1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by 5 changing Section 404 as follows:

6 (35 ILCS 5/404) (from Ch. 120, par. 4-404)

7 Sec. 404. Reallocation of Items.

(a) If it appears to the Director that any agreement, 8 9 understanding or arrangement exists between any persons which 10 causes any person's base income allocable to this State to be improperly or inaccurately reflected, the Director may adjust 11 such items of income and deduction, and any factor taken into 12 account in allocating non-business income to this State, to 13 14 such extent as may reasonably be required to determine the base income of such person properly allocable to this State. 15

16 (b) The Director may not make any adjustment under 17 subsection (a) before the Department adopts rules setting forth the methods and standards by which the Director may exercise 18 19 authority under this Section. The rules must set forth the types of agreements, understandings, and arrangements that the 20 21 Director will consider to cause a person's base income 22 allocable to this State to be improperly or inaccurately reflected. 23

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(c) Un	less the	principal	purpose	of th	e agr	eement,
understandir	ng, or ar	rangement is	for the	avoidan	ce of	federal
or state inc	come tax,	any adjustme	nt made u	under thi	ls Sect	ion and
the rules re	equired t	o be adopted	under s	ubsectio	n (b)	must be
in accordance	ce with Se	ection 482 of	the Inte	ernal Rev	venue (Code, as
amended, and	d the rela	ted Treasury	Regulati	ons.		
(Source: P.A	A. 76-261.)				
	understandin or state ind the rules r in accordance amended, and	understanding, or ar or state income tax, the rules required to in accordance with Se amended, and the rela	understanding, or arrangement is or state income tax, any adjustment the rules required to be adopted in accordance with Section 482 of	understanding, or arrangement is for the or state income tax, any adjustment made u the rules required to be adopted under su in accordance with Section 482 of the Inte amended, and the related Treasury Regulati	understanding, or arrangement is for the avoidan or state income tax, any adjustment made under this the rules required to be adopted under subsectio in accordance with Section 482 of the Internal Rev amended, and the related Treasury Regulations.	

8 Section 99. Effective date. This Act takes effect upon 9 becoming law.