

1 AN ACT concerning 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15 withdrawn by the taxpayer in the taxable year from a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, an amount equal to the medical,
10 dental, and other expenses allowed as a deduction
11 under section 213 of the Internal Revenue Code to
12 the extent allowed as a deduction from adjusted
13 gross income in computing federal income taxes. To
14 obtain this subtraction modification, the taxpayer
15 must submit to the Department, along with his or her
16 tax return, a copy of the schedule A form or any
17 successor form completed and submitted for federal
18 income tax purposes. This paragraph is exempt from
19 the provisions of Section 250.

20 (b) Corporations.

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

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

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

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

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

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

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

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

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

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

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

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

29 (E-11) If the taxpayer reports a capital gain
30 or loss on the taxpayer's federal income tax return
31 for 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 (E-10), then an amount equal to the

1 aggregate amount of the deductions taken in all
2 taxable years under subparagraph (T) with respect to
3 that property.†

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

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

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

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

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

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

1 Section 250;

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

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

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

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

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

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

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

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

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

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

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

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

34 (S) For taxable years ending on or after

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

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

20 (c) Trusts and estates.

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

25 (2) Modifications. Subject to the provisions of
26 paragraph (3), the taxable income referred to in
27 paragraph (1) shall be modified by adding thereto the sum
28 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) In the case of (i) an estate, \$600; (ii) a
34 trust which, under its governing instrument, is

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

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

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

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

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

32 (ii) the addition modification relating
33 to the net operating loss carried back or
34 forward to the taxable year from any taxable

1 year ending prior to December 31, 1986 shall
2 not exceed the amount of such carryback or
3 carryforward;

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

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

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

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

28 (G-10) 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 (G-11) 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 (G-10), then an amount equal to the
6 aggregate amount of the deductions taken in all
7 taxable years under subparagraph (R) 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;

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

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

25 (I) The valuation limitation amount;

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

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

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

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

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

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

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

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

5 (P) An amount equal to the amount of the
6 deduction used to compute the federal income tax
7 credit for restoration of substantial amounts held
8 under claim of right for the taxable year pursuant
9 to Section 1341 of the Internal Revenue Code of
10 1986;

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

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

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

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

29 (2) "x" equals "y" multiplied by 30 and
30 then divided by 70 (or "y" multiplied by
31 0.429).

32 The aggregate amount deducted under this
33 subparagraph in all taxable years for any one piece
34 of property may not exceed the amount of the bonus

1 depreciation deduction (30% of the adjusted basis of
2 the qualified property) taken on that property on
3 the taxpayer's federal income tax return under
4 subsection (k) of Section 168 of the Internal
5 Revenue Code; and

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

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

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

23 (d) Partnerships.

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

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

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

34 (B) An amount equal to the amount of tax

1 imposed by this Act to the extent deducted from
2 gross income for the taxable year;

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

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

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

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

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

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

31 (E) The valuation limitation amount;

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

1 year;

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

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

20 (I) An amount equal to all amounts of income
21 distributable to an entity subject to the Personal
22 Property Tax Replacement Income Tax imposed by
23 subsections (c) and (d) of Section 201 of this Act
24 including amounts distributable to organizations
25 exempt from federal income tax by reason of Section
26 501(a) of the Internal Revenue Code;

27 (J) With the exception of any amounts
28 subtracted under subparagraph (G), 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, as now or

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

6 (K) 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, enacted by the 82nd General
11 Assembly, and conducts substantially all of its
12 operations in an Enterprise Zone or Zones;

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

17 (M) 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 (M);

27 (N) An amount equal to the amount of the
28 deduction used to compute the federal income tax
29 credit for restoration of substantial amounts held
30 under claim of right for the taxable year pursuant
31 to Section 1341 of the Internal Revenue Code of
32 1986;

33 (O) For taxable years 2001 and thereafter, for
34 the taxable year in which the bonus depreciation

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

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

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

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

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

34 The taxpayer is allowed to take the deduction

1 under this subparagraph only once with respect to
2 any one piece of property.

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

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

1 subsection (e) applied in conjunction with Section 172 of
2 the Internal Revenue Code.

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

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

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

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

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

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

1 subparagraph, the taxpayer's separate taxable income
2 shall be determined as if the election provided by
3 Section 243(b) (2) of the Internal Revenue Code had
4 been in effect for all such years;

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

10 (G) Subchapter S corporations. In the case
11 of: (i) a Subchapter S corporation for which there
12 is in effect an election for the taxable year under
13 Section 1362 of the Internal Revenue Code, the
14 taxable income of such corporation determined in
15 accordance with Section 1363(b) of the Internal
16 Revenue Code, except that taxable income shall take
17 into account those items which are required by
18 Section 1363(b)(1) of the Internal Revenue Code to
19 be separately stated; and (ii) a Subchapter S
20 corporation for which there is in effect a federal
21 election to opt out of the provisions of the
22 Subchapter S Revision Act of 1982 and have applied
23 instead the prior federal Subchapter S rules as in
24 effect on July 1, 1982, the taxable income of such
25 corporation determined in accordance with the
26 federal Subchapter S rules as in effect on July 1,
27 1982; and

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

1 taxable income.

2 (f) Valuation limitation amount.

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

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

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

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

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

33 (B) If the fair market value of property
34 referred to in paragraph (1) was not readily

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

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

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

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

26 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
27 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
28 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
29 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
30 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
31 7-11-02; 92-846, eff. 8-23-02; revised 11-15-02.)

32 Section 99. Effective date. This Act takes effect upon

1 becoming law.