

1 AN ACT in relation to taxes.

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

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

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

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

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

27 (C) An amount equal to the amount received
28 during the taxable year as a recovery or refund of
29 real property taxes paid with respect to the
30 taxpayer's principal residence under the Revenue Act
31 of 1939 and for which a deduction was previously

1 taken under subparagraph (L) of this paragraph (2)
2 prior to July 1, 1991, the retrospective application
3 date of Article 4 of Public Act 87-17. In the case
4 of multi-unit or multi-use structures and farm
5 dwellings, the taxes on the taxpayer's principal
6 residence shall be that portion of the total taxes
7 for the entire property which is attributable to
8 such principal residence;

9 (D) An amount equal to the amount of the
10 capital gain deduction allowable under the Internal
11 Revenue Code, to the extent deducted from gross
12 income in the computation of adjusted gross income;

13 (D-5) An amount, to the extent not included in
14 adjusted gross income, equal to the amount of money
15 withdrawn by the taxpayer in the taxable year from a
16 medical care savings account and the interest earned
17 on the account in the taxable year of a withdrawal
18 pursuant to subsection (b) of Section 20 of the
19 Medical Care Savings Account Act or subsection (b)
20 of Section 20 of the Medical Care Savings Account
21 Act of 2000;

22 (D-10) For taxable years ending after December
23 31, 1997, an amount equal to any eligible
24 remediation costs that the individual deducted in
25 computing adjusted gross income and for which the
26 individual claims a credit under subsection (l) of
27 Section 201;

28 (D-15) For taxable years 2001 and thereafter,
29 an amount equal to the bonus depreciation deduction
30 (30% of the adjusted basis of the qualified
31 property) taken on the taxpayer's federal income tax
32 return for the taxable year under subsection (k) of
33 Section 168 of the Internal Revenue Code; and

34 (D-16) If the taxpayer reports a capital gain

1 or loss on the taxpayer's federal income tax return
2 for the taxable year based on a sale or transfer of
3 property for which the taxpayer was required in any
4 taxable year to make an addition modification under
5 subparagraph (D-15), then an amount equal to the
6 aggregate amount of the deductions taken in all
7 taxable years under subparagraph (Z) with respect to
8 that property.†

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

12 (D-20) ~~(D-15)~~ For taxable years beginning on
13 or after January 1, 2002, in the case of a
14 distribution from a qualified tuition program under
15 Section 529 of the Internal Revenue Code, other than
16 (i) a distribution from a College Savings Pool
17 created under Section 16.5 of the State Treasurer
18 Act or (ii) a distribution from the Illinois Prepaid
19 Tuition Trust Fund, an amount equal to the amount
20 excluded from gross income under Section
21 529(c)(3)(B);

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

24 (E) For taxable years ending before December
25 31, 2001, any amount included in such total in
26 respect of any compensation (including but not
27 limited to any compensation paid or accrued to a
28 serviceman while a prisoner of war or missing in
29 action) paid to a resident by reason of being on
30 active duty in the Armed Forces of the United States
31 and in respect of any compensation paid or accrued
32 to a resident who as a governmental employee was a
33 prisoner of war or missing in action, and in respect
34 of any compensation paid to a resident in 1971 or

1 thereafter for annual training performed pursuant to
2 Sections 502 and 503, Title 32, United States Code
3 as a member of the Illinois National Guard. For
4 taxable years ending on or after December 31, 2001,
5 any amount included in such total in respect of any
6 compensation (including but not limited to any
7 compensation paid or accrued to a serviceman while a
8 prisoner of war or missing in action) paid to a
9 resident by reason of being a member of any
10 component of the Armed Forces of the United States
11 and in respect of any compensation paid or accrued
12 to a resident who as a governmental employee was a
13 prisoner of war or missing in action, and in respect
14 of any compensation paid to a resident in 2001 or
15 thereafter by reason of being a member of the
16 Illinois National Guard. The provisions of this
17 amendatory Act of the 92nd General Assembly are
18 exempt from the provisions of Section 250;

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

30 (G) The valuation limitation amount;

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

1 (I) An amount equal to all amounts included in
2 such total pursuant to the provisions of Section 111
3 of the Internal Revenue Code as a recovery of items
4 previously deducted from adjusted gross income in
5 the computation of taxable income;

6 (J) An amount equal to those dividends
7 included in such total which were paid by a
8 corporation which conducts business operations in an
9 Enterprise Zone or zones created under the Illinois
10 Enterprise Zone Act, and conducts substantially all
11 of its operations in an Enterprise Zone or zones;

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

22 (L) For taxable years ending after December
23 31, 1983, an amount equal to all social security
24 benefits and railroad retirement benefits included
25 in such total pursuant to Sections 72(r) and 86 of
26 the Internal Revenue Code;

27 (M) With the exception of any amounts
28 subtracted under subparagraph (N), an amount equal
29 to the sum of all amounts disallowed as deductions
30 by (i) Sections 171(a) (2), and 265(2) of the
31 Internal Revenue Code of 1954, as now or hereafter
32 amended, and all amounts of expenses allocable to
33 interest and disallowed as deductions by Section
34 265(1) of the Internal Revenue Code of 1954, as now

1 or hereafter amended; and (ii) for taxable years
2 ending on or after August 13, 1999, Sections
3 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
4 Internal Revenue Code; the provisions of this
5 subparagraph are exempt from the provisions of
6 Section 250;

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

17 (O) An amount equal to any contribution made
18 to a job training project established pursuant to
19 the Tax Increment Allocation Redevelopment Act;

20 (P) An amount equal to the amount of the
21 deduction used to compute the federal income tax
22 credit for restoration of substantial amounts held
23 under claim of right for the taxable year pursuant
24 to Section 1341 of the Internal Revenue Code of
25 1986;

26 (Q) An amount equal to any amounts included in
27 such total, received by the taxpayer as an
28 acceleration in the payment of life, endowment or
29 annuity benefits in advance of the time they would
30 otherwise be payable as an indemnity for a terminal
31 illness;

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

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

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

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

24 (V) Beginning with tax years ending on or
25 after December 31, 1995 and ending with tax years
26 ending on or before December 31, 2004, an amount
27 equal to the amount paid by a taxpayer who is a
28 self-employed taxpayer, a partner of a partnership,
29 or a shareholder in a Subchapter S corporation for
30 health insurance or long-term care insurance for
31 that taxpayer or that taxpayer's spouse or
32 dependents, to the extent that the amount paid for
33 that health insurance or long-term care insurance
34 may be deducted under Section 213 of the Internal

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

19 (W) For taxable years beginning on or after
20 January 1, 1998, all amounts included in the
21 taxpayer's federal gross income in the taxable year
22 from amounts converted from a regular IRA to a Roth
23 IRA. This paragraph is exempt from the provisions of
24 Section 250;

25 (X) For taxable year 1999 and thereafter, an
26 amount equal to the amount of any (i) distributions,
27 to the extent includible in gross income for federal
28 income tax purposes, made to the taxpayer because of
29 his or her status as a victim of persecution for
30 racial or religious reasons by Nazi Germany or any
31 other Axis regime or as an heir of the victim and
32 (ii) items of income, to the extent includible in
33 gross income for federal income tax purposes,
34 attributable to, derived from or in any way related

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

26 (Y) For taxable years beginning on or after
27 January 1, 2002, moneys contributed in the taxable
28 year to a College Savings Pool account under Section
29 16.5 of the State Treasurer Act, except that amounts
30 excluded from gross income under Section
31 529(c)(3)(C)(i) of the Internal Revenue Code shall
32 not be considered moneys contributed under this
33 subparagraph (Y). This subparagraph (Y) is exempt
34 from the provisions of Section 250;

1 (Z) For taxable years 2001 and thereafter, for
2 the taxable year in which the bonus depreciation
3 deduction (30% of the adjusted basis of the
4 qualified property) is taken on the taxpayer's
5 federal income tax return under subsection (k) of
6 Section 168 of the Internal Revenue Code and for
7 each applicable taxable year thereafter, an amount
8 equal to "x", where:

9 (1) "y" equals the amount of the
10 depreciation deduction taken for the taxable
11 year on the taxpayer's federal income tax
12 return on property for which the bonus
13 depreciation deduction (30% of the adjusted
14 basis of the qualified property) was taken in
15 any year under subsection (k) of Section 168 of
16 the Internal Revenue Code, but not including
17 the bonus depreciation deduction; and

18 (2) "x" equals "y" multiplied by 30 and
19 then divided by 70 (or "y" multiplied by
20 0.429).

21 The aggregate amount deducted under this
22 subparagraph in all taxable years for any one piece
23 of property may not exceed the amount of the bonus
24 depreciation deduction (30% of the adjusted basis of
25 the qualified property) taken on that property on
26 the taxpayer's federal income tax return under
27 subsection (k) of Section 168 of the Internal
28 Revenue Code; and

29 (AA) If the taxpayer reports a capital gain or
30 loss on the taxpayer's federal income tax return for
31 the taxable year based on a sale or transfer of
32 property for which the taxpayer was required in any
33 taxable year to make an addition modification under
34 subparagraph (D-15), 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
4 any one piece of property; and

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

8 (CC) For taxable years ending on or after
9 December 31, 2003 and on or before December 30 2013,
10 \$30,000, if the income was earned by a teacher while
11 teaching at the elementary or secondary level during
12 the taxable year. For the purpose of this
13 subparagraph, "teacher" means a public or private
14 school employee who is regularly required to be
15 certified under the laws relating to certification
16 of teachers and who is actively engaged in the
17 profession of teaching. "Teacher" does not include
18 administrators.

19 (b) Corporations.

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

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

26 (A) An amount equal to all amounts paid or
27 accrued to the taxpayer as interest and all
28 distributions received from regulated investment
29 companies during the taxable year to the extent
30 excluded from gross income in the computation of
31 taxable income;

32 (B) An amount equal to the amount of tax
33 imposed by this Act to the extent deducted from
34 gross income in the computation of taxable income

1 for the taxable year;

2 (C) In the case of a regulated investment
3 company, an amount equal to the excess of (i) the
4 net long-term capital gain for the taxable year,
5 over (ii) the amount of the capital gain dividends
6 designated as such in accordance with Section
7 852(b)(3)(C) of the Internal Revenue Code and any
8 amount designated under Section 852(b)(3)(D) of the
9 Internal Revenue Code, attributable to the taxable
10 year (this amendatory Act of 1995 (Public Act 89-89)
11 is declarative of existing law and is not a new
12 enactment);

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

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

27 (i) the addition modification relating to
28 the net operating loss carried back or forward
29 to the taxable year from any taxable year
30 ending prior to December 31, 1986 shall be
31 reduced by the amount of addition modification
32 under this subparagraph (E) which related to
33 that net operating loss and which was taken
34 into account in calculating the base income of

1 an earlier taxable year, and

2 (ii) the addition modification relating
3 to the net operating loss carried back or
4 forward to the taxable year from any taxable
5 year ending prior to December 31, 1986 shall
6 not exceed the amount of such carryback or
7 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
14 provisions of this subparagraph (E) for each such
15 taxable year;

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

22 (E-10) For taxable years 2001 and thereafter,
23 an amount equal to the bonus depreciation deduction
24 (30% of the adjusted basis of the qualified
25 property) taken on the taxpayer's federal income tax
26 return for the taxable year under subsection (k) of
27 Section 168 of the Internal Revenue Code; and

28 (E-11) If the taxpayer reports a capital gain
29 or loss on the taxpayer's federal income tax return
30 for the taxable year based on a sale or transfer of
31 property for which the taxpayer was required in any
32 taxable year to make an addition modification under
33 subparagraph (E-10), then an amount equal to the
34 aggregate amount of the deductions taken in all

1 taxable years under subparagraph (T) with respect to
2 that property.†

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

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

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

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

20 (I) With the exception of any amounts
21 subtracted under subparagraph (J), an amount equal
22 to the sum of all amounts disallowed as deductions
23 by (i) Sections 171(a) (2), and 265(a)(2) and
24 amounts disallowed as interest expense by Section
25 291(a)(3) of the Internal Revenue Code, as now or
26 hereafter amended, and all amounts of expenses
27 allocable to interest and disallowed as deductions
28 by Section 265(a)(1) of the Internal Revenue Code,
29 as now or hereafter amended; and (ii) for taxable
30 years ending on or after August 13, 1999, Sections
31 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i)
32 of the Internal Revenue Code; the provisions of this
33 subparagraph are exempt from the provisions of
34 Section 250;

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

11 (K) An amount equal to those dividends
12 included in such total which were paid by a
13 corporation which conducts business operations in an
14 Enterprise Zone or zones created under the Illinois
15 Enterprise Zone Act and conducts substantially all
16 of its operations in an Enterprise Zone or zones;

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

27 (M) For any taxpayer that is a financial
28 organization within the meaning of Section 304(c) of
29 this Act, an amount included in such total as
30 interest income from a loan or loans made by such
31 taxpayer to a borrower, to the extent that such a
32 loan is secured by property which is eligible for
33 the Enterprise Zone Investment Credit. To determine
34 the portion of a loan or loans that is secured by

1 property eligible for a Section 201(f) investment
2 credit to the borrower, the entire principal amount
3 of the loan or loans between the taxpayer and the
4 borrower should be divided into the basis of the
5 Section 201(f) investment credit property which
6 secures the loan or loans, using for this purpose
7 the original basis of such property on the date that
8 it was placed in service in the Enterprise Zone.
9 The subtraction modification available to taxpayer
10 in any year under this subsection shall be that
11 portion of the total interest paid by the borrower
12 with respect to such loan attributable to the
13 eligible property as calculated under the previous
14 sentence;

15 (M-1) For any taxpayer that is a financial
16 organization within the meaning of Section 304(c) of
17 this Act, an amount included in such total as
18 interest income from a loan or loans made by such
19 taxpayer to a borrower, to the extent that such a
20 loan is secured by property which is eligible for
21 the High Impact Business Investment Credit. To
22 determine the portion of a loan or loans that is
23 secured by property eligible for a Section 201(h)
24 investment credit to the borrower, the entire
25 principal amount of the loan or loans between the
26 taxpayer and the borrower should be divided into the
27 basis of the Section 201(h) investment credit
28 property which secures the loan or loans, using for
29 this purpose the original basis of such property on
30 the date that it was placed in service in a
31 federally designated Foreign Trade Zone or Sub-Zone
32 located in Illinois. No taxpayer that is eligible
33 for the deduction provided in subparagraph (M) of
34 paragraph (2) of this subsection shall be eligible

1 for the deduction provided under this subparagraph
2 (M-1). The subtraction modification available to
3 taxpayers in any year under this subsection shall be
4 that portion of the total interest paid by the
5 borrower with respect to such loan attributable to
6 the eligible property as calculated under the
7 previous sentence;

8 (N) Two times any contribution made during the
9 taxable year to a designated zone organization to
10 the extent that the contribution (i) qualifies as a
11 charitable contribution under subsection (c) of
12 Section 170 of the Internal Revenue Code and (ii)
13 must, by its terms, be used for a project approved
14 by the Department of Commerce and Community Affairs
15 under Section 11 of the Illinois Enterprise Zone
16 Act;

17 (O) An amount equal to: (i) 85% for taxable
18 years ending on or before December 31, 1992, or, a
19 percentage equal to the percentage allowable under
20 Section 243(a)(1) of the Internal Revenue Code of
21 1986 for taxable years ending after December 31,
22 1992, of the amount by which dividends included in
23 taxable income and received from a corporation that
24 is not created or organized under the laws of the
25 United States or any state or political subdivision
26 thereof, including, for taxable years ending on or
27 after December 31, 1988, dividends received or
28 deemed received or paid or deemed paid under
29 Sections 951 through 964 of the Internal Revenue
30 Code, exceed the amount of the modification provided
31 under subparagraph (G) of paragraph (2) of this
32 subsection (b) which is related to such dividends;
33 plus (ii) 100% of the amount by which dividends,
34 included in taxable income and received, including,

1 for taxable years ending on or after December 31,
2 1988, dividends received or deemed received or paid
3 or deemed paid under Sections 951 through 964 of the
4 Internal Revenue Code, from any such corporation
5 specified in clause (i) that would but for the
6 provisions of Section 1504 (b) (3) of the Internal
7 Revenue Code be treated as a member of the
8 affiliated group which includes the dividend
9 recipient, exceed the amount of the modification
10 provided under subparagraph (G) of paragraph (2) of
11 this subsection (b) which is related to such
12 dividends;

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

16 (Q) An amount equal to the amount of the
17 deduction used to compute the federal income tax
18 credit for restoration of substantial amounts held
19 under claim of right for the taxable year pursuant
20 to Section 1341 of the Internal Revenue Code of
21 1986;

22 (R) In the case of an attorney-in-fact with
23 respect to whom an interinsurer or a reciprocal
24 insurer has made the election under Section 835 of
25 the Internal Revenue Code, 26 U.S.C. 835, an amount
26 equal to the excess, if any, of the amounts paid or
27 incurred by that interinsurer or reciprocal insurer
28 in the taxable year to the attorney-in-fact over the
29 deduction allowed to that interinsurer or reciprocal
30 insurer with respect to the attorney-in-fact under
31 Section 835(b) of the Internal Revenue Code for the
32 taxable year;

33 (S) For taxable years ending on or after
34 December 31, 1997, in the case of a Subchapter S

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

10 (T) For taxable years 2001 and thereafter, for
11 the taxable year in which the bonus depreciation
12 deduction (30% of the adjusted basis of the
13 qualified property) is taken on the taxpayer's
14 federal income tax return under subsection (k) of
15 Section 168 of the Internal Revenue Code and for
16 each applicable taxable year thereafter, an amount
17 equal to "x", where:

18 (1) "y" equals the amount of the
19 depreciation deduction taken for the taxable
20 year on the taxpayer's federal income tax
21 return on property for which the bonus
22 depreciation deduction (30% of the adjusted
23 basis of the qualified property) was taken in
24 any year under subsection (k) of Section 168 of
25 the Internal Revenue Code, but not including
26 the bonus depreciation deduction; and

27 (2) "x" equals "y" multiplied by 30 and
28 then divided by 70 (or "y" multiplied by
29 0.429).

30 The aggregate amount deducted under this
31 subparagraph in all taxable years for any one piece
32 of property may not exceed the amount of the bonus
33 depreciation deduction (30% of the adjusted basis of
34 the qualified property) taken on that property on

1 the taxpayer's federal income tax return under
2 subsection (k) of Section 168 of the Internal
3 Revenue Code; and

4 (U) If the taxpayer reports a capital gain or
5 loss on the taxpayer's federal income tax return for
6 the taxable year based on a sale or transfer of
7 property for which the taxpayer was required in any
8 taxable year to make an addition modification under
9 subparagraph (E-10), then an amount equal to that
10 addition modification.

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

14 (3) Special rule. For purposes of paragraph (2)
15 (A), "gross income" in the case of a life insurance
16 company, for tax years ending on and after December 31,
17 1994, shall mean the gross investment income for the
18 taxable year.

19 (c) Trusts and estates.

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

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

28 (A) An amount equal to all amounts paid or
29 accrued to the taxpayer as interest or dividends
30 during the taxable year to the extent excluded from
31 gross income in the computation of taxable income;

32 (B) In the case of (i) an estate, \$600; (ii) a
33 trust which, under its governing instrument, is
34 required to distribute all of its income currently,

1 \$300; and (iii) any other trust, \$100, but in each
2 such case, only to the extent such amount was
3 deducted in the computation of taxable income;

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

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

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

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

31 (ii) the addition modification relating
32 to the net operating loss carried back or
33 forward to the taxable year from any taxable
34 year ending prior to December 31, 1986 shall

1 not exceed the amount of such carryback or
2 carryforward;

3 For taxable years in which there is a net
4 operating loss carryback or carryforward from more
5 than one other taxable year ending prior to December
6 31, 1986, the addition modification provided in this
7 subparagraph (E) shall be the sum of the amounts
8 computed independently under the preceding
9 provisions of this subparagraph (E) for each such
10 taxable year;

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

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

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

27 (G-10) For taxable years 2001 and thereafter,
28 an amount equal to the bonus depreciation deduction
29 (30% of the adjusted basis of the qualified
30 property) taken on the taxpayer's federal income tax
31 return for the taxable year under subsection (k) of
32 Section 168 of the Internal Revenue Code; and

33 (G-11) If the taxpayer reports a capital gain
34 or loss on the taxpayer's federal income tax return

1 for the taxable year based on a sale or transfer of
2 property for which the taxpayer was required in any
3 taxable year to make an addition modification under
4 subparagraph (G-10), then an amount equal to the
5 aggregate amount of the deductions taken in all
6 taxable years under subparagraph (R) with respect to
7 that property.†

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

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

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

24 (I) The valuation limitation amount;

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

29 (K) An amount equal to all amounts included in
30 taxable income as modified by subparagraphs (A),
31 (B), (C), (D), (E), (F) and (G) which are exempt
32 from taxation by this State either by reason of its
33 statutes or Constitution or by reason of the
34 Constitution, treaties or statutes of the United

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

6 (L) With the exception of any amounts
7 subtracted under subparagraph (K), an amount equal
8 to the sum of all amounts disallowed as deductions
9 by (i) Sections 171(a) (2) and 265(a)(2) of the
10 Internal Revenue Code, as now or hereafter amended,
11 and all amounts of expenses allocable to interest
12 and disallowed as deductions by Section 265(1) of
13 the Internal Revenue Code of 1954, as now or
14 hereafter amended; and (ii) for taxable years ending
15 on or after August 13, 1999, Sections 171(a)(2),
16 265, 280C, and 832(b)(5)(B)(i) of the Internal
17 Revenue Code; the provisions of this subparagraph
18 are exempt from the provisions of Section 250;

19 (M) An amount equal to those dividends
20 included in such total which were paid by a
21 corporation which conducts business operations in an
22 Enterprise Zone or zones created under the Illinois
23 Enterprise Zone Act and conducts substantially all
24 of its operations in an Enterprise Zone or Zones;

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

28 (O) An amount equal to those dividends
29 included in such total that were paid by a
30 corporation that conducts business operations in a
31 federally designated Foreign Trade Zone or Sub-Zone
32 and that is designated a High Impact Business
33 located in Illinois; provided that dividends
34 eligible for the deduction provided in subparagraph

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

4 (P) An amount equal to the amount of the
5 deduction used to compute the federal income tax
6 credit for restoration of substantial amounts held
7 under claim of right for the taxable year pursuant
8 to Section 1341 of the Internal Revenue Code of
9 1986;

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

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

11 (R) For taxable years 2001 and thereafter, for
12 the taxable year in which the bonus depreciation
13 deduction (30% of the adjusted basis of the
14 qualified property) is taken on the taxpayer's
15 federal income tax return under subsection (k) of
16 Section 168 of the Internal Revenue Code and for
17 each applicable taxable year thereafter, an amount
18 equal to "x", where:

19 (1) "y" equals the amount of the
20 depreciation deduction taken for the taxable
21 year on the taxpayer's federal income tax
22 return on property for which the bonus
23 depreciation deduction (30% of the adjusted
24 basis of the qualified property) was taken in
25 any year under subsection (k) of Section 168 of
26 the Internal Revenue Code, but not including
27 the bonus depreciation deduction; and

28 (2) "x" equals "y" multiplied by 30 and
29 then divided by 70 (or "y" multiplied by
30 0.429).

31 The aggregate amount deducted under this
32 subparagraph in all taxable years for any one piece
33 of property may not exceed the amount of the bonus
34 depreciation deduction (30% of the adjusted basis of

1 the qualified property) taken on that property on
2 the taxpayer's federal income tax return under
3 subsection (k) of Section 168 of the Internal
4 Revenue Code; and

5 (S) If the taxpayer reports a capital gain or
6 loss on the taxpayer's federal income tax return for
7 the taxable year based on a sale or transfer of
8 property for which the taxpayer was required in any
9 taxable year to make an addition modification under
10 subparagraph (G-10), then an amount equal to that
11 addition modification.

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

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).

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

29 (A) An amount equal to all amounts paid or
30 accrued to the taxpayer as interest or dividends
31 during the taxable year to the extent excluded from
32 gross income in the computation of taxable income;

33 (B) An amount equal to the amount of tax
34 imposed by this Act to the extent deducted from

1 gross income for the taxable year;

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

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

10 (D-5) For taxable years 2001 and thereafter,
11 an amount equal to the bonus depreciation deduction
12 (30% of the adjusted basis of the qualified
13 property) taken on the taxpayer's federal income tax
14 return for the taxable year under subsection (k) of
15 Section 168 of the Internal Revenue Code; and

16 (D-6) If the taxpayer reports a capital gain
17 or loss on the taxpayer's federal income tax return
18 for the taxable year based on a sale or transfer of
19 property for which the taxpayer was required in any
20 taxable year to make an addition modification under
21 subparagraph (D-5), then an amount equal to the
22 aggregate amount of the deductions taken in all
23 taxable years under subparagraph (D) with respect to
24 that property.†

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

28 and by deducting from the total so obtained the following
29 amounts:

30 (E) The valuation limitation amount;

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

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

12 (H) Any income of the partnership which
13 constitutes personal service income as defined in
14 Section 1348 (b) (1) of the Internal Revenue Code
15 (as in effect December 31, 1981) or a reasonable
16 allowance for compensation paid or accrued for
17 services rendered by partners to the partnership,
18 whichever is greater;

19 (I) An amount equal to all amounts of income
20 distributable to an entity subject to the Personal
21 Property Tax Replacement Income Tax imposed by
22 subsections (c) and (d) of Section 201 of this Act
23 including amounts distributable to organizations
24 exempt from federal income tax by reason of Section
25 501(a) of the Internal Revenue Code;

26 (J) With the exception of any amounts
27 subtracted under subparagraph (G), an amount equal
28 to the sum of all amounts disallowed as deductions
29 by (i) Sections 171(a) (2), and 265(2) of the
30 Internal Revenue Code of 1954, as now or hereafter
31 amended, and all amounts of expenses allocable to
32 interest and disallowed as deductions by Section
33 265(1) of the Internal Revenue Code, as now or
34 hereafter amended; and (ii) for taxable years ending

1 on or after August 13, 1999, Sections 171(a)(2),
2 265, 280C, and 832(b)(5)(B)(i) of the Internal
3 Revenue Code; the provisions of this subparagraph
4 are exempt from the provisions of Section 250;

5 (K) An amount equal to those dividends
6 included in such total which were paid by a
7 corporation which conducts business operations in an
8 Enterprise Zone or zones created under the Illinois
9 Enterprise Zone Act, enacted by the 82nd General
10 Assembly, and conducts substantially all of its
11 operations in an Enterprise Zone or Zones;

12 (L) An amount equal to any contribution made
13 to a job training project established pursuant to
14 the Real Property Tax Increment Allocation
15 Redevelopment Act;

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

26 (N) An amount equal to the amount of the
27 deduction used to compute the federal income tax
28 credit for restoration of substantial amounts held
29 under claim of right for the taxable year pursuant
30 to Section 1341 of the Internal Revenue Code of
31 1986;

32 (O) For taxable years 2001 and thereafter, for
33 the taxable year in which the bonus depreciation
34 deduction (30% of the adjusted basis of the

1 qualified property) is taken on the taxpayer's
2 federal income tax return under subsection (k) of
3 Section 168 of the Internal Revenue Code and for
4 each applicable taxable year thereafter, an amount
5 equal to "x", where:

6 (1) "y" equals the amount of the
7 depreciation deduction taken for the taxable
8 year on the taxpayer's federal income tax
9 return on property for which the bonus
10 depreciation deduction (30% of the adjusted
11 basis of the qualified property) was taken in
12 any year under subsection (k) of Section 168 of
13 the Internal Revenue Code, but not including
14 the bonus depreciation deduction; and

15 (2) "x" equals "y" multiplied by 30 and
16 then divided by 70 (or "y" multiplied by
17 0.429).

18 The aggregate amount deducted under this
19 subparagraph in all taxable years for any one piece
20 of property may not exceed the amount of the bonus
21 depreciation deduction (30% of the adjusted basis of
22 the qualified property) taken on that property on
23 the taxpayer's federal income tax return under
24 subsection (k) of Section 168 of the Internal
25 Revenue Code; and

26 (P) If the taxpayer reports a capital gain or
27 loss on the taxpayer's federal income tax return for
28 the taxable year based on a sale or transfer of
29 property for which the taxpayer was required in any
30 taxable year to make an addition modification under
31 subparagraph (D-5), then an amount equal to that
32 addition modification.

33 The taxpayer is allowed to take the deduction
34 under this subparagraph only once with respect to

1 any one piece of property.

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

3 (1) In general. Subject to the provisions of
4 paragraph (2) and subsection (b) (3), for purposes of
5 this Section and Section 803(e), a taxpayer's gross
6 income, adjusted gross income, or taxable income for the
7 taxable year shall mean the amount of gross income,
8 adjusted gross income or taxable income properly
9 reportable for federal income tax purposes for the
10 taxable year under the provisions of the Internal Revenue
11 Code. Taxable income may be less than zero. However, for
12 taxable years ending on or after December 31, 1986, net
13 operating loss carryforwards from taxable years ending
14 prior to December 31, 1986, may not exceed the sum of
15 federal taxable income for the taxable year before net
16 operating loss deduction, plus the excess of addition
17 modifications over subtraction modifications for the
18 taxable year. For taxable years ending prior to December
19 31, 1986, taxable income may never be an amount in excess
20 of the net operating loss for the taxable year as defined
21 in subsections (c) and (d) of Section 172 of the Internal
22 Revenue Code, provided that when taxable income of a
23 corporation (other than a Subchapter S corporation),
24 trust, or estate is less than zero and addition
25 modifications, other than those provided by subparagraph
26 (E) of paragraph (2) of subsection (b) for corporations
27 or subparagraph (E) of paragraph (2) of subsection (c)
28 for trusts and estates, exceed subtraction modifications,
29 an addition modification must be made under those
30 subparagraphs for any other taxable year to which the
31 taxable income less than zero (net operating loss) is
32 applied under Section 172 of the Internal Revenue Code or
33 under subparagraph (E) of paragraph (2) of this
34 subsection (e) applied in conjunction with Section 172 of

1 the Internal Revenue Code.

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

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

12 (B) Certain other insurance companies. In the
13 case of mutual insurance companies subject to the
14 tax imposed by Section 831 of the Internal Revenue
15 Code, insurance company taxable income;

16 (C) Regulated investment companies. In the
17 case of a regulated investment company subject to
18 the tax imposed by Section 852 of the Internal
19 Revenue Code, investment company taxable income;

20 (D) Real estate investment trusts. In the
21 case of a real estate investment trust subject to
22 the tax imposed by Section 857 of the Internal
23 Revenue Code, real estate investment trust taxable
24 income;

25 (E) Consolidated corporations. In the case of
26 a corporation which is a member of an affiliated
27 group of corporations filing a consolidated income
28 tax return for the taxable year for federal income
29 tax purposes, taxable income determined as if such
30 corporation had filed a separate return for federal
31 income tax purposes for the taxable year and each
32 preceding taxable year for which it was a member of
33 an affiliated group. For purposes of this
34 subparagraph, the taxpayer's separate taxable income

1 shall be determined as if the election provided by
2 Section 243(b) (2) of the Internal Revenue Code had
3 been in effect for all such years;

4 (F) Cooperatives. In the case of a
5 cooperative corporation or association, the taxable
6 income of such organization determined in accordance
7 with the provisions of Section 1381 through 1388 of
8 the Internal Revenue Code;

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

27 (H) Partnerships. In the case of a
28 partnership, taxable income determined in accordance
29 with Section 703 of the Internal Revenue Code,
30 except that taxable income shall take into account
31 those items which are required by Section 703(a)(1)
32 to be separately stated but which would be taken
33 into account by an individual in calculating his
34 taxable income.

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
6 appreciation amounts (to the extent consisting of
7 gain reportable under the provisions of Section 1245
8 or 1250 of the Internal Revenue Code) for all
9 property in respect of which such gain was reported
10 for the taxable year; plus

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

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

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

32 (B) If the fair market value of property
33 referred to in paragraph (1) was not readily
34 ascertainable on August 1, 1969, the pre-August 1,

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

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

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

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

25 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
26 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
27 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
28 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
29 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
30 7-11-02; 92-846, eff. 8-23-02; revised 11-15-02.)

31 Section 99. Effective date. This Act takes effect upon
32 becoming law.