

1 AN ACT regarding taxation.

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15 withdrawn by the taxpayer in the taxable year from a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; and

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, up to \$5,000 paid by the taxpayer
10 for dependent care provided for a child, disabled
11 spouse, or other dependent adult during the taxable
12 year. No amount paid or incurred for dependent care
13 shall be deducted unless (i) the name, address, and
14 taxpayer identification number of the person
15 performing the services are included on the return
16 to which the deduction relates or (ii) if the person
17 performing the services is an organization described
18 in Section 501(c)(3) of the Internal Revenue Code
19 and is exempt from tax under Section 501(a) of the
20 Internal Revenue Code, the name and address of the
21 person are included on the return to which the
22 deduction relates. This paragraph is exempt from the
23 provisions of Section 250.

24 (b) Corporations.

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

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

31 (A) An amount equal to all amounts paid or
32 accrued to the taxpayer as interest and all
33 distributions received from regulated investment
34 companies during the taxable year to the extent

1 excluded from gross income in the computation of
2 taxable income;

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

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

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

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

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

1 ending prior to December 31, 1986 shall be
2 reduced by the amount of addition modification
3 under this subparagraph (E) which related to
4 that net operating loss and which was taken
5 into account in calculating the base income of
6 an earlier taxable year, and

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

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

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

27 (E-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 (E-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 (E-10), then an amount equal to the
5 aggregate amount of the deductions taken in all
6 taxable years under subparagraph (T) 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 (F) An amount equal to the amount of any tax
14 imposed by this Act which was refunded to the
15 taxpayer and included in such total for the taxable
16 year;

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

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

25 (I) With the exception of any amounts
26 subtracted under subparagraph (J), an amount equal
27 to the sum of all amounts disallowed as deductions
28 by (i) Sections 171(a) (2), and 265(a)(2) and
29 amounts disallowed as interest expense by Section
30 291(a)(3) of the Internal Revenue Code, as now or
31 hereafter amended, and all amounts of expenses
32 allocable to interest and disallowed as deductions
33 by Section 265(a)(1) of the Internal Revenue Code,
34 as now or hereafter amended; and (ii) for taxable

1 years ending on or after August 13, 1999, Sections
2 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i)
3 of the Internal Revenue Code; the provisions of this
4 subparagraph are exempt from the provisions of
5 Section 250;

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

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

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

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

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

20 (M-1) For any taxpayer that is a financial
21 organization within the meaning of Section 304(c) of
22 this Act, an amount included in such total as
23 interest income from a loan or loans made by such
24 taxpayer to a borrower, to the extent that such a
25 loan is secured by property which is eligible for
26 the High Impact Business Investment Credit. To
27 determine the portion of a loan or loans that is
28 secured by property eligible for a Section 201(f)
29 ~~201(h)~~ investment credit to the borrower, the entire
30 principal amount of the loan or loans between the
31 taxpayer and the borrower should be divided into the
32 basis of the Section 201(f) ~~201(h)~~ investment credit
33 property which secures the loan or loans, using for
34 this purpose the original basis of such property on

1 the date that it was placed in service in a
2 federally designated Foreign Trade Zone or Sub-Zone
3 located in Illinois. No taxpayer that is eligible
4 for the deduction provided in subparagraph (M) of
5 paragraph (2) of this subsection shall be eligible
6 for the deduction provided under this subparagraph
7 (M-1). The subtraction modification available to
8 taxpayers in any year under this subsection shall be
9 that portion of the total interest paid by the
10 borrower with respect to such loan attributable to
11 the eligible property as calculated under the
12 previous sentence;

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

22 (O) An amount equal to: (i) 85% for taxable
23 years ending on or before December 31, 1992, or, a
24 percentage equal to the percentage allowable under
25 Section 243(a)(1) of the Internal Revenue Code of
26 1986 for taxable years ending after December 31,
27 1992, of the amount by which dividends included in
28 taxable income and received from a corporation that
29 is not created or organized under the laws of the
30 United States or any state or political subdivision
31 thereof, including, for taxable years ending on or
32 after December 31, 1988, dividends received or
33 deemed received or paid or deemed paid under
34 Sections 951 through 964 of the Internal Revenue

1 Code, exceed the amount of the modification provided
2 under subparagraph (G) of paragraph (2) of this
3 subsection (b) which is related to such dividends;
4 plus (ii) 100% of the amount by which dividends,
5 included in taxable income and received, including,
6 for taxable years ending on or after December 31,
7 1988, dividends received or deemed received or paid
8 or deemed paid under Sections 951 through 964 of the
9 Internal Revenue Code, from any such corporation
10 specified in clause (i) that would but for the
11 provisions of Section 1504 (b) (3) of the Internal
12 Revenue Code be treated as a member of the
13 affiliated group which includes the dividend
14 recipient, exceed the amount of the modification
15 provided under subparagraph (G) of paragraph (2) of
16 this subsection (b) which is related to such
17 dividends;

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

21 (Q) An amount equal to the amount of the
22 deduction used to compute the federal income tax
23 credit for restoration of substantial amounts held
24 under claim of right for the taxable year pursuant
25 to Section 1341 of the Internal Revenue Code of
26 1986;

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

1 insurer with respect to the attorney-in-fact under
2 Section 835(b) of the Internal Revenue Code for the
3 taxable year;

4 (S) For taxable years ending on or after
5 December 31, 1997, in the case of a Subchapter S
6 corporation, an amount equal to all amounts of
7 income allocable to a shareholder subject to the
8 Personal Property Tax Replacement Income Tax imposed
9 by subsections (c) and (d) of Section 201 of this
10 Act, including amounts allocable to organizations
11 exempt from federal income tax by reason of Section
12 501(a) of the Internal Revenue Code. This
13 subparagraph (S) is exempt from the provisions of
14 Section 250;

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

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

32 (2) "x" equals "y" multiplied by 30 and
33 then divided by 70 (or "y" multiplied by
34 0.429).

1 The aggregate amount deducted under this
2 subparagraph in all taxable years for any one piece
3 of property may not exceed the amount of the bonus
4 depreciation deduction (30% of the adjusted basis of
5 the qualified property) taken on that property on
6 the taxpayer's federal income tax return under
7 subsection (k) of Section 168 of the Internal
8 Revenue Code; and

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

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

19 (3) Special rule. For purposes of paragraph (2)
20 (A), "gross income" in the case of a life insurance
21 company, for tax years ending on and after December 31,
22 1994, shall mean the gross investment income for the
23 taxable year.

24 (c) Trusts and estates.

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

29 (2) Modifications. Subject to the provisions of
30 paragraph (3), the taxable income referred to in
31 paragraph (1) shall be modified by adding thereto the sum
32 of the following amounts:

33 (A) An amount equal to all amounts paid or
34 accrued to the taxpayer as interest or dividends

1 during the taxable year to the extent excluded from
2 gross income in the computation of taxable income;

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

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

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

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

26 (G-5) For taxable years ending after December
27 31, 1997, an amount equal to any eligible
28 remediation costs that the trust or estate deducted
29 in computing adjusted gross income and for which the
30 trust or estate claims a credit under subsection (1)
31 of Section 201;

32 (G-10) For taxable years 2001 and thereafter,
33 an amount equal to the bonus depreciation deduction
34 (30% of the adjusted basis of the qualified

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

4 (G-11) If the taxpayer reports a capital gain
5 or loss on the taxpayer's federal income tax return
6 for 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 (G-10), then an amount equal to the
10 aggregate amount of the deductions taken in all
11 taxable years under subparagraph (R) with respect to
12 that property.†

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

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

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

29 (I) The valuation limitation amount;

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

34 (K) An amount equal to all amounts included in

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

11 (L) With the exception of any amounts
12 subtracted under subparagraph (K), an amount equal
13 to the sum of all amounts disallowed as deductions
14 by (i) Sections 171(a) (2) and 265(a)(2) of the
15 Internal Revenue Code, as now or hereafter amended,
16 and all amounts of expenses allocable to interest
17 and disallowed as deductions by Section 265(1) of
18 the Internal Revenue Code of 1954, as now or
19 hereafter amended; and (ii) for taxable years ending
20 on or after August 13, 1999, Sections 171(a)(2),
21 265, 280C, and 832(b)(5)(B)(i) of the Internal
22 Revenue Code; the provisions of this subparagraph
23 are exempt from the provisions of Section 250;

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

30 (N) An amount equal to any contribution made
31 to a job training project established pursuant to
32 the Tax Increment Allocation Redevelopment Act;

33 (O) An amount equal to those dividends
34 included in such total that were paid by a

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

9 (P) An amount equal to the amount of the
10 deduction used to compute the federal income tax
11 credit for restoration of substantial amounts held
12 under claim of right for the taxable year pursuant
13 to Section 1341 of the Internal Revenue Code of
14 1986;

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

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

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

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

33 (2) "x" equals "y" multiplied by 30 and
34 then divided by 70 (or "y" multiplied by

1 0.429).

2 The aggregate amount deducted under this
3 subparagraph in all taxable years for any one piece
4 of property may not exceed the amount of the bonus
5 depreciation deduction (30% of the adjusted basis of
6 the qualified property) taken on that property on
7 the taxpayer's federal income tax return under
8 subsection (k) of Section 168 of the Internal
9 Revenue Code; and

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

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

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

27 (d) Partnerships.

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

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

34 (A) An amount equal to all amounts paid or

1 accrued to the taxpayer as interest or dividends
2 during the taxable year to the extent excluded from
3 gross income in the computation of taxable income;

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

7 (C) The amount of deductions allowed to the
8 partnership pursuant to Section 707 (c) of the
9 Internal Revenue Code in calculating its taxable
10 income;

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

15 (D-5) For taxable years 2001 and thereafter,
16 an amount equal to the bonus depreciation deduction
17 (30% of the adjusted basis of the qualified
18 property) taken on the taxpayer's federal income tax
19 return for the taxable year under subsection (k) of
20 Section 168 of the Internal Revenue Code; and

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

30 The taxpayer is required to make the addition
31 modification under this subparagraph only once with
32 respect to any one piece of property;

33 and by deducting from the total so obtained the following
34 amounts:

1 (E) The valuation limitation amount;

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

6 (G) An amount equal to all amounts included in
7 taxable income as modified by subparagraphs (A),
8 (B), (C) and (D) which are exempt from taxation by
9 this 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 (H) Any income of the partnership which
18 constitutes personal service income as defined in
19 Section 1348 (b) (1) of the Internal Revenue Code
20 (as in effect December 31, 1981) or a reasonable
21 allowance for compensation paid or accrued for
22 services rendered by partners to the partnership,
23 whichever is greater;

24 (I) An amount equal to all amounts of income
25 distributable to an entity subject to the Personal
26 Property Tax Replacement Income Tax imposed by
27 subsections (c) and (d) of Section 201 of this Act
28 including amounts distributable to organizations
29 exempt from federal income tax by reason of Section
30 501(a) of the Internal Revenue Code;

31 (J) With the exception of any amounts
32 subtracted under subparagraph (G), an amount equal
33 to the sum of all amounts disallowed as deductions
34 by (i) Sections 171(a) (2), and 265(2) of the

1 Internal Revenue Code of 1954, as now or hereafter
2 amended, and all amounts of expenses allocable to
3 interest and disallowed as deductions by Section
4 265(1) of the Internal Revenue Code, as now or
5 hereafter amended; and (ii) for taxable years ending
6 on or after August 13, 1999, Sections 171(a)(2),
7 265, 280C, and 832(b)(5)(B)(i) of the Internal
8 Revenue Code; the provisions of this subparagraph
9 are exempt from the provisions of Section 250;

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

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

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

31 (N) An amount equal to the amount of the
32 deduction used to compute the federal income tax
33 credit for restoration of substantial amounts held
34 under claim of right for the taxable year pursuant

1 to Section 1341 of the Internal Revenue Code of
2 1986;

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

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

20 (2) "x" equals "y" multiplied by 30 and
21 then divided by 70 (or "y" multiplied by
22 0.429).

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

31 (P) If the taxpayer reports a capital gain or
32 loss on the taxpayer's federal income tax return for
33 the taxable year based on a sale or transfer of
34 property for which the taxpayer was required in any

1 taxable year to make an addition modification under
2 subparagraph (D-5), then an amount equal to that
3 addition modification.

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

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

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

1 subparagraphs for any other taxable year to which the
2 taxable income less than zero (net operating loss) is
3 applied under Section 172 of the Internal Revenue Code or
4 under subparagraph (E) of paragraph (2) of this
5 subsection (e) applied in conjunction with Section 172 of
6 the Internal Revenue Code.

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

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

17 (B) Certain other insurance companies. In the
18 case of mutual insurance companies subject to the
19 tax imposed by Section 831 of the Internal Revenue
20 Code, insurance company taxable income;

21 (C) Regulated investment companies. In the
22 case of a regulated investment company subject to
23 the tax imposed by Section 852 of the Internal
24 Revenue Code, investment company taxable income;

25 (D) Real estate investment trusts. In the
26 case of a real estate investment trust subject to
27 the tax imposed by Section 857 of the Internal
28 Revenue Code, real estate investment trust taxable
29 income;

30 (E) Consolidated corporations. In the case of
31 a corporation which is a member of an affiliated
32 group of corporations filing a consolidated income
33 tax return for the taxable year for federal income
34 tax purposes, taxable income determined as if such

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

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

14 (G) Subchapter S corporations. In the case
15 of: (i) a Subchapter S corporation for which there
16 is in effect an election for the taxable year under
17 Section 1362 of the Internal Revenue Code, the
18 taxable income of such corporation determined in
19 accordance with Section 1363(b) of the Internal
20 Revenue Code, except that taxable income shall take
21 into account those items which are required by
22 Section 1363(b)(1) of the Internal Revenue Code to
23 be separately stated; and (ii) a Subchapter S
24 corporation for which there is in effect a federal
25 election to opt out of the provisions of the
26 Subchapter S Revision Act of 1982 and have applied
27 instead the prior federal Subchapter S rules as in
28 effect on July 1, 1982, the taxable income of such
29 corporation determined in accordance with the
30 federal Subchapter S rules as in effect on July 1,
31 1982; and

32 (H) Partnerships. In the case of a
33 partnership, taxable income determined in accordance
34 with Section 703 of the Internal Revenue Code,

1 except that taxable income shall take into account
2 those items which are required by Section 703(a)(1)
3 to be separately stated but which would be taken
4 into account by an individual in calculating his
5 taxable income.

6 (f) Valuation limitation amount.

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

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

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

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

26 (A) If the fair market value of property
27 referred to in paragraph (1) was readily
28 ascertainable on August 1, 1969, the pre-August 1,
29 1969 appreciation amount for such property is the
30 lesser of (i) the excess of such fair market value
31 over the taxpayer's basis (for determining gain) for
32 such property on that date (determined under the
33 Internal Revenue Code as in effect on that date), or
34 (ii) the total gain realized and reportable for

1 federal income tax purposes in respect of the sale,
2 exchange or other disposition of such property.

3 (B) If the fair market value of property
4 referred to in paragraph (1) was not readily
5 ascertainable on August 1, 1969, the pre-August 1,
6 1969 appreciation amount for such property is that
7 amount which bears the same ratio to the total gain
8 reported in respect of the property for federal
9 income tax purposes for the taxable year, as the
10 number of full calendar months in that part of the
11 taxpayer's holding period for the property ending
12 July 31, 1969 bears to the number of full calendar
13 months in the taxpayer's entire holding period for
14 the property. 133h2

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

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

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

31 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
32 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
33 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,

1 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
2 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
3 7-11-02; 92-846, eff. 8-23-02; revised 11-15-02.)

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.