 If the taxpayer continues to own property through
20 the last day of the last tax year for which the
21 taxpayer may claim a depreciation deduction for
22 federal income tax purposes ~~a subtraction is allowed~~
23 ~~with respect to that property under subparagraph (T)~~
24 and for which the taxpayer was required in any taxable
25 year to make an addition modification under
26 subparagraph (E-10), then an amount equal to that

1 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 (U) is exempt from the
6 provisions of Section 250;

7 (V) 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, (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, and (iii) any insurance premium
23 income (net of deductions allocable thereto) taken
24 into account for the taxable year with respect to a
25 transaction with a taxpayer that is required to make
26 an addition modification with respect to such

1 transaction under Section 203(a)(2)(D-19), Section
2 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
3 203(d)(2)(D-9), but not to exceed the amount of that
4 addition modification. This subparagraph (V) is exempt
5 from the provisions of Section 250;

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

1 (X) An amount equal to the income from intangible
2 property taken into account for the taxable year (net
3 of the 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-13) for intangible expenses and costs
19 paid, accrued, or incurred, directly or indirectly, to
20 the same foreign person. This subparagraph (X) is
21 exempt from the provisions of Section 250;

22 (Y) For taxable years ending on or after December
23 31, 2011, in the case of a taxpayer who was required to
24 add back any insurance premiums under Section
25 203(b)(2)(E-14), such taxpayer may elect to subtract
26 that part of a reimbursement received from the

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

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

20 (3) Special rule. For purposes of paragraph (2)(A),
21 "gross income" in the case of a life insurance company,
22 for tax years ending on and after December 31, 1994, and
23 prior to December 31, 2011, shall mean the gross
24 investment income for the taxable year and, for tax years
25 ending on or after December 31, 2011, shall mean all
26 amounts included in life insurance gross income under

1 Section 803(a)(3) of the Internal Revenue Code.

2 (c) Trusts and estates.

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

6 (2) Modifications. Subject to the provisions of
7 paragraph (3), the taxable income referred to in paragraph
8 (1) shall be modified by adding thereto the sum of the
9 following amounts:

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

14 (B) In the case of (i) an estate, \$600; (ii) a
15 trust which, under its governing instrument, is
16 required to distribute all of its income currently,
17 \$300; and (iii) any other trust, \$100, but in each such
18 case, only to the extent such amount was deducted in
19 the computation of taxable income;

20 (C) An amount equal to the amount of tax imposed by
21 this Act to the extent deducted from gross income in
22 the computation of taxable income for the taxable
23 year;

24 (D) The amount of any net operating loss deduction
25 taken in arriving at taxable income, other than a net

1 operating loss carried forward from a taxable year
2 ending prior to December 31, 1986;

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

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

21 (ii) 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 not exceed the amount of
25 such carryback or carryforward;

26 For taxable years in which there is a net

1 operating loss carryback or carryforward from more
2 than one other taxable year ending prior to December
3 31, 1986, the addition modification provided in this
4 subparagraph (E) shall be the sum of the amounts
5 computed independently under the preceding provisions
6 of this subparagraph (E) for each such taxable year;

7 (F) For taxable years ending on or after January
8 1, 1989, an amount equal to the tax deducted pursuant
9 to Section 164 of the Internal Revenue Code if the
10 trust or estate is claiming the same tax for purposes
11 of the Illinois foreign tax credit under Section 601
12 of this Act;

13 (G) An amount equal to the amount of the capital
14 gain deduction allowable under the Internal Revenue
15 Code, to the extent deducted from gross income in the
16 computation of taxable income;

17 (G-5) For taxable years ending after December 31,
18 1997, an amount equal to any eligible remediation
19 costs that the trust or estate deducted in computing
20 adjusted gross income and for which the trust or
21 estate claims a credit under subsection (l) of Section
22 201;

23 (G-10) For taxable years 2001 and thereafter, an
24 amount equal to the bonus depreciation deduction taken
25 on the taxpayer's federal income tax return for the
26 taxable year under subsection (k) of Section 168 of

1 the Internal Revenue Code; and

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

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

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

21 (G-12) An amount equal to the amount otherwise
22 allowed as a deduction in computing base income for
23 interest paid, accrued, or incurred, directly or
24 indirectly, (i) for taxable years ending on or after
25 December 31, 2004, to a foreign person who would be a
26 member of the same unitary business group but for the

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

22 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

15 (G-13) An amount equal to the amount of intangible
16 expenses and costs otherwise allowed as a deduction in
17 computing base income, and that were paid, accrued, or
18 incurred, directly or indirectly, (i) for taxable
19 years ending on or after December 31, 2004, to a
20 foreign person who would be a member of the same
21 unitary business group but for the fact that the
22 foreign person's business activity outside the United
23 States is 80% or more of that person's total business
24 activity and (ii) for taxable years ending on or after
25 December 31, 2008, to a person who would be a member of
26 the same unitary business group but for the fact that

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

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

8 This paragraph shall not apply to the following:

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

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

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

25 (b) the transaction giving rise to the
26 intangible expense or cost between the

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

6 (iii) any item of intangible expense or cost
7 paid, accrued, or incurred, directly or
8 indirectly, from a transaction with a person if
9 the taxpayer establishes by clear and convincing
10 evidence, that the adjustments are unreasonable;
11 or if the taxpayer and the Director agree in
12 writing to the application or use of an
13 alternative method of apportionment under Section
14 304(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 (G-14) For taxable years ending on or after
25 December 31, 2008, an amount equal to the amount of
26 insurance premium expenses and costs otherwise allowed

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

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

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

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

20 (I) The valuation limitation amount;

21 (J) 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 (K) An amount equal to all amounts included in
25 taxable income as modified by subparagraphs (A), (B),
26 (C), (D), (E), (F) and (G) which are exempt from

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

9 (L) With the exception of any amounts subtracted
10 under subparagraph (K), 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, (iii) for taxable years
19 ending on or after December 31, 2011, Section
20 45G(e)(3) of the Internal Revenue Code and, for
21 taxable years ending on or after December 31, 2008,
22 any amount included in gross income under Section 87
23 of the Internal Revenue Code; the provisions of this
24 subparagraph are exempt from the provisions of Section
25 250;

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

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

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

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

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

25 (Q) For taxable year 1999 and thereafter, an
26 amount equal to the amount of any (i) distributions,

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

1 the eligibility for any public assistance, benefit, or
2 similar entitlement is not affected by the inclusion
3 of items (i) and (ii) of this paragraph in gross income
4 for federal income tax purposes. This paragraph is
5 exempt from the provisions of Section 250;

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

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

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

23 (3) for taxable years ending after December
24 31, 2005:

25 (i) for property on which a bonus
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 30 and then divided by 70 (or "y" multiplied
3 by 0.429); and

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

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

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

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

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

14 If the taxpayer continues to own property through
15 the last day of the last tax year for which the
16 taxpayer may claim a depreciation deduction for
17 federal income tax purposes ~~a subtraction is allowed~~
18 ~~with respect to that property under subparagraph (R)~~
19 and for which the taxpayer was required in any taxable
20 year to make an addition modification under
21 subparagraph (G-10), then an amount equal to that
22 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 (S) is exempt from the

1 provisions of Section 250;

2 (T) 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 and (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. This subparagraph (T) is exempt
18 from the provisions of Section 250;

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

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

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

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

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

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

20 (Y) For taxable years ending on or after December
21 31, 2011, in the case of a taxpayer who was required to
22 add back any insurance premiums under Section
23 203(c)(2)(G-14), such taxpayer may elect to subtract
24 that part of a reimbursement received from the
25 insurance company equal to the amount of the expense
26 or loss (including expenses incurred by the insurance

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

10 (Z) For taxable years beginning after December 31,
11 2018 and before January 1, 2026, the amount of excess
12 business loss of the taxpayer disallowed as a
13 deduction by Section 461(l)(1)(B) of the Internal
14 Revenue Code.

15 (3) Limitation. The amount of any modification
16 otherwise required under this subsection shall, under
17 regulations prescribed by the Department, be adjusted by
18 any amounts included therein which were properly paid,
19 credited, or required to be distributed, or permanently
20 set aside for charitable purposes pursuant to Internal
21 Revenue Code Section 642(c) during the taxable year.

22 (d) Partnerships.

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

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

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

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

11 (C) The amount of deductions allowed to the
12 partnership pursuant to Section 707 (c) of the
13 Internal Revenue Code in calculating its taxable
14 income;

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

19 (D-5) 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 (D-6) 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 (D-5), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (O) 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 the
7 taxpayer may claim a depreciation deduction for
8 federal income tax purposes ~~a subtraction is allowed~~
9 ~~with respect to that property under subparagraph (O)~~
10 and for which the taxpayer was allowed in any taxable
11 year to make a subtraction modification under
12 subparagraph (O), then an amount equal to that
13 subtraction modification.

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

17 (D-7) An amount equal to the amount otherwise
18 allowed as a deduction in computing base income for
19 interest paid, accrued, or incurred, directly or
20 indirectly, (i) for taxable years ending on or after
21 December 31, 2004, to a foreign person who would be a
22 member of the same unitary business group but for the
23 fact the foreign person's business activity outside
24 the United States is 80% or more of the foreign
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

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

18 This paragraph shall not apply to the following:

19 (i) an item of interest paid, accrued, or
20 incurred, directly or indirectly, to 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 interest; or

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

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

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

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

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

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

1 of apportionment under Section 304(f).

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

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

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

1 patent applications, trade names, trademarks, service
2 marks, copyrights, mask works, trade secrets, and
3 similar types of intangible assets;

4 This paragraph shall not apply to the following:

5 (i) any item of intangible expenses or costs
6 paid, accrued, or incurred, directly or
7 indirectly, from a transaction with 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 item; or

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

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

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

1 or

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

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

20 (D-9) For taxable years ending on or after
21 December 31, 2008, an amount equal to the amount of
22 insurance premium expenses and costs otherwise allowed
23 as a deduction in computing base income, and that were
24 paid, accrued, or incurred, directly or indirectly, to
25 a person who would be a member of the same unitary
26 business group but for the fact that the person is

1 prohibited under Section 1501(a)(27) from being
2 included in the unitary business group because he or
3 she is ordinarily required to apportion business
4 income under different subsections of Section 304. The
5 addition modification required by this subparagraph
6 shall be reduced to the extent that dividends were
7 included in base income of the unitary group for the
8 same taxable year and received by the taxpayer or by a
9 member of the taxpayer's unitary business group
10 (including amounts included in gross income under
11 Sections 951 through 964 of the Internal Revenue Code
12 and amounts included in gross income under Section 78
13 of the Internal Revenue Code) with respect to the
14 stock of the same person to whom the premiums and costs
15 were directly or indirectly paid, incurred, or
16 accrued. The preceding sentence does not apply to the
17 extent that the same dividends caused a reduction to
18 the addition modification required under Section
19 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

20 (D-10) An amount equal to the credit allowable to
21 the taxpayer under Section 218(a) of this Act,
22 determined without regard to Section 218(c) of this
23 Act;

24 (D-11) For taxable years ending on or after
25 December 31, 2017, an amount equal to the deduction
26 allowed under Section 199 of the Internal Revenue Code

1 for the taxable year;

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

4 (E) The valuation limitation amount;

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

18 (H) Any income of the partnership which
19 constitutes personal service income as defined in
20 Section 1348(b)(1) of the Internal Revenue Code (as in
21 effect December 31, 1981) or a reasonable allowance
22 for compensation paid or accrued for services rendered
23 by partners to the partnership, whichever is greater;
24 this subparagraph (H) is exempt from the provisions of
25 Section 250;

26 (I) An amount equal to all amounts of income

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

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

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

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

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

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

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

24 (O) For taxable years 2001 and thereafter, for the
25 taxable year in which the bonus depreciation deduction
26 is taken on the taxpayer's federal income tax return

1 under subsection (k) of Section 168 of the Internal
2 Revenue Code and for each applicable taxable year
3 thereafter, an amount equal to "x", where:

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

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

15 (3) for taxable years ending after December
16 31, 2005:

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

22 (ii) for property on which a bonus
23 depreciation deduction of 50% of the adjusted
24 basis was taken, "x" equals "y" multiplied by
25 1.0;

26 (iii) (blank); ~~for property on which a~~

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

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

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

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

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

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

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

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

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

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

1 made for the same taxable year under Section
2 203(d)(2)(D-7) for interest paid, accrued, or
3 incurred, directly or indirectly, to the same person.
4 This subparagraph (R) is exempt from Section 250;

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

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

1 31, 2011, in the case of a taxpayer who was required to
2 add back any insurance premiums under Section
3 203(d)(2)(D-9), such taxpayer may elect to subtract
4 that part of a reimbursement received from the
5 insurance company equal to the amount of the expense
6 or loss (including expenses incurred by the insurance
7 company) that would have been taken into account as a
8 deduction for federal income tax purposes if the
9 expense or loss had been uninsured. If a taxpayer
10 makes the election provided for by this subparagraph
11 (T), the insurer to which the premiums were paid must
12 add back to income the amount subtracted by the
13 taxpayer pursuant to this subparagraph (T). This
14 subparagraph (T) is exempt from the provisions of
15 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. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;
9 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.
10 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff. 12-21-22.)

11 (35 ILCS 5/207) (from Ch. 120, par. 2-207)

12 Sec. 207. Net Losses.

13 (a) If after applying all of the (i) modifications
14 provided for in paragraph (2) of Section 203(b), paragraph (2)
15 of Section 203(c) and paragraph (2) of Section 203(d) and (ii)
16 the allocation and apportionment provisions of Article 3 of
17 this Act and subsection (c) of this Section, the taxpayer's
18 net income results in a loss;

19 (1) for any taxable year ending prior to December 31,
20 1999, such loss shall be allowed as a carryover or
21 carryback deduction in the manner allowed under Section
22 172 of the Internal Revenue Code;

23 (2) for any taxable year ending on or after December
24 31, 1999 and prior to December 31, 2003, such loss shall be
25 allowed as a carryback to each of the 2 taxable years

1 preceding the taxable year of such loss and shall be a net
2 operating loss carryover to each of the 20 taxable years
3 following the taxable year of such loss;

4 (3) for any taxable year ending on or after December
5 31, 2003 and prior to December 31, 2021, such loss shall be
6 allowed as a net operating loss carryover to each of the 12
7 taxable years following the taxable year of such loss,
8 except as provided in subsection (d); and

9 (4) for any taxable year ending on or after December
10 31, 2021, and for any net loss incurred in a taxable year
11 prior to a taxable year ending on or after December 31,
12 2021 for which the statute of limitation for utilization
13 of such net loss has not expired, such loss shall be
14 allowed as a net operating loss carryover to each of the 20
15 taxable years following the taxable year of such loss,
16 except as provided in subsection (d).

17 (a-5) Election to relinquish carryback and order of
18 application of losses.

19 (A) For losses incurred in tax years ending prior
20 to December 31, 2003, the taxpayer may elect to
21 relinquish the entire carryback period with respect to
22 such loss. Such election shall be made in the form and
23 manner prescribed by the Department and shall be made
24 by the due date (including extensions of time) for
25 filing the taxpayer's return for the taxable year in
26 which such loss is incurred, and such election, once

1 made, shall be irrevocable.

2 (B) The entire amount of such loss shall be
3 carried to the earliest taxable year to which such
4 loss may be carried. The amount of such loss which
5 shall be carried to each of the other taxable years
6 shall be the excess, if any, of the amount of such loss
7 over the sum of the deductions for carryback or
8 carryover of such loss allowable for each of the prior
9 taxable years to which such loss may be carried.

10 (b) Any loss determined under subsection (a) of this
11 Section must be carried back or carried forward in the same
12 manner for purposes of subsections (a) and (b) of Section 201
13 of this Act as for purposes of subsections (c) and (d) of
14 Section 201 of this Act.

15 (c) Notwithstanding any other provision of this Act, for
16 each taxable year ending on or after December 31, 2008, for
17 purposes of computing the loss for the taxable year under
18 subsection (a) of this Section and the deduction taken into
19 account for the taxable year for a net operating loss
20 carryover under paragraphs (1), (2), and (3) of subsection (a)
21 of this Section, the loss and net operating loss carryover
22 shall be reduced in an amount equal to the reduction to the net
23 operating loss and net operating loss carryover to the taxable
24 year, respectively, required under Section 108(b)(2)(A) of the
25 Internal Revenue Code, multiplied by a fraction, the numerator
26 of which is the amount of discharge of indebtedness income

1 that is excluded from gross income for the taxable year (but
2 only if the taxable year ends on or after December 31, 2008)
3 under Section 108(a) of the Internal Revenue Code and that
4 would have been allocated and apportioned to this State under
5 Article 3 of this Act but for that exclusion, and the
6 denominator of which is the total amount of discharge of
7 indebtedness income excluded from gross income under Section
8 108(a) of the Internal Revenue Code for the taxable year. The
9 reduction required under this subsection (c) shall be made
10 after the determination of Illinois net income for the taxable
11 year in which the indebtedness is discharged.

12 (d) In the case of a corporation (other than a Subchapter S
13 corporation), no carryover deduction shall be allowed under
14 this Section for any taxable year ending after December 31,
15 2010 and prior to December 31, 2012, and no carryover
16 deduction shall exceed \$100,000 for any taxable year ending on
17 or after December 31, 2012 and prior to December 31, 2014 and
18 for any taxable year ending on or after December 31, 2021 and
19 prior to December 31, 2023 ~~December 31, 2024~~; provided that,
20 for purposes of determining the taxable years to which a net
21 loss may be carried under subsection (a) of this Section, no
22 taxable year for which a deduction is disallowed under this
23 subsection, or for which the deduction would exceed \$100,000
24 if not for this subsection, shall be counted.

25 (e) In the case of a residual interest holder in a real
26 estate mortgage investment conduit subject to Section 860E of

1 the Internal Revenue Code, the net loss in subsection (a)
2 shall be equal to:

3 (1) the amount computed under subsection (a), without
4 regard to this subsection (e), or if that amount is
5 positive, zero;

6 (2) minus an amount equal to the amount computed under
7 subsection (a), without regard to this subsection (e),
8 minus the amount that would be computed under subsection
9 (a) if the taxpayer's federal taxable income were computed
10 without regard to Section 860E of the Internal Revenue
11 Code and without regard to this subsection (e).

12 The modification in this subsection (e) is exempt from the
13 provisions of Section 250.

14 (Source: P.A. 102-16, eff. 6-17-21; 102-669, eff. 11-16-21.)

15 Section 10. The Illinois Estate and Generation-Skipping
16 Transfer Tax Act is amended by changing Sections 2, 3, and 4 as
17 follows:

18 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

19 Sec. 2. Definitions.

20 "Federal estate tax" means the tax due to the United
21 States with respect to a taxable transfer under Chapter 11 of
22 the Internal Revenue Code.

23 "Federal generation-skipping transfer tax" means the tax
24 due to the United States with respect to a taxable transfer

1 under Chapter 13 of the Internal Revenue Code.

2 "Federal return" means the federal estate tax return with
3 respect to the federal estate tax and means the federal
4 generation-skipping transfer tax return with respect to the
5 federal generation-skipping transfer tax.

6 "Federal transfer tax" means the federal estate tax or the
7 federal generation-skipping transfer tax.

8 "Illinois estate tax" means the tax due to this State with
9 respect to a taxable transfer.

10 "Illinois generation-skipping transfer tax" means the tax
11 due to this State with respect to a taxable transfer that gives
12 rise to a federal generation-skipping transfer tax.

13 "Illinois transfer tax" means the Illinois estate tax or
14 the Illinois generation-skipping transfer tax.

15 "Internal Revenue Code" means, unless otherwise provided,
16 the Internal Revenue Code of 1986, as amended from time to
17 time.

18 "Non-resident trust" means a trust that is not a resident
19 of this State for purposes of the Illinois Income Tax Act, as
20 amended from time to time.

21 "Person" means and includes any individual, trust, estate,
22 partnership, association, company or corporation.

23 "Qualified heir" means a qualified heir as defined in
24 Section 2032A(e)(1) of the Internal Revenue Code.

25 "Resident trust" means a trust that is a resident of this
26 State for purposes of the Illinois Income Tax Act, as amended

1 from time to time.

2 "State" means any state, territory or possession of the
3 United States and the District of Columbia.

4 "State tax credit" means:

5 (a) For persons dying on or after January 1, 2003 and
6 through December 31, 2005, an amount equal to the full credit
7 calculable under Section 2011 or Section 2604 of the Internal
8 Revenue Code as the credit would have been computed and
9 allowed under the Internal Revenue Code as in effect on
10 December 31, 2001, without the reduction in the State Death
11 Tax Credit as provided in Section 2011(b)(2) or the
12 termination of the State Death Tax Credit as provided in
13 Section 2011(f) as enacted by the Economic Growth and Tax
14 Relief Reconciliation Act of 2001, but recognizing the
15 increased applicable exclusion amount through December 31,
16 2005.

17 (b) For persons dying after December 31, 2005 and on or
18 before December 31, 2009, and for persons dying after December
19 31, 2010 and prior to the effective date of this amendatory Act
20 of the 103rd General Assembly, an amount equal to the full
21 credit calculable under Section 2011 or 2604 of the Internal
22 Revenue Code as the credit would have been computed and
23 allowed under the Internal Revenue Code as in effect on
24 December 31, 2001, without the reduction in the State Death
25 Tax Credit as provided in Section 2011(b)(2) or the
26 termination of the State Death Tax Credit as provided in

1 Section 2011(f) as enacted by the Economic Growth and Tax
2 Relief Reconciliation Act of 2001, but recognizing the
3 exclusion amount of only (i) \$2,000,000 for persons dying
4 prior to January 1, 2012, (ii) \$3,500,000 for persons dying on
5 or after January 1, 2012 and prior to January 1, 2013, and
6 (iii) \$4,000,000 for persons dying on or after January 1,
7 2013, and with reduction to the adjusted taxable estate for
8 any qualified terminable interest property election as defined
9 in subsection (b-1) of this Section.

10 (b-1) The person required to file the Illinois return may
11 elect on a timely filed Illinois return a marital deduction
12 for qualified terminable interest property under Section
13 2056(b)(7) of the Internal Revenue Code for purposes of the
14 Illinois estate tax that is separate and independent of any
15 qualified terminable interest property election for federal
16 estate tax purposes. For purposes of the Illinois estate tax,
17 the inclusion of property in the gross estate of a surviving
18 spouse is the same as under Section 2044 of the Internal
19 Revenue Code.

20 In the case of any trust for which a State or federal
21 qualified terminable interest property election is made, the
22 trustee may not retain non-income producing assets for more
23 than a reasonable amount of time without the consent of the
24 surviving spouse.

25 "Taxable transfer" means an event that gives rise to a
26 state tax credit, including any credit as a result of the

1 imposition of an additional tax under Section 2032A(c) of the
2 Internal Revenue Code.

3 "Transferee" means a transferee within the meaning of
4 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue
5 Code.

6 "Transferred property" means:

7 (1) With respect to a taxable transfer occurring at
8 the death of an individual, the deceased individual's
9 gross estate as defined in Section 2031 of the Internal
10 Revenue Code.

11 (2) With respect to a taxable transfer occurring as a
12 result of a taxable termination as defined in Section
13 2612(a) of the Internal Revenue Code, the taxable amount
14 determined under Section 2622(a) of the Internal Revenue
15 Code.

16 (3) With respect to a taxable transfer occurring as a
17 result of a taxable distribution as defined in Section
18 2612(b) of the Internal Revenue Code, the taxable amount
19 determined under Section 2621(a) of the Internal Revenue
20 Code.

21 (4) With respect to an event which causes the
22 imposition of an additional estate tax under Section
23 2032A(c) of the Internal Revenue Code, the qualified real
24 property that was disposed of or which ceased to be used
25 for the qualified use, within the meaning of Section
26 2032A(c)(1) of the Internal Revenue Code.

1 "Trust" includes a trust as defined in Section 2652(b)(1)
2 of the Internal Revenue Code.

3 (Source: P.A. 96-789, eff. 9-8-09; 96-1496, eff. 1-13-11;
4 97-636, eff. 6-1-12.)

5 (35 ILCS 405/3) (from Ch. 120, par. 405A-3)
6 Sec. 3. Illinois estate tax.

7 (a) Imposition of Tax. An Illinois estate tax is imposed
8 on every taxable transfer involving transferred property
9 having a tax situs within the State of Illinois.

10 (b) Amount of tax. On estates of persons dying before
11 January 1, 2003, the amount of the Illinois estate tax shall be
12 the state tax credit, as defined in Section 2 of this Act, with
13 respect to the taxable transfer reduced by the lesser of:

14 (1) the amount of the state tax credit paid to any
15 other state or states; and

16 (2) the amount determined by multiplying the maximum
17 state tax credit allowable with respect to the taxable
18 transfer by the percentage which the gross value of the
19 transferred property not having a tax situs in Illinois
20 bears to the gross value of the total transferred
21 property.

22 (c) On estates of persons dying on or after January 1, 2003
23 and prior to the effective date of this amendatory Act of the
24 103rd General Assembly, the amount of the Illinois estate tax
25 shall be the state tax credit, as defined in Section 2 of this

1 Act, reduced by the amount determined by multiplying the state
2 tax credit with respect to the taxable transfer by the
3 percentage which the gross value of the transferred property
4 not having a tax situs in Illinois bears to the gross value of
5 the total transferred property.

6 (d) No tax shall be imposed under this Act for persons
7 dying on or after the effective date of this amendatory Act of
8 the 103rd General Assembly.

9 (Source: P.A. 93-30, eff. 6-20-03; 94-419, eff. 8-2-05.)

10 (35 ILCS 405/4) (from Ch. 120, par. 405A-4)

11 Sec. 4. Illinois generation-skipping transfer tax.

12 (a) Imposition of tax. An Illinois generation-skipping
13 transfer tax is imposed on every taxable transfer resulting in
14 federal generation-skipping transfer tax involving transferred
15 property having a tax situs within the State of Illinois.

16 (b) Amount of tax. The amount of the Illinois
17 generation-skipping transfer tax shall be the maximum state
18 tax credit allowable with respect to the taxable transfer,
19 reduced by the lesser of:

20 (1) the amount of the state tax credit paid to any
21 other state or states; and

22 (2) the amount determined by multiplying the maximum
23 state tax credit allowable with respect to the taxable
24 transfer by the percentage which the gross value of the
25 transferred property not having a tax situs in Illinois

1 bears to the gross value of the total transferred
2 property.

3 (c) No tax shall be imposed under this Act for transfers
4 occurring on or after the effective date of this amendatory
5 Act of the 103rd General Assembly.

6 (Source: P.A. 86-737.)

7 Section 15. The Business Corporation Act of 1983 is
8 amended by changing Sections 15.35 and 15.65 as follows:

9 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

10 (Text of Section from P.A. 102-16)

11 Sec. 15.35. Franchise taxes payable by domestic
12 corporations. For the privilege of exercising its franchises
13 in this State, each domestic corporation shall pay to the
14 Secretary of State the following franchise taxes, computed on
15 the basis, at the rates and for the periods prescribed in this
16 Act:

17 (a) An initial franchise tax at the time of filing its
18 first report of issuance of shares.

19 (b) An additional franchise tax at the time of filing
20 (1) a report of the issuance of additional shares, or (2) a
21 report of an increase in paid-in capital without the
22 issuance of shares, or (3) an amendment to the articles of
23 incorporation or a report of cumulative changes in paid-in
24 capital, whenever any amendment or such report discloses

1 an increase in its paid-in capital over the amount thereof
2 last reported in any document, other than an annual
3 report, interim annual report or final transition annual
4 report required by this Act to be filed in the office of
5 the Secretary of State.

6 (c) An additional franchise tax at the time of filing
7 a report of paid-in capital following a statutory merger
8 or consolidation, which discloses that the paid-in capital
9 of the surviving or new corporation immediately after the
10 merger or consolidation is greater than the sum of the
11 paid-in capital of all of the merged or consolidated
12 corporations as last reported by them in any documents,
13 other than annual reports, required by this Act to be
14 filed in the office of the Secretary of State; and in
15 addition, the surviving or new corporation shall be liable
16 for a further additional franchise tax on the paid-in
17 capital of each of the merged or consolidated corporations
18 as last reported by them in any document, other than an
19 annual report, required by this Act to be filed with the
20 Secretary of State from their taxable year end to the next
21 succeeding anniversary month or, in the case of a
22 corporation which has established an extended filing
23 month, the extended filing month of the surviving or new
24 corporation; however if the taxable year ends within the
25 2-month period immediately preceding the anniversary month
26 or, in the case of a corporation which has established an

1 extended filing month, the extended filing month of the
2 surviving or new corporation the tax will be computed to
3 the anniversary month or, in the case of a corporation
4 which has established an extended filing month, the
5 extended filing month of the surviving or new corporation
6 in the next succeeding calendar year.

7 (d) An annual franchise tax payable each year with the
8 annual report which the corporation is required by this
9 Act to file.

10 On or after January 1, 2020 and prior to January 1, 2021,
11 the first \$30 in liability is exempt from the tax imposed under
12 this Section. On or after January 1, 2021 and prior to January
13 1, 2022, the first \$1,000 in liability is exempt from the tax
14 imposed under this Section. On and after January 1, 2022 and
15 prior to January 1, 2023, the first \$10,000 in liability is
16 exempt from the tax imposed under this Section. On and after
17 January 1, 2023 and prior to January 1, 2024, the first
18 \$100,000 in liability is exempt from the tax imposed under
19 this Section. The provisions of this Section shall not require
20 the payment of any franchise tax that would otherwise have
21 been due and payable on or after January 1, 2024. There shall
22 be no refunds or proration of franchise tax for any taxes due
23 and payable on or after January 1, 2024 on the basis that a
24 portion of the corporation's taxable year extends beyond
25 January 1, 2024. Public Act 101-9 shall not affect any right
26 accrued or established, or any liability or penalty incurred

1 prior to January 1, 2024.

2 This Section is repealed on December 31, 2024.

3 (Source: P.A. 101-9, eff. 6-5-19; 102-16, eff. 6-17-21.)

4 (Text of Section from P.A. 102-282)

5 Sec. 15.35. Franchise taxes payable by domestic
6 corporations. For the privilege of exercising its franchises
7 in this State, each domestic corporation shall pay to the
8 Secretary of State the following franchise taxes, computed on
9 the basis, at the rates and for the periods prescribed in this
10 Act:

11 (a) An initial franchise tax at the time of filing its
12 first report of issuance of shares.

13 (b) An additional franchise tax at the time of filing
14 (1) a report of the issuance of additional shares, or (2) a
15 report of an increase in paid-in capital without the
16 issuance of shares, or (3) an amendment to the articles of
17 incorporation or a report of cumulative changes in paid-in
18 capital, whenever any amendment or such report discloses
19 an increase in its paid-in capital over the amount thereof
20 last reported in any document, other than an annual
21 report, interim annual report or final transition annual
22 report required by this Act to be filed in the office of
23 the Secretary of State.

24 (c) An additional franchise tax at the time of filing
25 a report of paid-in capital following a statutory merger

1 or consolidation, which discloses that the paid-in capital
2 of the surviving or new corporation immediately after the
3 merger or consolidation is greater than the sum of the
4 paid-in capital of all of the merged or consolidated
5 corporations as last reported by them in any documents,
6 other than annual reports, required by this Act to be
7 filed in the office of the Secretary of State; and in
8 addition, the surviving or new corporation shall be liable
9 for a further additional franchise tax on the paid-in
10 capital of each of the merged or consolidated corporations
11 as last reported by them in any document, other than an
12 annual report, required by this Act to be filed with the
13 Secretary of State from their taxable year end to the next
14 succeeding anniversary month or, in the case of a
15 corporation which has established an extended filing
16 month, the extended filing month of the surviving or new
17 corporation; however if the taxable year ends within the
18 2-month period immediately preceding the anniversary month
19 or, in the case of a corporation which has established an
20 extended filing month, the extended filing month of the
21 surviving or new corporation the tax will be computed to
22 the anniversary month or, in the case of a corporation
23 which has established an extended filing month, the
24 extended filing month of the surviving or new corporation
25 in the next succeeding calendar year.

26 (d) An annual franchise tax payable each year with the

1 annual report which the corporation is required by this
2 Act to file.

3 On or after January 1, 2020 and prior to January 1, 2021,
4 the first \$30 in liability is exempt from the tax imposed under
5 this Section. On or after January 1, 2021 and prior to January
6 1, 2022, the first \$1,000 in liability is exempt from the tax
7 imposed under this Section. On or after January 1, 2022 and
8 prior to January 1, 2023, the first \$10,000 in liability is
9 exempt from the tax imposed under this Section. On or after
10 January 1, 2023 and prior to January 1, 2024, the first
11 \$100,000 in liability is exempt from the tax imposed under
12 this Section. The provisions of this Section shall not require
13 the payment of any franchise tax that would otherwise have
14 been due and payable on or after January 1, 2024. There shall
15 be no refunds or proration of franchise tax for any taxes due
16 and payable on or after January 1, 2024 on the basis that a
17 portion of the corporation's taxable year extends beyond
18 January 1, 2024. Public Act 101-9 shall not affect any right
19 accrued or established, or any liability or penalty incurred
20 prior to January 1, 2024.

21 This Section is repealed on December 31, 2024.

22 (Source: P.A. 101-9, eff. 6-5-19; 102-282, eff. 1-1-22.)

23 (Text of Section from P.A. 102-558)

24 Sec. 15.35. Franchise taxes payable by domestic
25 corporations. For the privilege of exercising its franchises

1 in this State, each domestic corporation shall pay to the
2 Secretary of State the following franchise taxes, computed on
3 the basis, at the rates and for the periods prescribed in this
4 Act:

5 (a) An initial franchise tax at the time of filing its
6 first report of issuance of shares.

7 (b) An additional franchise tax at the time of filing
8 (1) a report of the issuance of additional shares, or (2) a
9 report of an increase in paid-in capital without the
10 issuance of shares, or (3) an amendment to the articles of
11 incorporation or a report of cumulative changes in paid-in
12 capital, whenever any amendment or such report discloses
13 an increase in its paid-in capital over the amount thereof
14 last reported in any document, other than an annual
15 report, interim annual report or final transition annual
16 report required by this Act to be filed in the office of
17 the Secretary of State.

18 (c) An additional franchise tax at the time of filing
19 a report of paid-in capital following a statutory merger
20 or consolidation, which discloses that the paid-in capital
21 of the surviving or new corporation immediately after the
22 merger or consolidation is greater than the sum of the
23 paid-in capital of all of the merged or consolidated
24 corporations as last reported by them in any documents,
25 other than annual reports, required by this Act to be
26 filed in the office of the Secretary of State; and in

1 addition, the surviving or new corporation shall be liable
2 for a further additional franchise tax on the paid-in
3 capital of each of the merged or consolidated corporations
4 as last reported by them in any document, other than an
5 annual report, required by this Act to be filed with the
6 Secretary of State from their taxable year end to the next
7 succeeding anniversary month or, in the case of a
8 corporation which has established an extended filing
9 month, the extended filing month of the surviving or new
10 corporation; however if the taxable year ends within the
11 2-month period immediately preceding the anniversary month
12 or, in the case of a corporation which has established an
13 extended filing month, the extended filing month of the
14 surviving or new corporation the tax will be computed to
15 the anniversary month or, in the case of a corporation
16 which has established an extended filing month, the
17 extended filing month of the surviving or new corporation
18 in the next succeeding calendar year.

19 (d) An annual franchise tax payable each year with the
20 annual report which the corporation is required by this
21 Act to file.

22 On or after January 1, 2020 and prior to January 1, 2021,
23 the first \$30 in liability is exempt from the tax imposed under
24 this Section. On or after January 1, 2021 and prior to January
25 1, 2022, the first \$1,000 in liability is exempt from the tax
26 imposed under this Section. On or after January 1, 2022 and

1 prior to January 1, 2023, the first \$10,000 in liability is
2 exempt from the tax imposed under this Section. On or after
3 January 1, 2023 and prior to January 1, 2024, the first
4 \$100,000 in liability is exempt from the tax imposed under
5 this Section. The provisions of this Section shall not require
6 the payment of any franchise tax that would otherwise have
7 been due and payable on or after January 1, 2024. There shall
8 be no refunds or proration of franchise tax for any taxes due
9 and payable on or after January 1, 2024 on the basis that a
10 portion of the corporation's taxable year extends beyond
11 January 1, 2024. Public Act 101-9 shall not affect any right
12 accrued or established, or any liability or penalty incurred
13 prior to January 1, 2024.

14 This Section is repealed on December 31, 2024 ~~December 31,~~
15 ~~2025~~.

16 (Source: P.A. 101-9, eff. 6-5-19; 102-558, eff. 8-20-21.)

17 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

18 Sec. 15.65. Franchise taxes payable by foreign
19 corporations. For the privilege of exercising its authority to
20 transact such business in this State as set out in its
21 application therefor or any amendment thereto, each foreign
22 corporation shall pay to the Secretary of State the following
23 franchise taxes, computed on the basis, at the rates and for
24 the periods prescribed in this Act:

25 (a) An initial franchise tax at the time of filing its

1 application for authority to transact business in this
2 State.

3 (b) An additional franchise tax at the time of filing
4 (1) a report of the issuance of additional shares, or (2) a
5 report of an increase in paid-in capital without the
6 issuance of shares, or (3) a report of cumulative changes
7 in paid-in capital or a report of an exchange or
8 reclassification of shares, whenever any such report
9 discloses an increase in its paid-in capital over the
10 amount thereof last reported in any document, other than
11 an annual report, interim annual report or final
12 transition annual report, required by this Act to be filed
13 in the office of the Secretary of State.

14 (c) Whenever the corporation shall be a party to a
15 statutory merger and shall be the surviving corporation,
16 an additional franchise tax at the time of filing its
17 report following merger, if such report discloses that the
18 amount represented in this State of its paid-in capital
19 immediately after the merger is greater than the aggregate
20 of the amounts represented in this State of the paid-in
21 capital of such of the merged corporations as were
22 authorized to transact business in this State at the time
23 of the merger, as last reported by them in any documents,
24 other than annual reports, required by this Act to be
25 filed in the office of the Secretary of State; and in
26 addition, the surviving corporation shall be liable for a

1 further additional franchise tax on the paid-in capital of
2 each of the merged corporations as last reported by them
3 in any document, other than an annual report, required by
4 this Act to be filed with the Secretary of State, from
5 their taxable year end to the next succeeding anniversary
6 month or, in the case of a corporation which has
7 established an extended filing month, the extended filing
8 month of the surviving corporation; however if the taxable
9 year ends within the 2-month period immediately preceding
10 the anniversary month or the extended filing month of the
11 surviving corporation, the tax will be computed to the
12 anniversary or, extended filing month of the surviving
13 corporation in the next succeeding calendar year.

14 (d) An annual franchise tax payable each year with any
15 annual report which the corporation is required by this
16 Act to file.

17 On or after January 1, 2020 and prior to January 1, 2021,
18 the first \$30 in liability is exempt from the tax imposed under
19 this Section. On or after January 1, 2021 and prior to January
20 1, 2022, the first \$1,000 in liability is exempt from the tax
21 imposed under this Section. On and after January 1, 2022 and
22 prior to January 1, 2023, the first \$10,000 in liability is
23 exempt from the tax imposed under this Section. On and after
24 January 1, 2023 and prior to January 1, 2024, the first
25 \$100,000 in liability is exempt from the tax imposed under
26 this Section. The provisions of this Section shall not require

1 the payment of any franchise tax that would otherwise have
2 been due and payable on or after January 1, 2024. There shall
3 be no refunds or proration of franchise tax for any taxes due
4 and payable on or after January 1, 2024 on the basis that a
5 portion of the corporation's taxable year extends beyond
6 January 1, 2024. Public Act 101-9 shall not affect any right
7 accrued or established, or any liability or penalty incurred
8 prior to January 1, 2024.

9 This Section is repealed on December 31, 2024.

10 (Source: P.A. 101-9, eff. 6-5-19; 102-16, eff. 6-17-21;
11 102-558, eff. 8-20-21; 102-813, eff. 5-13-22.)

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