



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB3872

Introduced 2/26/2009, by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

See Index

Amends the Department of Revenue Law of the Civil Administrative Code of Illinois. Provides that no electronic check may be drawn on nor any electronic withdrawal made from commercial checking accounts maintained by the Director of Revenue by any secure online, Internet, or web-based banking methods or procedures except on the written approval of 2 or more persons designated and authorized by the Director to make such electronic checks or electronic withdrawals. Increases amounts that the Director may keep in such accounts. Amends the Illinois Income Tax Act. Creates an addition modification in an amount equal to certain unpaid withholdings. Makes other changes. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act to extend the statute of limitations on certain violations of the Acts from 3 years after the commission of the act to 6 years after the commission of the act. Provides that vendors who do not have a valid certificate of registration are not entitled to the vendor discount under the Acts. Amends the Coin-Operated Amusement Device and Redemption Machine Tax Act. Makes changes regarding the imposition of the privilege tax and in penalty provisions. Amends the Uniform Penalty and Interest Act. Imposes a penalty for failure to file a transaction reporting return required under specified provisions of the Retailers' Occupation Tax Act and the Use Tax Act. Amends the Criminal Code of 1961 to make changes in the definition of "redemption machine". Makes other changes. Effective immediately.

LRB096 09597 HLH 19758 b

CORRECTIONAL
BUDGET AND
IMPACT NOTE ACT
MAY APPLY

FISCAL NOTE ACT
MAY APPLY

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 Department of Revenue Law of the Civil
5 Administrative Code of Illinois is amended by changing Section
6 2505-310 as follows:

7 (20 ILCS 2505/2505-310) (was 20 ILCS 2505/39b15.2)

8 Sec. 2505-310. Obtaining evidence. The Department has the
9 power to expend sums that the Director deems necessary from
10 contractual services appropriations for the purchase of
11 evidence and for the employment of persons to obtain evidence.
12 The sums shall be advanced to investigators authorized by the
13 Director to expend funds, on vouchers signed by the Director.

14 In addition, the Director is authorized to maintain one or
15 more commercial checking accounts with any State banking
16 corporation or corporations organized under or subject to the
17 Illinois Banking Act for the deposit and withdrawal of moneys
18 to be used solely for the purchase of evidence and for the
19 employment of persons to obtain evidence. No check may be
20 written on nor any withdrawal made from such an account except
21 on the written signature of 2 persons designated by the
22 Director to write those checks and make those withdrawals. No
23 electronic check may be drawn on nor any electronic withdrawal

1 made from such account by any secure online, Internet, or
2 web-based banking methods or procedures except on the written
3 approval of 2 or more persons designated and authorized by the
4 Director to make such electronic checks or electronic
5 withdrawals. The balance of moneys on deposit in any such
6 account shall not exceed \$25,000 ~~\$5,000~~ at any time, nor shall
7 any one check written on or single withdrawal made from any
8 such account exceed \$25,000 ~~\$5,000~~.

9 (Source: P.A. 91-239, eff. 1-1-00.)

10 Section 10. The Taxpayers' Bill of Rights Act is amended by
11 changing Section 4 as follows:

12 (20 ILCS 2520/4) (from Ch. 120, par. 2304)

13 Sec. 4. Department responsibilities. The Department of
14 Revenue shall have the following powers and duties to protect
15 the rights of taxpayers:

16 (a) To furnish each taxpayer with a written statement of
17 rights whenever such taxpayer receives a protestable notice, a
18 bill, a claim denial or reduction regarding any tax. Such
19 statement shall explain the rights of such person and the
20 obligations of the Department during the audit, appeals, refund
21 and collections processes.

22 (b) To include on all tax notices an explanation of tax
23 liabilities and penalties.

24 (c) To abate ~~taxes and~~ penalties and interest on any tax

1 liability that a taxpayer failed to timely report or pay in
2 reliance on ~~assessed based upon~~ erroneous written information
3 or advice given by the Department, any penalty for failure to
4 timely file any return or other document if the taxpayer failed
5 to make a timely filing in reliance on written information or
6 advice given by the Department, and any amount of tax required
7 or allowed by statute to be collected by the taxpayer from
8 another person if the taxpayer failed to collect such tax as
9 the result of erroneous written information or advice given by
10 the Department.

11 (d) To not cancel any installment contracts unless the
12 taxpayer fails to provide accurate financial information,
13 fails to pay any tax or does not respond to any Department
14 request for additional financial information.

15 (e) To place non-perishable property seized for taxes in
16 escrow for safekeeping for a period of 20 days to permit the
17 taxpayer to correct any Department error. If seized property is
18 of a perishable nature and in danger of immediate waste or
19 decay, such property need not be placed in escrow prior to
20 sale.

21 (f) To place seized taxpayer bank accounts in escrow with
22 the bank for 20 days to permit the taxpayer to correct any
23 Department error.

24 (g) To adopt regulations setting standards for setting
25 times and places for taxpayer interviews and to permit any
26 taxpayer to record such interviews.

1 (h) To pay interest to taxpayers who have made overpayments
2 at the same rate as interest charged on underpayments.

3 (i) To grant automatic extensions to taxpayers in filing
4 income tax returns when such taxpayer has been granted an
5 extension in filing a federal tax return.

6 (j) To annually perform a systematic identification of
7 areas of recurrent taxpayer non-compliances with rules or
8 guidelines and to report its findings and recommendations
9 concerning such non-compliance to the General Assembly in an
10 annual report.

11 (k) In the case of an audit, if no violations are found,
12 the Department shall provide the taxpayer a closing letter
13 acknowledging this and thanking the taxpayer for his, her, or
14 its cooperation. If there are changes, the auditor is required
15 to provide in writing to the taxpayer (i) the audit findings
16 and (ii), unless the taxpayer declines, the audit methods and
17 procedures (but not information concerning audit selection
18 methods). The auditor must, at the request of the taxpayer,
19 provide written information as to what records constitute the
20 minimum requirements for record-keeping. If the auditor
21 recommends changes in the record-keeping process, these
22 recommendations must be provided in writing to the taxpayer.

23 (Source: P.A. 93-951, eff. 1-1-05.)

24 Section 15. The Illinois Income Tax Act is amended by
25 changing Sections 203, 905, and 911 as follows:

1 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

2 Sec. 203. Base income defined.

3 (a) Individuals.

4 (1) In general. In the case of an individual, base
5 income means an amount equal to the taxpayer's adjusted
6 gross income for the taxable year as modified by paragraph
7 (2).

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

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

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

22 (C) An amount equal to the amount received during
23 the taxable year as a recovery or refund of real
24 property taxes paid with respect to the taxpayer's
25 principal residence under the Revenue Act of 1939 and

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

9 (D) An amount equal to the amount of the capital
10 gain deduction allowable under the Internal Revenue
11 Code, to the extent deducted from gross income in the
12 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 on
17 the account in the taxable year of a withdrawal
18 pursuant to subsection (b) of Section 20 of the Medical
19 Care Savings Account Act or subsection (b) of Section
20 of the Medical Care Savings Account Act of 2000;

21 (D-10) For taxable years ending after December 31,
22 1997, an amount equal to any eligible remediation costs
23 that the individual deducted in computing adjusted
24 gross income and for which the individual claims a
25 credit under subsection (1) of Section 201;

26 (D-15) For taxable years 2001 and thereafter, an

1 amount equal to the bonus depreciation deduction taken
2 on the taxpayer's federal income tax return for the
3 taxable year under subsection (k) of Section 168 of the
4 Internal Revenue Code;

5 (D-16) If the taxpayer sells, transfers, abandons,
6 or otherwise disposes of property for which the
7 taxpayer was required in any taxable year to make an
8 addition modification under subparagraph (D-15), then
9 an amount equal to the aggregate amount of the
10 deductions taken in all taxable years under
11 subparagraph (Z) with respect to that property.

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

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

22 (D-17) An amount equal to the amount otherwise
23 allowed as a deduction in computing base income for
24 interest paid, accrued, or incurred, directly or
25 indirectly, (i) for taxable years ending on or after
26 December 31, 2004, to a foreign person who would be a

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

22 This paragraph shall not apply to the following:

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

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

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

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

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

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

24 (iv) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer establishes by clear and convincing

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

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

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

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

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

7 This paragraph shall not apply to the following:

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

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

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

24 (b) the transaction giving rise to the
25 intangible expense or cost between the
26 taxpayer and the person did not have as a

1 principal purpose the avoidance of Illinois
2 income tax, and is paid pursuant to a contract
3 or agreement that reflects arm's-length terms;
4 or

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

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

22 (D-19) For taxable years ending on or after
23 December 31, 2008, an amount equal to the amount of
24 insurance premium expenses and costs otherwise allowed
25 as a deduction in computing base income, and that were
26 paid, accrued, or incurred, directly or indirectly, to

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

22 (D-20) For taxable years beginning on or after
23 January 1, 2002 and ending on or before December 31,
24 2006, in the case of a distribution from a qualified
25 tuition program under Section 529 of the Internal
26 Revenue Code, other than (i) a distribution from a

1 College Savings Pool created under Section 16.5 of the
2 State Treasurer Act or (ii) a distribution from the
3 Illinois Prepaid Tuition Trust Fund, an amount equal to
4 the amount excluded from gross income under Section
5 529(c)(3)(B). For taxable years beginning on or after
6 January 1, 2007, in the case of a distribution from a
7 qualified tuition program under Section 529 of the
8 Internal Revenue Code, other than (i) a distribution
9 from a College Savings Pool created under Section 16.5
10 of the State Treasurer Act, (ii) a distribution from
11 the Illinois Prepaid Tuition Trust Fund, or (iii) a
12 distribution from a qualified tuition program under
13 Section 529 of the Internal Revenue Code that (I)
14 adopts and determines that its offering materials
15 comply with the College Savings Plans Network's
16 disclosure principles and (II) has made reasonable
17 efforts to inform in-state residents of the existence
18 of in-state qualified tuition programs by informing
19 Illinois residents directly and, where applicable, to
20 inform financial intermediaries distributing the
21 program to inform in-state residents of the existence
22 of in-state qualified tuition programs at least
23 annually, an amount equal to the amount excluded from
24 gross income under Section 529(c)(3)(B).

25 For the purposes of this subparagraph (D-20), a
26 qualified tuition program has made reasonable efforts

1 if it makes disclosures (which may use the term
2 "in-state program" or "in-state plan" and need not
3 specifically refer to Illinois or its qualified
4 programs by name) (i) directly to prospective
5 participants in its offering materials or makes a
6 public disclosure, such as a website posting; and (ii)
7 where applicable, to intermediaries selling the
8 out-of-state program in the same manner that the
9 out-of-state program distributes its offering
10 materials;

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

18 (D-25) For taxable years ending on or after
19 December 31, 2009, any deduction otherwise allowed for
20 the taxable year for compensation from which Illinois
21 income tax is required to be withheld under Article 7
22 of this Act, to the extent the required withholding
23 from such wages has not been paid over to the
24 Department.

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

1 (E) For taxable years ending before December 31,
2 2001, any amount included in such total in respect of
3 any compensation (including but not limited to any
4 compensation paid or accrued to a serviceman while a
5 prisoner of war or missing in action) paid to a
6 resident by reason of being on active duty in the Armed
7 Forces of the United States and in respect of any
8 compensation paid or accrued to a resident who as a
9 governmental employee was a prisoner of war or missing
10 in action, and in respect of any compensation paid to a
11 resident in 1971 or thereafter for annual training
12 performed pursuant to Sections 502 and 503, Title 32,
13 United States Code as a member of the Illinois National
14 Guard or, beginning with taxable years ending on or
15 after December 31, 2007, the National Guard of any
16 other state. For taxable years ending on or after
17 December 31, 2001, any amount included in such total in
18 respect of any compensation (including but not limited
19 to any compensation paid or accrued to a serviceman
20 while a prisoner of war or missing in action) paid to a
21 resident by reason of being a member of any component
22 of the Armed Forces of the United States and in respect
23 of any compensation paid or accrued to a resident who
24 as a governmental employee was a prisoner of war or
25 missing in action, and in respect of any compensation
26 paid to a resident in 2001 or thereafter by reason of

1 being a member of the Illinois National Guard or,
2 beginning with taxable years ending on or after
3 December 31, 2007, the National Guard of any other
4 state. The provisions of this amendatory Act of the
5 92nd General Assembly are exempt from the provisions of
6 Section 250;

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

18 (G) The valuation limitation amount;

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

22 (I) An amount equal to all amounts included in such
23 total pursuant to the provisions of Section 111 of the
24 Internal Revenue Code as a recovery of items previously
25 deducted from adjusted gross income in the computation
26 of taxable income;

1 (J) An amount equal to those dividends included in
2 such total which were paid by a corporation which
3 conducts business operations in an Enterprise Zone or
4 zones created under the Illinois Enterprise Zone Act or
5 a River Edge Redevelopment Zone or zones created under
6 the River Edge Redevelopment Zone Act, and conducts
7 substantially all of its operations in an Enterprise
8 Zone or zones or a River Edge Redevelopment Zone or
9 zones. This subparagraph (J) is exempt from the
10 provisions of Section 250;

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

20 (L) For taxable years ending after December 31,
21 1983, an amount equal to all social security benefits
22 and railroad retirement benefits included in such
23 total pursuant to Sections 72(r) and 86 of the Internal
24 Revenue Code;

25 (M) With the exception of any amounts subtracted
26 under subparagraph (N), an amount equal to the sum of

1 all amounts disallowed as deductions by (i) Sections
2 171(a) (2), and 265(2) of the Internal Revenue Code of
3 1954, as now or hereafter amended, and all amounts of
4 expenses allocable to interest and disallowed as
5 deductions by Section 265(1) of the Internal Revenue
6 Code of 1954, as now or hereafter amended; and (ii) for
7 taxable years ending on or after August 13, 1999,
8 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of
9 the Internal Revenue Code; the provisions of this
10 subparagraph are exempt from the provisions of Section
11 250;

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

21 (O) An amount equal to any contribution made to a
22 job training project established pursuant to the Tax
23 Increment Allocation Redevelopment Act;

24 (P) An amount equal to the amount of the deduction
25 used to compute the federal income tax credit for
26 restoration of substantial amounts held under claim of

1 right for the taxable year pursuant to Section 1341 of
2 the Internal Revenue Code of 1986;

3 (Q) An amount equal to any amounts included in such
4 total, received by the taxpayer as an acceleration in
5 the payment of life, endowment or annuity benefits in
6 advance of the time they would otherwise be payable as
7 an indemnity for a terminal illness;

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

10 (S) An amount, to the extent included in adjusted
11 gross income, equal to the amount of a contribution
12 made in the taxable year on behalf of the taxpayer to a
13 medical care savings account established under the
14 Medical Care Savings Account Act or the Medical Care
15 Savings Account Act of 2000 to the extent the
16 contribution is accepted by the account administrator
17 as provided in that Act;

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

25 (U) For one taxable year beginning on or after
26 January 1, 1994, an amount equal to the total amount of

1 tax imposed and paid under subsections (a) and (b) of
2 Section 201 of this Act on grant amounts received by
3 the taxpayer under the Nursing Home Grant Assistance
4 Act during the taxpayer's taxable years 1992 and 1993;

5 (V) Beginning with tax years ending on or after
6 December 31, 1995 and ending with tax years ending on
7 or before December 31, 2004, an amount equal to the
8 amount paid by a taxpayer who is a self-employed
9 taxpayer, a partner of a partnership, or a shareholder
10 in a Subchapter S corporation for health insurance or
11 long-term care insurance for that taxpayer or that
12 taxpayer's spouse or dependents, to the extent that the
13 amount paid for that health insurance or long-term care
14 insurance may be deducted under Section 213 of the
15 Internal Revenue Code of 1986, has not been deducted on
16 the federal income tax return of the taxpayer, and does
17 not exceed the taxable income attributable to that
18 taxpayer's income, self-employment income, or
19 Subchapter S corporation income; except that no
20 deduction shall be allowed under this item (V) if the
21 taxpayer is eligible to participate in any health
22 insurance or long-term care insurance plan of an
23 employer of the taxpayer or the taxpayer's spouse. The
24 amount of the health insurance and long-term care
25 insurance subtracted under this item (V) shall be
26 determined by multiplying total health insurance and

1 long-term care insurance premiums paid by the taxpayer
2 times a number that represents the fractional
3 percentage of eligible medical expenses under Section
4 213 of the Internal Revenue Code of 1986 not actually
5 deducted on the taxpayer's federal income tax return;

6 (W) For taxable years beginning on or after January
7 1, 1998, all amounts included in the taxpayer's federal
8 gross income in the taxable year from amounts converted
9 from a regular IRA to a Roth IRA. This paragraph is
10 exempt from the provisions of Section 250;

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

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

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

1 of \$10,000 contributed in the taxable year to (i) a
2 College Savings Pool account under Section 16.5 of the
3 State Treasurer Act or (ii) the Illinois Prepaid
4 Tuition Trust Fund, except that amounts excluded from
5 gross income under Section 529(c)(3)(C)(i) of the
6 Internal Revenue Code shall not be considered moneys
7 contributed under this subparagraph (Y). This
8 subparagraph (Y) is exempt from the provisions of
9 Section 250;

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

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

23 (2) for taxable years ending on or before
24 December 31, 2005, "x" equals "y" multiplied by 30
25 and then divided by 70 (or "y" multiplied by
26 0.429); and

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

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

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

12 The aggregate amount deducted under this
13 subparagraph in all taxable years for any one piece of
14 property may not exceed the amount of the bonus
15 depreciation deduction taken on that property on the
16 taxpayer's federal income tax return under subsection
17 (k) of Section 168 of the Internal Revenue Code. This
18 subparagraph (Z) is exempt from the provisions of
19 Section 250;

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

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which the

1 taxpayer may claim a depreciation deduction for
2 federal income tax purposes and for which the taxpayer
3 was required in any taxable year to make an addition
4 modification under subparagraph (D-15), then an amount
5 equal to that addition modification.

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

9 This subparagraph (AA) is exempt from the
10 provisions of Section 250;

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

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

1 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
2 203(d)(2)(D-8), but not to exceed the amount of that
3 addition modification. This subparagraph (CC) is
4 exempt from the provisions of Section 250;

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

25 (EE) An amount equal to the income from intangible
26 property taken into account for the taxable year (net

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

1 of the following amounts:

2 (A) An amount equal to all amounts paid or accrued
3 to the taxpayer as interest and all distributions
4 received from regulated investment companies during
5 the taxable year to the extent excluded from gross
6 income in the computation of taxable income;

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

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

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

24 (E) For taxable years in which a net operating loss
25 carryback or carryforward from a taxable year ending
26 prior to December 31, 1986 is an element of taxable

1 income under paragraph (1) of subsection (e) or
2 subparagraph (E) of paragraph (2) of subsection (e),
3 the amount by which addition modifications other than
4 those provided by this subparagraph (E) exceeded
5 subtraction modifications in such earlier taxable
6 year, with the following limitations applied in the
7 order that they are listed:

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

16 (ii) the addition modification relating to the
17 net operating loss carried back or forward to the
18 taxable year from any taxable year ending prior to
19 December 31, 1986 shall not exceed the amount of
20 such carryback or carryforward;

21 For taxable years in which there is a net operating
22 loss carryback or carryforward from more than one other
23 taxable year ending prior to December 31, 1986, the
24 addition modification provided in this subparagraph
25 (E) shall be the sum of the amounts computed
26 independently under the preceding provisions of this

1 subparagraph (E) for each such taxable year;

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

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

12 (E-11) If the taxpayer sells, transfers, abandons,
13 or otherwise disposes of property for which the
14 taxpayer was required in any taxable year to make an
15 addition modification under subparagraph (E-10), then
16 an amount equal to the aggregate amount of the
17 deductions taken in all taxable years under
18 subparagraph (T) with respect to that property.

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

26 The taxpayer is required to make the addition

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

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

1 Internal Revenue Code) with respect to the stock of the
2 same person to whom the interest was paid, accrued, or
3 incurred.

4 This paragraph shall not apply to the following:

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

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

16 (a) the person, during the same taxable
17 year, paid, accrued, or incurred, the interest
18 to a person that is not a related member, and

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

26 (iii) the taxpayer can establish, based on

1 clear and convincing evidence, that the interest
2 paid, accrued, or incurred relates to a contract or
3 agreement entered into at arm's-length rates and
4 terms and the principal purpose for the payment is
5 not federal or Illinois tax avoidance; or

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

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

22 (E-13) An amount equal to the amount of intangible
23 expenses and costs otherwise allowed as a deduction in
24 computing base income, and that were paid, accrued, or
25 incurred, directly or indirectly, (i) for taxable
26 years ending on or after December 31, 2004, to a

1 foreign person who would be a member of the same
2 unitary business group but for the fact that the
3 foreign person's business activity outside the United
4 States is 80% or more of that person's total business
5 activity and (ii) for taxable years ending on or after
6 December 31, 2008, to a person who would be a member of
7 the same unitary business group but for the fact that
8 the person is prohibited under Section 1501(a)(27)
9 from being included in the unitary business group
10 because he or she is ordinarily required to apportion
11 business income under different subsections of Section
12 304. The addition modification required by this
13 subparagraph shall be reduced to the extent that
14 dividends were included in base income of the unitary
15 group for the same taxable year and received by the
16 taxpayer or by a member of the taxpayer's unitary
17 business group (including amounts included in gross
18 income pursuant to Sections 951 through 964 of the
19 Internal Revenue Code and amounts included in gross
20 income under Section 78 of the Internal Revenue Code)
21 with respect to the stock of the same person to whom
22 the intangible expenses and costs were directly or
23 indirectly paid, incurred, or accrued. The preceding
24 sentence shall not apply to the extent that the same
25 dividends caused a reduction to the addition
26 modification required under Section 203(b)(2)(E-12) of

1 this Act. As used in this subparagraph, the term
2 "intangible expenses and costs" includes (1) expenses,
3 losses, and costs for, or related to, the direct or
4 indirect acquisition, use, maintenance or management,
5 ownership, sale, exchange, or any other disposition of
6 intangible property; (2) losses incurred, directly or
7 indirectly, from factoring transactions or discounting
8 transactions; (3) royalty, patent, technical, and
9 copyright fees; (4) licensing fees; and (5) other
10 similar expenses and costs. For purposes of this
11 subparagraph, "intangible property" includes patents,
12 patent applications, trade names, trademarks, service
13 marks, copyrights, mask works, trade secrets, and
14 similar types of intangible assets.

15 This paragraph shall not apply to the following:

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

23 (ii) any item of intangible expense or cost
24 paid, accrued, or incurred, directly or
25 indirectly, if the taxpayer can establish, based
26 on a preponderance of the evidence, both of the

1 following:

2 (a) the person during the same taxable
3 year paid, accrued, or incurred, the
4 intangible expense or cost to a person that is
5 not a related member, and

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

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

21 Nothing in this subsection shall preclude the
22 Director from making any other adjustment
23 otherwise allowed under Section 404 of this Act for
24 any tax year beginning after the effective date of
25 this amendment provided such adjustment is made
26 pursuant to regulation adopted by the Department

1 and such regulations provide methods and standards
2 by which the Department will utilize its authority
3 under Section 404 of this Act;

4 (E-14) For taxable years ending on or after
5 December 31, 2008, an amount equal to the amount of
6 insurance premium expenses and costs otherwise allowed
7 as a deduction in computing base income, and that were
8 paid, accrued, or incurred, directly or indirectly, to
9 a person who would be a member of the same unitary
10 business group but for the fact that the person is
11 prohibited under Section 1501(a)(27) from being
12 included in the unitary business group because he or
13 she is ordinarily required to apportion business
14 income under different subsections of Section 304. The
15 addition modification required by this subparagraph
16 shall be reduced to the extent that dividends were
17 included in base income of the unitary group for the
18 same taxable year and received by the taxpayer or by a
19 member of the taxpayer's unitary business group
20 (including amounts included in gross income under
21 Sections 951 through 964 of the Internal Revenue Code
22 and amounts included in gross income under Section 78
23 of the Internal Revenue Code) with respect to the stock
24 of the same person to whom the premiums and costs were
25 directly or indirectly paid, incurred, or accrued. The
26 preceding sentence does not apply to the extent that

1 the same dividends caused a reduction to the addition
2 modification required under Section 203(b) (2) (E-12) or
3 Section 203(b) (2) (E-13) of this Act;

4 (E-15) For taxable years beginning after December
5 31, 2008, any deduction for dividends paid by a captive
6 real estate investment trust that is allowed to a real
7 estate investment trust under Section 857(b) (2) (B) of
8 the Internal Revenue Code for dividends paid;

9 (E-20) For taxable years ending on or after
10 December 31, 2009, any deduction otherwise allowed for
11 the taxable year for compensation from which Illinois
12 income tax is required to be withheld under Article 7
13 of this Act, to the extent the required withholding
14 from such wages has not been paid over to the
15 Department.

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

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

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

23 (H) In the case of a regulated investment company,
24 an amount equal to the amount of exempt interest
25 dividends as defined in subsection (b) (5) of Section
26 852 of the Internal Revenue Code, paid to shareholders

1 for the taxable year;

2 (I) With the exception of any amounts subtracted
3 under subparagraph (J), an amount equal to the sum of
4 all amounts disallowed as deductions by (i) Sections
5 171(a) (2), and 265(a)(2) and amounts disallowed as
6 interest expense by Section 291(a)(3) of the Internal
7 Revenue Code, as now or hereafter amended, and all
8 amounts of expenses allocable to interest and
9 disallowed as deductions by Section 265(a)(1) of the
10 Internal Revenue Code, as now or hereafter amended; and
11 (ii) for taxable years ending on or after August 13,
12 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and
13 832(b)(5)(B)(i) of the Internal Revenue Code; the
14 provisions of this subparagraph are exempt from the
15 provisions of Section 250;

16 (J) An amount equal to all amounts included in such
17 total which are exempt from taxation by this State
18 either by reason of its statutes or Constitution or by
19 reason of the Constitution, treaties or statutes of the
20 United States; provided that, in the case of any
21 statute of this State that exempts income derived from
22 bonds or other obligations from the tax imposed under
23 this Act, the amount exempted shall be the interest net
24 of bond premium amortization;

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

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

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

18 (M) For any taxpayer that is a financial
19 organization within the meaning of Section 304(c) of
20 this Act, an amount included in such total as interest
21 income from a loan or loans made by such taxpayer to a
22 borrower, to the extent that such a loan is secured by
23 property which is eligible for the Enterprise Zone
24 Investment Credit or the River Edge Redevelopment Zone
25 Investment Credit. To determine the portion of a loan
26 or loans that is secured by property eligible for a

1 Section 201(f) investment credit to the borrower, the
2 entire principal amount of the loan or loans between
3 the taxpayer and the borrower should be divided into
4 the basis of the Section 201(f) investment credit
5 property which secures the loan or loans, using for
6 this purpose the original basis of such property on the
7 date that it was placed in service in the Enterprise
8 Zone or the River Edge Redevelopment Zone. The
9 subtraction modification available to taxpayer in any
10 year under this subsection shall be that portion of the
11 total interest paid by the borrower with respect to
12 such loan attributable to the eligible property as
13 calculated under the previous sentence. This
14 subparagraph (M) is exempt from the provisions of
15 Section 250;

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 interest
19 income from a loan or loans made by such taxpayer to a
20 borrower, to the extent that such a loan is secured by
21 property which is eligible for the High Impact Business
22 Investment Credit. To determine the portion of a loan
23 or loans that is secured by property eligible for a
24 Section 201(h) investment credit to the borrower, the
25 entire principal amount of the loan or loans between
26 the taxpayer and the borrower should be divided into

1 the basis of the Section 201(h) investment credit
2 property which secures the loan or loans, using for
3 this purpose the original basis of such property on the
4 date that it was placed in service in a federally
5 designated Foreign Trade Zone or Sub-Zone located in
6 Illinois. No taxpayer that is eligible for the
7 deduction provided in subparagraph (M) of paragraph
8 (2) of this subsection shall be eligible for the
9 deduction provided under this subparagraph (M-1). The
10 subtraction modification available to taxpayers in any
11 year under this subsection shall be that portion of the
12 total interest paid by the borrower with respect to
13 such loan attributable to the eligible property as
14 calculated under the previous sentence;

15 (N) Two times any contribution made during the
16 taxable year to a designated zone organization to the
17 extent that the contribution (i) qualifies as a
18 charitable contribution under subsection (c) of
19 Section 170 of the Internal Revenue Code and (ii) must,
20 by its terms, be used for a project approved by the
21 Department of Commerce and Economic Opportunity under
22 Section 11 of the Illinois Enterprise Zone Act or under
23 Section 10-10 of the River Edge Redevelopment Zone Act.
24 This subparagraph (N) is exempt from the provisions of
25 Section 250;

26 (O) An amount equal to: (i) 85% for taxable years

1 ending on or before December 31, 1992, or, a percentage
2 equal to the percentage allowable under Section
3 243(a)(1) of the Internal Revenue Code of 1986 for
4 taxable years ending after December 31, 1992, of the
5 amount by which dividends included in taxable income
6 and received from a corporation that is not created or
7 organized under the laws of the United States or any
8 state or political subdivision thereof, including, for
9 taxable years ending on or after December 31, 1988,
10 dividends received or deemed received or paid or deemed
11 paid under Sections 951 through 964 of the Internal
12 Revenue Code, exceed the amount of the modification
13 provided under subparagraph (G) of paragraph (2) of
14 this subsection (b) which is related to such dividends,
15 and including, for taxable years ending on or after
16 December 31, 2008, dividends received from a captive
17 real estate investment trust; plus (ii) 100% of the
18 amount by which dividends, included in taxable income
19 and received, including, for taxable years ending on or
20 after December 31, 1988, dividends received or deemed
21 received or paid or deemed paid under Sections 951
22 through 964 of the Internal Revenue Code and including,
23 for taxable years ending on or after December 31, 2008,
24 dividends received from a captive real estate
25 investment trust, from any such corporation specified
26 in clause (i) that would but for the provisions of

1 Section 1504 (b) (3) of the Internal Revenue Code be
2 treated as a member of the affiliated group which
3 includes the dividend recipient, exceed the amount of
4 the modification provided under subparagraph (G) of
5 paragraph (2) of this subsection (b) which is related
6 to such dividends. This subparagraph (O) is exempt from
7 the provisions of Section 250 of this Act;

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

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

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

1 this subparagraph are exempt from the provisions of
2 Section 250;

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

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

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

26 (2) for taxable years ending on or before

1 December 31, 2005, "x" equals "y" multiplied by 30
2 and then divided by 70 (or "y" multiplied by
3 0.429); and

4 (3) for taxable years ending after December
5 31, 2005:

6 (i) for property on which a bonus
7 depreciation deduction of 30% of the adjusted
8 basis was taken, "x" equals "y" multiplied by
9 30 and then divided by 70 (or "y" multiplied by
10 0.429); and

11 (ii) for property on which a bonus
12 depreciation deduction of 50% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 1.0.

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

23 (U) If the taxpayer sells, transfers, abandons, or
24 otherwise disposes of property for which the taxpayer
25 was required in any taxable year to make an addition
26 modification under subparagraph (E-10), then an amount

1 equal to that addition modification.

2 If the taxpayer continues to own property through
3 the last day of the last tax year for which the
4 taxpayer may claim a depreciation deduction for
5 federal income tax purposes and for which the taxpayer
6 was required in any taxable year to make an addition
7 modification under subparagraph (E-10), then an amount
8 equal to that addition modification.

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

12 This subparagraph (U) is exempt from the
13 provisions of Section 250;

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

1 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
2 203(d)(2)(D-8), but not to exceed the amount of such
3 addition modification, and (iii) any insurance premium
4 income (net of deductions allocable thereto) taken
5 into account for the taxable year with respect to a
6 transaction with a taxpayer that is required to make an
7 addition modification with respect to such transaction
8 under Section 203(a)(2)(D-19), Section
9 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
10 203(d)(2)(D-9), but not to exceed the amount of that
11 addition modification. This subparagraph (V) is exempt
12 from the provisions of Section 250;

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

1 subsections of Section 304, but not to exceed the
2 addition modification required to be made for the same
3 taxable year under Section 203(b)(2)(E-12) for
4 interest paid, accrued, or incurred, directly or
5 indirectly, to the same person. This subparagraph (W)
6 is exempt from the provisions of Section 250; and

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

1 provisions of Section 250. ~~(Y)~~

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

6 (c) Trusts and estates.

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

10 (2) Modifications. Subject to the provisions of
11 paragraph (3), the taxable income referred to in paragraph
12 (1) shall be modified by adding thereto the sum of the
13 following amounts:

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

18 (B) In the case of (i) an estate, \$600; (ii) a
19 trust which, under its governing instrument, is
20 required to distribute all of its income currently,
21 \$300; and (iii) any other trust, \$100, but in each such
22 case, only to the extent such amount was deducted in
23 the computation of taxable income;

24 (C) An amount equal to the amount of tax imposed by
25 this Act to the extent deducted from gross income in

1 the computation of taxable income for the taxable year;

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

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

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

24 (ii) the addition modification relating to the
25 net operating loss carried back or forward to the
26 taxable year from any taxable year ending prior to

1 December 31, 1986 shall not exceed the amount of
2 such carryback or carryforward;

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

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

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

20 (G-5) For taxable years ending after December 31,
21 1997, an amount equal to any eligible remediation costs
22 that the trust or estate deducted in computing adjusted
23 gross income and for which the trust or estate claims a
24 credit under subsection (1) of Section 201;

25 (G-10) For taxable years 2001 and thereafter, an
26 amount equal to the bonus depreciation deduction taken

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

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

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

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

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

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

22 This paragraph shall not apply to the following:

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

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

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

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

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

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

24 (iv) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer establishes by clear and convincing

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

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

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

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

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

7 This paragraph shall not apply to the following:

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

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

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

24 (b) the transaction giving rise to the
25 intangible expense or cost between the
26 taxpayer and the person did not have as a

1 principal purpose the avoidance of Illinois
2 income tax, and is paid pursuant to a contract
3 or agreement that reflects arm's-length terms;
4 or

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

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

22 (G-14) For taxable years ending on or after
23 December 31, 2008, an amount equal to the amount of
24 insurance premium expenses and costs otherwise allowed
25 as a deduction in computing base income, and that were
26 paid, accrued, or incurred, directly or indirectly, to

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

22 (G-15) For taxable years ending on or after
23 December 31, 2009, any deduction otherwise allowed for
24 the taxable year for compensation from which Illinois
25 income tax is required to be withheld under Article 7
26 of this Act, to the extent the required withholding

1 from such wages has not been paid over to the
2 Department.

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

5 (H) An amount equal to all amounts included in such
6 total pursuant to the provisions of Sections 402(a),
7 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
8 Internal Revenue Code or included in such total as
9 distributions under the provisions of any retirement
10 or disability plan for employees of any governmental
11 agency or unit, or retirement payments to retired
12 partners, which payments are excluded in computing net
13 earnings from self employment by Section 1402 of the
14 Internal Revenue Code and regulations adopted pursuant
15 thereto;

16 (I) The valuation limitation amount;

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

20 (K) An amount equal to all amounts included in
21 taxable income as modified by subparagraphs (A), (B),
22 (C), (D), (E), (F) and (G) which are exempt from
23 taxation by this State either by reason of its statutes
24 or Constitution or by reason of the Constitution,
25 treaties or statutes of the United States; provided
26 that, in the case of any statute of this State that

1 exempts income derived from bonds or other obligations
2 from the tax imposed under this Act, the amount
3 exempted shall be the interest net of bond premium
4 amortization;

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

18 (M) An amount equal to those dividends included in
19 such total which were paid by a corporation which
20 conducts business operations in an Enterprise Zone or
21 zones created under the Illinois Enterprise Zone Act or
22 a River Edge Redevelopment Zone or zones created under
23 the River Edge Redevelopment Zone Act and conducts
24 substantially all of its operations in an Enterprise
25 Zone or Zones or a River Edge Redevelopment Zone or
26 zones. This subparagraph (M) is exempt from the

1 provisions of Section 250;

2 (N) An amount equal to any contribution made to a
3 job training project established pursuant to the Tax
4 Increment Allocation Redevelopment Act;

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

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

19 (Q) For taxable year 1999 and thereafter, an amount
20 equal to the amount of any (i) distributions, to the
21 extent includible in gross income for federal income
22 tax purposes, made to the taxpayer because of his or
23 her status as a victim of persecution for racial or
24 religious reasons by Nazi Germany or any other Axis
25 regime or as an heir of the victim and (ii) items of
26 income, to the extent includible in gross income for

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

26 (R) For taxable years 2001 and thereafter, for the

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

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

13 (2) for taxable years ending on or before
14 December 31, 2005, "x" equals "y" multiplied by 30
15 and then divided by 70 (or "y" multiplied by
16 0.429); and

17 (3) for taxable years ending after December
18 31, 2005:

19 (i) for property on which a bonus
20 depreciation deduction of 30% of the adjusted
21 basis was taken, "x" equals "y" multiplied by
22 30 and then divided by 70 (or "y" multiplied by
23 0.429); and

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

1 1.0.

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

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

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

22 The taxpayer is allowed to take the deduction under
23 this subparagraph only once with respect to any one
24 piece of property.

25 This subparagraph (S) is exempt from the
26 provisions of Section 250;

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

18 (U) An amount equal to the interest income taken
19 into account for the taxable year (net of the
20 deductions allocable thereto) with respect to
21 transactions with (i) a foreign person who would be a
22 member of the taxpayer's unitary business group but for
23 the fact the foreign person's business activity
24 outside the United States is 80% or more of that
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

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

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

1 addition modification required to be made for the same
2 taxable year under Section 203(c)(2)(G-13) for
3 intangible expenses and costs paid, accrued, or
4 incurred, directly or indirectly, to the same foreign
5 person. This subparagraph (V) is exempt from the
6 provisions of Section 250. ~~(W)~~

7 (3) Limitation. The amount of any modification
8 otherwise required under this subsection shall, under
9 regulations prescribed by the Department, be adjusted by
10 any amounts included therein which were properly paid,
11 credited, or required to be distributed, or permanently set
12 aside for charitable purposes pursuant to Internal Revenue
13 Code Section 642(c) during the taxable year.

14 (d) Partnerships.

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

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

21 (A) An amount equal to all amounts paid or accrued
22 to the taxpayer as interest or dividends during the
23 taxable year to the extent excluded from gross income
24 in the computation of taxable income;

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

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

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

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

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

15 (D-6) If the taxpayer sells, transfers, abandons,
16 or otherwise disposes of property for which the
17 taxpayer was required in any taxable year to make an
18 addition modification under subparagraph (D-5), then
19 an amount equal to the aggregate amount of the
20 deductions taken in all taxable years under
21 subparagraph (D) with respect to that property.

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which the
24 taxpayer may claim a depreciation deduction for
25 federal income tax purposes and for which the taxpayer
26 was allowed in any taxable year to make a subtraction

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

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

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

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

7 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

25 (D-8) An amount equal to the amount of intangible
26 expenses and costs otherwise allowed as a deduction in

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

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

18 This paragraph shall not apply to the following:

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

26 (ii) any item of intangible expense or cost

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

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

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

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

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment
26 otherwise allowed under Section 404 of this Act for

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

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

1 of the same person to whom the premiums and costs were
2 directly or indirectly paid, incurred, or accrued. The
3 preceding sentence does not apply to the extent that
4 the same dividends caused a reduction to the addition
5 modification required under Section 203(d)(2)(D-7) or
6 Section 203(d)(2)(D-8) of this Act.

7 (D-10) For taxable years ending on or after
8 December 31, 2009, any deduction otherwise allowed for
9 the taxable year for compensation from which Illinois
10 income tax is required to be withheld under Article 7
11 of this Act, to the extent the required withholding
12 from such wages has not been paid over to the
13 Department.

14 and by deducting from the total so obtained the following
15 amounts:

16 (E) The valuation limitation amount;

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

20 (G) An amount equal to all amounts included in
21 taxable income as modified by subparagraphs (A), (B),
22 (C) and (D) which are exempt from taxation by this
23 State either by reason of its statutes or Constitution
24 or by reason of the Constitution, treaties or statutes
25 of the United States; provided that, in the case of any
26 statute of this State that exempts income derived from

1 bonds or other obligations from the tax imposed under
2 this Act, the amount exempted shall be the interest net
3 of bond premium amortization;

4 (H) Any income of the partnership which
5 constitutes personal service income as defined in
6 Section 1348 (b) (1) of the Internal Revenue Code (as
7 in effect December 31, 1981) or a reasonable allowance
8 for compensation paid or accrued for services rendered
9 by partners to the partnership, whichever is greater;

10 (I) An amount equal to all amounts of income
11 distributable to an entity subject to the Personal
12 Property Tax Replacement Income Tax imposed by
13 subsections (c) and (d) of Section 201 of this Act
14 including amounts distributable to organizations
15 exempt from federal income tax by reason of Section
16 501(a) of the Internal Revenue Code;

17 (J) With the exception of any amounts subtracted
18 under subparagraph (G), an amount equal to the sum of
19 all amounts disallowed as deductions by (i) Sections
20 171(a) (2), and 265(2) of the Internal Revenue Code of
21 1954, as now or hereafter amended, and all amounts of
22 expenses allocable to interest and disallowed as
23 deductions by Section 265(1) of the Internal Revenue
24 Code, as now or hereafter amended; and (ii) for taxable
25 years ending on or after August 13, 1999, Sections
26 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of the

1 Internal Revenue Code; the provisions of this
2 subparagraph are exempt from the provisions of Section
3 250;

4 (K) An amount equal to those dividends included in
5 such total which were paid by a corporation which
6 conducts business operations in an Enterprise Zone or
7 zones created under the Illinois Enterprise Zone Act,
8 enacted by the 82nd General Assembly, or a River Edge
9 Redevelopment Zone or zones created under the River
10 Edge Redevelopment Zone Act and conducts substantially
11 all of its operations in an Enterprise Zone or Zones or
12 from a River Edge Redevelopment Zone or zones. This
13 subparagraph (K) is exempt from the provisions of
14 Section 250;

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

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

1 (N) An amount equal to the amount of the deduction
2 used to compute the federal income tax credit for
3 restoration of substantial amounts held under claim of
4 right for the taxable year pursuant to Section 1341 of
5 the Internal Revenue Code of 1986;

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

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

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

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

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

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

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

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

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

21 If the taxpayer continues to own property through
22 the last day of the last tax year for which the
23 taxpayer may claim a depreciation deduction for
24 federal income tax purposes and for which the taxpayer
25 was required in any taxable year to make an addition
26 modification under subparagraph (D-5), then an amount

1 equal to that addition modification.

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

5 This subparagraph (P) is exempt from the
6 provisions of Section 250;

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

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

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

18 (S) An amount equal to the income from intangible
19 property taken into account for the taxable year (net
20 of the deductions allocable thereto) with respect to
21 transactions with (i) a foreign person who would be a
22 member of the taxpayer's unitary business group but for
23 the fact that the foreign person's business activity
24 outside the United States is 80% or more of that
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

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

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

13 (1) In general. Subject to the provisions of paragraph
14 (2) and subsection (b) (3), for purposes of this Section
15 and Section 803(e), a taxpayer's gross income, adjusted
16 gross income, or taxable income for the taxable year shall
17 mean the amount of gross income, adjusted gross income or
18 taxable income properly reportable for federal income tax
19 purposes for the taxable year under the provisions of the
20 Internal Revenue Code. Taxable income may be less than
21 zero. However, for taxable years ending on or after
22 December 31, 1986, net operating loss carryforwards from
23 taxable years ending prior to December 31, 1986, may not
24 exceed the sum of federal taxable income for the taxable
25 year before net operating loss deduction, plus the excess

1 of addition modifications over subtraction modifications
2 for the taxable year. For taxable years ending prior to
3 December 31, 1986, taxable income may never be an amount in
4 excess of the net operating loss for the taxable year as
5 defined in subsections (c) and (d) of Section 172 of the
6 Internal Revenue Code, provided that when taxable income of
7 a corporation (other than a Subchapter S corporation),
8 trust, or estate is less than zero and addition
9 modifications, other than those provided by subparagraph
10 (E) of paragraph (2) of subsection (b) for corporations or
11 subparagraph (E) of paragraph (2) of subsection (c) for
12 trusts and estates, exceed subtraction modifications, an
13 addition modification must be made under those
14 subparagraphs for any other taxable year to which the
15 taxable income less than zero (net operating loss) is
16 applied under Section 172 of the Internal Revenue Code or
17 under subparagraph (E) of paragraph (2) of this subsection
18 (e) applied in conjunction with Section 172 of the Internal
19 Revenue Code.

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

23 (A) Certain life insurance companies. In the case
24 of a life insurance company subject to the tax imposed
25 by Section 801 of the Internal Revenue Code, life
26 insurance company taxable income, plus the amount of

1 distribution from pre-1984 policyholder surplus
2 accounts as calculated under Section 815a of the
3 Internal Revenue Code;

4 (B) Certain other insurance companies. In the case
5 of mutual insurance companies subject to the tax
6 imposed by Section 831 of the Internal Revenue Code,
7 insurance company taxable income;

8 (C) Regulated investment companies. In the case of
9 a regulated investment company subject to the tax
10 imposed by Section 852 of the Internal Revenue Code,
11 investment company taxable income;

12 (D) Real estate investment trusts. In the case of a
13 real estate investment trust subject to the tax imposed
14 by Section 857 of the Internal Revenue Code, real
15 estate investment trust taxable income;

16 (E) Consolidated corporations. In the case of a
17 corporation which is a member of an affiliated group of
18 corporations filing a consolidated income tax return
19 for the taxable year for federal income tax purposes,
20 taxable income determined as if such corporation had
21 filed a separate return for federal income tax purposes
22 for the taxable year and each preceding taxable year
23 for which it was a member of an affiliated group. For
24 purposes of this subparagraph, the taxpayer's separate
25 taxable income shall be determined as if the election
26 provided by Section 243(b) (2) of the Internal Revenue

1 Code had been in effect for all such years;

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

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

23 (H) Partnerships. In the case of a partnership,
24 taxable income determined in accordance with Section
25 703 of the Internal Revenue Code, except that taxable
26 income shall take into account those items which are

1 required by Section 703(a)(1) to be separately stated
2 but which would be taken into account by an individual
3 in calculating his taxable income.

4 (3) Recapture of business expenses on disposition of
5 asset or business. Notwithstanding any other law to the
6 contrary, if in prior years income from an asset or
7 business has been classified as business income and in a
8 later year is demonstrated to be non-business income, then
9 all expenses, without limitation, deducted in such later
10 year and in the 2 immediately preceding taxable years
11 related to that asset or business that generated the
12 non-business income shall be added back and recaptured as
13 business income in the year of the disposition of the asset
14 or business. Such amount shall be apportioned to Illinois
15 using the greater of the apportionment fraction computed
16 for the business under Section 304 of this Act for the
17 taxable year or the average of the apportionment fractions
18 computed for the business under Section 304 of this Act for
19 the taxable year and for the 2 immediately preceding
20 taxable years.

21 (f) Valuation limitation amount.

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

25 (A) The sum of the pre-August 1, 1969 appreciation

1 amounts (to the extent consisting of gain reportable
2 under the provisions of Section 1245 or 1250 of the
3 Internal Revenue Code) for all property in respect of
4 which such gain was reported for the taxable year; plus

5 (B) The lesser of (i) the sum of the pre-August 1,
6 1969 appreciation amounts (to the extent consisting of
7 capital gain) for all property in respect of which such
8 gain was reported for federal income tax purposes for
9 the taxable year, or (ii) the net capital gain for the
10 taxable year, reduced in either case by any amount of
11 such gain included in the amount determined under
12 subsection (a) (2) (F) or (c) (2) (H).

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

14 (A) If the fair market value of property referred
15 to in paragraph (1) was readily ascertainable on August
16 1, 1969, the pre-August 1, 1969 appreciation amount for
17 such property is the lesser of (i) the excess of such
18 fair market value over the taxpayer's basis (for
19 determining gain) for such property on that date
20 (determined under the Internal Revenue Code as in
21 effect on that date), or (ii) the total gain realized
22 and reportable for federal income tax purposes in
23 respect of the sale, exchange or other disposition of
24 such property.

25 (B) If the fair market value of property referred
26 to in paragraph (1) was not readily ascertainable on

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

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

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

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

1 (Source: P.A. 94-776, eff. 5-19-06; 94-789, eff. 5-19-06;
2 94-1021, eff. 7-12-06; 94-1074, eff. 12-26-06; 95-23, eff.
3 8-3-07; 95-233, eff. 8-16-07; 95-286, eff. 8-20-07; 95-331,
4 eff. 8-21-07; 95-707, eff. 1-11-08; 95-876, eff. 8-21-08;
5 revised 10-15-08.)

6 (35 ILCS 5/905) (from Ch. 120, par. 9-905)

7 Sec. 905. Limitations on Notices of Deficiency.

8 (a) In general. Except as otherwise provided in this Act:

9 (1) A notice of deficiency shall be issued not later
10 than 3 years after the date the return was filed, and

11 (2) No deficiency shall be assessed or collected with
12 respect to the year for which the return was filed unless
13 such notice is issued within such period.

14 (b) Substantial omission of items.

15 (1) Omission of more than 25% of income. If the
16 taxpayer omits from base income an amount properly
17 includible therein which is in excess of 25% of the amount
18 of base income stated in the return, a notice of deficiency
19 may be issued not later than 6 years after the return was
20 filed. For purposes of this paragraph, there shall not be
21 taken into account any amount which is omitted in the
22 return if such amount is disclosed in the return, or in a
23 statement attached to the return, in a manner adequate to
24 apprise the Department of the nature and the amount of such
25 item.

1 (2) Reportable transactions. If a taxpayer fails to
2 include on any return or statement for any taxable year any
3 information with respect to a reportable transaction, as
4 required under Section 501(b) of this Act, a notice of
5 deficiency may be issued not later than 6 years after the
6 return is filed with respect to the taxable year in which
7 the taxpayer participated in the reportable transaction
8 and said deficiency is limited to the non-disclosed item.

9 (3) Withholding. If a person fails to report on a
10 return withholding in excess of 25% of the amount required
11 to be withheld under under Article 7 of this Act and
12 reported on that return, a notice of deficiency may be
13 issued not later than 6 years after the return was filed.

14 (c) No return or fraudulent return.

15 (1) If no return is filed or a false and fraudulent
16 return is filed with intent to evade the tax imposed by
17 this Act, a notice of deficiency may be issued at any time.

18 (2) For taxable years ending on or after December 31,
19 2005, a notice of deficiency may be issued at any time if a
20 corporation that is required to join in the filing of a
21 combined return under Section 502(e) of this Act fails to
22 file a return for that taxable year or fails to join in the
23 filing of a combined return for that taxable year. The
24 notice of deficiency issued pursuant to this paragraph may
25 be issued to either the corporation or the combined group,
26 and the deficiency may not exceed the increase in the tax

1 of the combined group resulting from the proper inclusion
2 of that corporation in the combined group.

3 (d) Failure to report federal change. If a taxpayer fails
4 to notify the Department in any case where notification is
5 required by Section 304(c) or 506(b), or fails to report a
6 change or correction which is treated in the same manner as if
7 it were a deficiency for federal income tax purposes, a notice
8 of deficiency may be issued (i) at any time or (ii) on or after
9 August 13, 1999, at any time for the taxable year for which the
10 notification is required or for any taxable year to which the
11 taxpayer may carry an Article 2 credit, or a Section 207 loss,
12 earned, incurred, or used in the year for which the
13 notification is required; provided, however, that the amount of
14 any proposed assessment set forth in the notice shall be
15 limited to the amount of any deficiency resulting under this
16 Act from the recomputation of the taxpayer's net income,
17 Article 2 credits, or Section 207 loss earned, incurred, or
18 used in the taxable year for which the notification is required
19 after giving effect to the item or items required to be
20 reported.

21 (e) Report of federal change.

22 (1) Before August 13, 1999, in any case where
23 notification of an alteration is given as required by
24 Section 506(b), a notice of deficiency may be issued at any
25 time within 2 years after the date such notification is
26 given, provided, however, that the amount of any proposed

1 assessment set forth in such notice shall be limited to the
2 amount of any deficiency resulting under this Act from
3 recomputation of the taxpayer's net income, net loss, or
4 Article 2 credits for the taxable year after giving effect
5 to the item or items reflected in the reported alteration.

6 (2) On and after August 13, 1999, in any case where
7 notification of an alteration is given as required by
8 Section 506(b), a notice of deficiency may be issued at any
9 time within 2 years after the date such notification is
10 given for the taxable year for which the notification is
11 given or for any taxable year to which the taxpayer may
12 carry an Article 2 credit, or a Section 207 loss, earned,
13 incurred, or used in the year for which the notification is
14 given, provided, however, that the amount of any proposed
15 assessment set forth in such notice shall be limited to the
16 amount of any deficiency resulting under this Act from
17 recomputation of the taxpayer's net income, Article 2
18 credits, or Section 207 loss earned, incurred, or used in
19 the taxable year for which the notification is given after
20 giving effect to the item or items reflected in the
21 reported alteration.

22 (f) Extension by agreement. Where, before the expiration of
23 the time prescribed in this Section for the issuance of a
24 notice of deficiency, both the Department and the taxpayer
25 shall have consented in writing to its issuance after such
26 time, such notice may be issued at any time prior to the

1 expiration of the period agreed upon. In the case of a taxpayer
2 who is a partnership, Subchapter S corporation, or trust and
3 who enters into an agreement with the Department pursuant to
4 this subsection on or after January 1, 2003, a notice of
5 deficiency may be issued to the partners, shareholders, or
6 beneficiaries of the taxpayer at any time prior to the
7 expiration of the period agreed upon. Any proposed assessment
8 set forth in the notice, however, shall be limited to the
9 amount of any deficiency resulting under this Act from
10 recomputation of items of income, deduction, credits, or other
11 amounts of the taxpayer that are taken into account by the
12 partner, shareholder, or beneficiary in computing its
13 liability under this Act. The period so agreed upon may be
14 extended by subsequent agreements in writing made before the
15 expiration of the period previously agreed upon.

16 (g) Erroneous refunds. In any case in which there has been
17 an erroneous refund of tax payable under this Act, a notice of
18 deficiency may be issued at any time within 2 years from the
19 making of such refund, or within 5 years from the making of
20 such refund if it appears that any part of the refund was
21 induced by fraud or the misrepresentation of a material fact,
22 provided, however, that the amount of any proposed assessment
23 set forth in such notice shall be limited to the amount of such
24 erroneous refund.

25 Beginning July 1, 1993, in any case in which there has been
26 a refund of tax payable under this Act attributable to a net

1 loss carryback as provided for in Section 207, and that refund
2 is subsequently determined to be an erroneous refund due to a
3 reduction in the amount of the net loss which was originally
4 carried back, a notice of deficiency for the erroneous refund
5 amount may be issued at any time during the same time period in
6 which a notice of deficiency can be issued on the loss year
7 creating the carryback amount and subsequent erroneous refund.
8 The amount of any proposed assessment set forth in the notice
9 shall be limited to the amount of such erroneous refund.

10 (h) Time return deemed filed. For purposes of this Section
11 a tax return filed before the last day prescribed by law
12 (including any extension thereof) shall be deemed to have been
13 filed on such last day.

14 (i) Request for prompt determination of liability. For
15 purposes of subsection (a)(1), in the case of a tax return
16 required under this Act in respect of a decedent, or by his
17 estate during the period of administration, or by a
18 corporation, the period referred to in such Subsection shall be
19 18 months after a written request for prompt determination of
20 liability is filed with the Department (at such time and in
21 such form and manner as the Department shall by regulations
22 prescribe) by the executor, administrator, or other fiduciary
23 representing the estate of such decedent, or by such
24 corporation, but not more than 3 years after the date the
25 return was filed. This subsection shall not apply in the case
26 of a corporation unless:

1 (1) (A) such written request notifies the Department
2 that the corporation contemplates dissolution at or before
3 the expiration of such 18-month period, (B) the dissolution
4 is begun in good faith before the expiration of such
5 18-month period, and (C) the dissolution is completed;

6 (2) (A) such written request notifies the Department
7 that a dissolution has in good faith been begun, and (B)
8 the dissolution is completed; or

9 (3) a dissolution has been completed at the time such
10 written request is made.

11 (j) Withholding tax. In the case of returns required under
12 Article 7 of this Act (with respect to any amounts withheld as
13 tax or any amounts required to have been withheld as tax) a
14 notice of deficiency shall be issued not later than 3 years
15 after the 15th day of the 4th month following the close of the
16 calendar year in which such withholding was required.

17 (k) Penalties for failure to make information reports. A
18 notice of deficiency for the penalties provided by Subsection
19 1405.1(c) of this Act may not be issued more than 3 years after
20 the due date of the reports with respect to which the penalties
21 are asserted.

22 (l) Penalty for failure to file withholding returns. A
23 notice of deficiency for penalties provided by Section 1004 of
24 this Act for taxpayer's failure to file withholding returns may
25 not be issued more than three years after the 15th day of the
26 4th month following the close of the calendar year in which the

1 withholding giving rise to taxpayer's obligation to file those
2 returns occurred.

3 (m) Transferee liability. A notice of deficiency may be
4 issued to a transferee relative to a liability asserted under
5 Section 1405 during time periods defined as follows:

6 1) Initial Transferee. In the case of the liability of
7 an initial transferee, up to 2 years after the expiration
8 of the period of limitation for assessment against the
9 transferor, except that if a court proceeding for review of
10 the assessment against the transferor has begun, then up to
11 2 years after the return of the certified copy of the
12 judgment in the court proceeding.

13 2) Transferee of Transferee. In the case of the
14 liability of a transferee, up to 2 years after the
15 expiration of the period of limitation for assessment
16 against the preceding transferee, but not more than 3 years
17 after the expiration of the period of limitation for
18 assessment against the initial transferor; except that if,
19 before the expiration of the period of limitation for the
20 assessment of the liability of the transferee, a court
21 proceeding for the collection of the tax or liability in
22 respect thereof has been begun against the initial
23 transferor or the last preceding transferee, as the case
24 may be, then the period of limitation for assessment of the
25 liability of the transferee shall expire 2 years after the
26 return of the certified copy of the judgment in the court

1 proceeding.

2 (n) Notice of decrease in net loss. On and after August 23,
3 2002, no notice of deficiency shall be issued as the result of
4 a decrease determined by the Department in the net loss
5 incurred by a taxpayer in any taxable year ending prior to
6 December 31, 2002 under Section 207 of this Act unless the
7 Department has notified the taxpayer of the proposed decrease
8 within 3 years after the return reporting the loss was filed or
9 within one year after an amended return reporting an increase
10 in the loss was filed, provided that in the case of an amended
11 return, a decrease proposed by the Department more than 3 years
12 after the original return was filed may not exceed the increase
13 claimed by the taxpayer on the original return.

14 (Source: P.A. 93-840, eff. 7-30-04; 94-836, eff. 6-6-06.)

15 (35 ILCS 5/911) (from Ch. 120, par. 9-911)

16 Sec. 911. Limitations on Claims for Refund.

17 (a) In general. Except as otherwise provided in this Act:

18 (1) A claim for refund shall be filed not later than 3
19 years after the date the return was filed (in the case of
20 returns required under Article 7 of this Act respecting any
21 amounts withheld as tax, not later than 3 years after the
22 15th day of the 4th month following the close of the
23 calendar year in which such withholding was made), or one
24 year after the date the tax was paid, whichever is the
25 later; and

1 (2) No credit or refund shall be allowed or made with
2 respect to the year for which the claim was filed unless
3 such claim is filed within such period.

4 (b) Federal changes.

5 (1) In general. In any case where notification of an
6 alteration is required by Section 506(b), a claim for
7 refund may be filed within 2 years after the date on which
8 such notification was due (regardless of whether such
9 notice was given), but the amount recoverable pursuant to a
10 claim filed under this Section shall be limited to the
11 amount of any overpayment resulting under this Act from
12 recomputation of the taxpayer's net income, net loss, or
13 Article 2 credits for the taxable year after giving effect
14 to the item or items reflected in the alteration required
15 to be reported.

16 (2) Tentative carryback adjustments paid before
17 January 1, 1974. If, as the result of the payment before
18 January 1, 1974 of a federal tentative carryback
19 adjustment, a notification of an alteration is required
20 under Section 506(b), a claim for refund may be filed at
21 any time before January 1, 1976, but the amount recoverable
22 pursuant to a claim filed under this Section shall be
23 limited to the amount of any overpayment resulting under
24 this Act from recomputation of the taxpayer's base income
25 for the taxable year after giving effect to the federal
26 alteration resulting from the tentative carryback

1 adjustment irrespective of any limitation imposed in
2 paragraph (1) of this subsection.

3 (c) Extension by agreement. Where, before the expiration of
4 the time prescribed in this section for the filing of a claim
5 for refund, both the Department and the claimant shall have
6 consented in writing to its filing after such time, such claim
7 may be filed at any time prior to the expiration of the period
8 agreed upon. The period so agreed upon may be extended by
9 subsequent agreements in writing made before the expiration of
10 the period previously agreed upon. In the case of a taxpayer
11 who is a partnership, Subchapter S corporation, or trust and
12 who enters into an agreement with the Department pursuant to
13 this subsection on or after January 1, 2003, a claim for refund
14 may be issued to the partners, shareholders, or beneficiaries
15 of the taxpayer at any time prior to the expiration of the
16 period agreed upon. Any refund allowed pursuant to the claim,
17 however, shall be limited to the amount of any overpayment of
18 tax due under this Act that results from recomputation of items
19 of income, deduction, credits, or other amounts of the taxpayer
20 that are taken into account by the partner, shareholder, or
21 beneficiary in computing its liability under this Act.

22 (d) Limit on amount of credit or refund.

23 (1) Limit where claim filed within 3-year period. If
24 the claim was filed by the claimant during the 3-year
25 period prescribed in subsection (a), the amount of the
26 credit or refund shall not exceed the portion of the tax

1 paid within the period, immediately preceding the filing of
2 the claim, equal to 3 years plus the period of any
3 extension of time for filing the return.

4 (2) Limit where claim not filed within 3-year period.
5 If the claim was not filed within such 3-year period, the
6 amount of the credit or refund shall not exceed the portion
7 of the tax paid during the one year immediately preceding
8 the filing of the claim.

9 (e) Time return deemed filed. For purposes of this section
10 a tax return filed before the last day prescribed by law for
11 the filing of such return (including any extensions thereof)
12 shall be deemed to have been filed on such last day.

13 (f) No claim for refund based on the taxpayer's taking a
14 credit for estimated tax payments as provided by Section
15 601(b)(2) or for any amount paid by a taxpayer pursuant to
16 Section 602(a) or for any amount of credit for tax withheld
17 pursuant to Article 7 may be filed more than 3 years after the
18 due date, as provided by Section 505, of the return which was
19 required to be filed relative to the taxable year for which the
20 payments were made or for which the tax was withheld. The
21 changes in this subsection (f) made by this amendatory Act of
22 1987 shall apply to all taxable years ending on or after
23 December 31, 1969.

24 (g) Special Period of Limitation with Respect to Net Loss
25 Carrybacks. If the claim for refund relates to an overpayment
26 attributable to a net loss carryback as provided by Section

1 207, in lieu of the 3 year period of limitation prescribed in
2 subsection (a), the period shall be that period which ends 3
3 years after the time prescribed by law for filing the return
4 (including extensions thereof) for the taxable year of the net
5 loss which results in such carryback (or, on and after August
6 13, 1999, with respect to a change in the carryover of an
7 Article 2 credit to a taxable year resulting from the carryback
8 of a Section 207 loss incurred in a taxable year beginning on
9 or after January 1, 2000, the period shall be that period that
10 ends 3 years after the time prescribed by law for filing the
11 return (including extensions of that time) for that subsequent
12 taxable year), or the period prescribed in subsection (c) in
13 respect of such taxable year, whichever expires later. In the
14 case of such a claim, the amount of the refund may exceed the
15 portion of the tax paid within the period provided in
16 subsection (d) to the extent of the amount of the overpayment
17 attributable to such carryback. On and after August 13, 1999,
18 if the claim for refund relates to an overpayment attributable
19 to the carryover of an Article 2 credit, or of a Section 207
20 loss, earned, incurred (in a taxable year beginning on or after
21 January 1, 2000), or used in a year for which a notification of
22 a change affecting federal taxable income must be filed under
23 subsection (b) of Section 506, the claim may be filed within
24 the period prescribed in paragraph (1) of subsection (b) in
25 respect of the year for which the notification is required. In
26 the case of such a claim, the amount of the refund may exceed

1 the portion of the tax paid within the period provided in
2 subsection (d) to the extent of the amount of the overpayment
3 attributable to the recomputation of the taxpayer's Article 2
4 credits, or Section 207 loss, earned, incurred, or used in the
5 taxable year for which the notification is given.

6 (h) Claim for refund based on net loss. On and after August
7 23, 2002, no claim for refund shall be allowed to the extent
8 the refund is the result of an amount of net loss incurred in
9 any taxable year ending prior to December 31, 2002 under
10 Section 207 of this Act that was not reported to the Department
11 within 3 years of the due date (including extensions) of the
12 return for the loss year on either the original return filed by
13 the taxpayer or on amended return or to the extent that the
14 refund is the result of an amount of net loss incurred in any
15 taxable year under Section 207 for which no return was filed
16 within 3 years of the due date (including extensions) of the
17 return for the loss year.

18 (i) Running of periods of limitation suspended while
19 taxpayer is unable to manage financial affairs due to
20 disability. In the case of an individual, the running of the
21 periods specified in this Section shall be suspended for any
22 period during which the individual is financially disabled. For
23 purposes of this item, an individual is financially disabled if
24 the individual is unable to manage his or her financial affairs
25 by reason of a medically determinable physical or mental
26 impairment of the individual that can be expected to result in

1 death or which has lasted or can be expected to last for a
2 continuous period of not less than 12 months. An individual is
3 not financially disabled if the individual's spouse or any
4 other person is authorized to act on behalf of the individual
5 in financial matters.

6 (Source: P.A. 94-836, eff. 6-6-06; 95-233, eff. 8-16-07.)

7 Section 20. The Use Tax Act is amended by changing Sections
8 9 and 14 as follows:

9 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

10 Sec. 9. Except as to motor vehicles, watercraft, aircraft,
11 and trailers that are required to be registered with an agency
12 of this State, each retailer required or authorized to collect
13 the tax imposed by this Act shall pay to the Department the
14 amount of such tax (except as otherwise provided) at the time
15 when he is required to file his return for the period during
16 which such tax was collected, less a discount of 2.1% prior to
17 January 1, 1990, and 1.75% on and after January 1, 1990, or \$5
18 per calendar year, whichever is greater, which is allowed to
19 reimburse the retailer for expenses incurred in collecting the
20 tax, keeping records, preparing and filing returns, remitting
21 the tax and supplying data to the Department on request. In the
22 case of retailers who report and pay the tax on a transaction
23 by transaction basis, as provided in this Section, such
24 discount shall be taken with each such tax remittance instead

1 of when such retailer files his periodic return. The discount
2 provided to retailers in this Section shall be allowed on a
3 return only if that retailer possessed a valid certificate of
4 registration issued under Section 6 of this Act or under
5 Section 2a of the Retailers' Occupation Tax Act during the
6 entire reporting period for that return. A retailer need not
7 remit that part of any tax collected by him to the extent that
8 he is required to remit and does remit the tax imposed by the
9 Retailers' Occupation Tax Act, with respect to the sale of the
10 same property.

11 Where such tangible personal property is sold under a
12 conditional sales contract, or under any other form of sale
13 wherein the payment of the principal sum, or a part thereof, is
14 extended beyond the close of the period for which the return is
15 filed, the retailer, in collecting the tax (except as to motor
16 vehicles, watercraft, aircraft, and trailers that are required
17 to be registered with an agency of this State), may collect for
18 each tax return period, only the tax applicable to that part of
19 the selling price actually received during such tax return
20 period.

21 Except as provided in this Section, on or before the
22 twentieth day of each calendar month, such retailer shall file
23 a return for the preceding calendar month. Such return shall be
24 filed on forms prescribed by the Department and shall furnish
25 such information as the Department may reasonably require.

26 The Department may require returns to be filed on a

1 quarterly basis. If so required, a return for each calendar
2 quarter shall be filed on or before the twentieth day of the
3 calendar month following the end of such calendar quarter. The
4 taxpayer shall also file a return with the Department for each
5 of the first two months of each calendar quarter, on or before
6 the twentieth day of the following calendar month, stating:

7 1. The name of the seller;

8 2. The address of the principal place of business from
9 which he engages in the business of selling tangible
10 personal property at retail in this State;

11 3. The total amount of taxable receipts received by him
12 during the preceding calendar month from sales of tangible
13 personal property by him during such preceding calendar
14 month, including receipts from charge and time sales, but
15 less all deductions allowed by law;

16 4. The amount of credit provided in Section 2d of this
17 Act;

18 5. The amount of tax due;

19 5-5. The signature of the taxpayer; and

20 6. Such other reasonable information as the Department
21 may require.

22 If a taxpayer fails to sign a return within 30 days after
23 the proper notice and demand for signature by the Department,
24 the return shall be considered valid and any amount shown to be
25 due on the return shall be deemed assessed.

26 Beginning October 1, 1993, a taxpayer who has an average

1 monthly tax liability of \$150,000 or more shall make all
2 payments required by rules of the Department by electronic
3 funds transfer. Beginning October 1, 1994, a taxpayer who has
4 an average monthly tax liability of \$100,000 or more shall make
5 all payments required by rules of the Department by electronic
6 funds transfer. Beginning October 1, 1995, a taxpayer who has
7 an average monthly tax liability of \$50,000 or more shall make
8 all payments required by rules of the Department by electronic
9 funds transfer. Beginning October 1, 2000, a taxpayer who has
10 an annual tax liability of \$200,000 or more shall make all
11 payments required by rules of the Department by electronic
12 funds transfer. The term "annual tax liability" shall be the
13 sum of the taxpayer's liabilities under this Act, and under all
14 other State and local occupation and use tax laws administered
15 by the Department, for the immediately preceding calendar year.
16 The term "average monthly tax liability" means the sum of the
17 taxpayer's liabilities under this Act, and under all other
18 State and local occupation and use tax laws administered by the
19 Department, for the immediately preceding calendar year
20 divided by 12. Beginning on October 1, 2002, a taxpayer who has
21 a tax liability in the amount set forth in subsection (b) of
22 Section 2505-210 of the Department of Revenue Law shall make
23 all payments required by rules of the Department by electronic
24 funds transfer.

25 Before August 1 of each year beginning in 1993, the
26 Department shall notify all taxpayers required to make payments

1 by electronic funds transfer. All taxpayers required to make
2 payments by electronic funds transfer shall make those payments
3 for a minimum of one year beginning on October 1.

4 Any taxpayer not required to make payments by electronic
5 funds transfer may make payments by electronic funds transfer
6 with the permission of the Department.

7 All taxpayers required to make payment by electronic funds
8 transfer and any taxpayers authorized to voluntarily make
9 payments by electronic funds transfer shall make those payments
10 in the manner authorized by the Department.

11 The Department shall adopt such rules as are necessary to
12 effectuate a program of electronic funds transfer and the
13 requirements of this Section.

14 Before October 1, 2000, if the taxpayer's average monthly
15 tax liability to the Department under this Act, the Retailers'
16 Occupation Tax Act, the Service Occupation Tax Act, the Service
17 Use Tax Act was \$10,000 or more during the preceding 4 complete
18 calendar quarters, he shall file a return with the Department
19 each month by the 20th day of the month next following the
20 month during which such tax liability is incurred and shall
21 make payments to the Department on or before the 7th, 15th,
22 22nd and last day of the month during which such liability is
23 incurred. On and after October 1, 2000, if the taxpayer's
24 average monthly tax liability to the Department under this Act,
25 the Retailers' Occupation Tax Act, the Service Occupation Tax
26 Act, and the Service Use Tax Act was \$20,000 or more during the

1 preceding 4 complete calendar quarters, he shall file a return
2 with the Department each month by the 20th day of the month
3 next following the month during which such tax liability is
4 incurred and shall make payment to the Department on or before
5 the 7th, 15th, 22nd and last day of the month during which such
6 liability is incurred. If the month during which such tax
7 liability is incurred began prior to January 1, 1985, each
8 payment shall be in an amount equal to 1/4 of the taxpayer's
9 actual liability for the month or an amount set by the
10 Department not to exceed 1/4 of the average monthly liability
11 of the taxpayer to the Department for the preceding 4 complete
12 calendar quarters (excluding the month of highest liability and
13 the month of lowest liability in such 4 quarter period). If the
14 month during which such tax liability is incurred begins on or
15 after January 1, 1985, and prior to January 1, 1987, each
16 payment shall be in an amount equal to 22.5% of the taxpayer's
17 actual liability for the month or 27.5% of the taxpayer's
18 liability for the same calendar month of the preceding year. If
19 the month during which such tax liability is incurred begins on
20 or after January 1, 1987, and prior to January 1, 1988, each
21 payment shall be in an amount equal to 22.5% of the taxpayer's
22 actual liability for the month or 26.25% of the taxpayer's
23 liability for the same calendar month of the preceding year. If
24 the month during which such tax liability is incurred begins on
25 or after January 1, 1988, and prior to January 1, 1989, or
26 begins on or after January 1, 1996, each payment shall be in an

1 amount equal to 22.5% of the taxpayer's actual liability for
2 the month or 25% of the taxpayer's liability for the same
3 calendar month of the preceding year. If the month during which
4 such tax liability is incurred begins on or after January 1,
5 1989, and prior to January 1, 1996, each payment shall be in an
6 amount equal to 22.5% of the taxpayer's actual liability for
7 the month or 25% of the taxpayer's liability for the same
8 calendar month of the preceding year or 100% of the taxpayer's
9 actual liability for the quarter monthly reporting period. The
10 amount of such quarter monthly payments shall be credited
11 against the final tax liability of the taxpayer's return for
12 that month. Before October 1, 2000, once applicable, the
13 requirement of the making of quarter monthly payments to the
14 Department shall continue until such taxpayer's average
15 monthly liability to the Department during the preceding 4
16 complete calendar quarters (excluding the month of highest
17 liability and the month of lowest liability) is less than
18 \$9,000, or until such taxpayer's average monthly liability to
19 the Department as computed for each calendar quarter of the 4
20 preceding complete calendar quarter period is less than
21 \$10,000. However, if a taxpayer can show the Department that a
22 substantial change in the taxpayer's business has occurred
23 which causes the taxpayer to anticipate that his average
24 monthly tax liability for the reasonably foreseeable future
25 will fall below the \$10,000 threshold stated above, then such
26 taxpayer may petition the Department for change in such

1 taxpayer's reporting status. On and after October 1, 2000, once
2 applicable, the requirement of the making of quarter monthly
3 payments to the Department shall continue until such taxpayer's
4 average monthly liability to the Department during the
5 preceding 4 complete calendar quarters (excluding the month of
6 highest liability and the month of lowest liability) is less
7 than \$19,000 or until such taxpayer's average monthly liability
8 to the Department as computed for each calendar quarter of the
9 4 preceding complete calendar quarter period is less than
10 \$20,000. However, if a taxpayer can show the Department that a
11 substantial change in the taxpayer's business has occurred
12 which causes the taxpayer to anticipate that his average
13 monthly tax liability for the reasonably foreseeable future
14 will fall below the \$20,000 threshold stated above, then such
15 taxpayer may petition the Department for a change in such
16 taxpayer's reporting status. The Department shall change such
17 taxpayer's reporting status unless it finds that such change is
18 seasonal in nature and not likely to be long term. If any such
19 quarter monthly payment is not paid at the time or in the
20 amount required by this Section, then the taxpayer shall be
21 liable for penalties and interest on the difference between the
22 minimum amount due and the amount of such quarter monthly
23 payment actually and timely paid, except insofar as the
24 taxpayer has previously made payments for that month to the
25 Department in excess of the minimum payments previously due as
26 provided in this Section. The Department shall make reasonable

1 rules and regulations to govern the quarter monthly payment
2 amount and quarter monthly payment dates for taxpayers who file
3 on other than a calendar monthly basis.

4 If any such payment provided for in this Section exceeds
5 the taxpayer's liabilities under this Act, the Retailers'
6 Occupation Tax Act, the Service Occupation Tax Act and the
7 Service Use Tax Act, as shown by an original monthly return,
8 the Department shall issue to the taxpayer a credit memorandum
9 no later than 30 days after the date of payment, which
10 memorandum may be submitted by the taxpayer to the Department
11 in payment of tax liability subsequently to be remitted by the
12 taxpayer to the Department or be assigned by the taxpayer to a
13 similar taxpayer under this Act, the Retailers' Occupation Tax
14 Act, the Service Occupation Tax Act or the Service Use Tax Act,
15 in accordance with reasonable rules and regulations to be
16 prescribed by the Department, except that if such excess
17 payment is shown on an original monthly return and is made
18 after December 31, 1986, no credit memorandum shall be issued,
19 unless requested by the taxpayer. If no such request is made,
20 the taxpayer may credit such excess payment against tax
21 liability subsequently to be remitted by the taxpayer to the
22 Department under this Act, the Retailers' Occupation Tax Act,
23 the Service Occupation Tax Act or the Service Use Tax Act, in
24 accordance with reasonable rules and regulations prescribed by
25 the Department. If the Department subsequently determines that
26 all or any part of the credit taken was not actually due to the

1 taxpayer, the taxpayer's 2.1% or 1.75% vendor's discount shall
2 be reduced by 2.1% or 1.75% of the difference between the
3 credit taken and that actually due, and the taxpayer shall be
4 liable for penalties and interest on such difference.

5 If the retailer is otherwise required to file a monthly
6 return and if the retailer's average monthly tax liability to
7 the Department does not exceed \$200, the Department may
8 authorize his returns to be filed on a quarter annual basis,
9 with the return for January, February, and March of a given
10 year being due by April 20 of such year; with the return for
11 April, May and June of a given year being due by July 20 of such
12 year; with the return for July, August and September of a given
13 year being due by October 20 of such year, and with the return
14 for October, November and December of a given year being due by
15 January 20 of the following year.

16 If the retailer is otherwise required to file a monthly or
17 quarterly return and if the retailer's average monthly tax
18 liability to the Department does not exceed \$50, the Department
19 may authorize his returns to be filed on an annual basis, with
20 the return for a given year being due by January 20 of the
21 following year.

22 Such quarter annual and annual returns, as to form and
23 substance, shall be subject to the same requirements as monthly
24 returns.

25 Notwithstanding any other provision in this Act concerning
26 the time within which a retailer may file his return, in the

1 case of any retailer who ceases to engage in a kind of business
2 which makes him responsible for filing returns under this Act,
3 such retailer shall file a final return under this Act with the
4 Department not more than one month after discontinuing such
5 business.

6 In addition, with respect to motor vehicles, watercraft,
7 aircraft, and trailers that are required to be registered with
8 an agency of this State, every retailer selling this kind of
9 tangible personal property shall file, with the Department,
10 upon a form to be prescribed and supplied by the Department, a
11 separate return for each such item of tangible personal
12 property which the retailer sells, except that if, in the same
13 transaction, (i) a retailer of aircraft, watercraft, motor
14 vehicles or trailers transfers more than one aircraft,
15 watercraft, motor vehicle or trailer to another aircraft,
16 watercraft, motor vehicle or trailer retailer for the purpose
17 of resale or (ii) a retailer of aircraft, watercraft, motor
18 vehicles, or trailers transfers more than one aircraft,
19 watercraft, motor vehicle, or trailer to a purchaser for use as
20 a qualifying rolling stock as provided in Section 3-55 of this
21 Act, then that seller may report the transfer of all the
22 aircraft, watercraft, motor vehicles or trailers involved in
23 that transaction to the Department on the same uniform
24 invoice-transaction reporting return form. For purposes of
25 this Section, "watercraft" means a Class 2, Class 3, or Class 4
26 watercraft as defined in Section 3-2 of the Boat Registration

1 and Safety Act, a personal watercraft, or any boat equipped
2 with an inboard motor.

3 The transaction reporting return in the case of motor
4 vehicles or trailers that are required to be registered with an
5 agency of this State, shall be the same document as the Uniform
6 Invoice referred to in Section 5-402 of the Illinois Vehicle
7 Code and must show the name and address of the seller; the name
8 and address of the purchaser; the amount of the selling price
9 including the amount allowed by the retailer for traded-in
10 property, if any; the amount allowed by the retailer for the
11 traded-in tangible personal property, if any, to the extent to
12 which Section 2 of this Act allows an exemption for the value
13 of traded-in property; the balance payable after deducting such
14 trade-in allowance from the total selling price; the amount of
15 tax due from the retailer with respect to such transaction; the
16 amount of tax collected from the purchaser by the retailer on
17 such transaction (or satisfactory evidence that such tax is not
18 due in that particular instance, if that is claimed to be the
19 fact); the place and date of the sale; a sufficient
20 identification of the property sold; such other information as
21 is required in Section 5-402 of the Illinois Vehicle Code, and
22 such other information as the Department may reasonably
23 require.

24 The transaction reporting return in the case of watercraft
25 and aircraft must show the name and address of the seller; the
26 name and address of the purchaser; the amount of the selling

1 price including the amount allowed by the retailer for
2 traded-in property, if any; the amount allowed by the retailer
3 for the traded-in tangible personal property, if any, to the
4 extent to which Section 2 of this Act allows an exemption for
5 the value of traded-in property; the balance payable after
6 deducting such trade-in allowance from the total selling price;
7 the amount of tax due from the retailer with respect to such
8 transaction; the amount of tax collected from the purchaser by
9 the retailer on such transaction (or satisfactory evidence that
10 such tax is not due in that particular instance, if that is
11 claimed to be the fact); the place and date of the sale, a
12 sufficient identification of the property sold, and such other
13 information as the Department may reasonably require.

14 Such transaction reporting return shall be filed not later
15 than 20 days after the date of delivery of the item that is
16 being sold, but may be filed by the retailer at any time sooner
17 than that if he chooses to do so. The transaction reporting
18 return and tax remittance or proof of exemption from the tax
19 that is imposed by this Act may be transmitted to the
20 Department by way of the State agency with which, or State
21 officer with whom, the tangible personal property must be
22 titled or registered (if titling or registration is required)
23 if the Department and such agency or State officer determine
24 that this procedure will expedite the processing of
25 applications for title or registration.

26 With each such transaction reporting return, the retailer

1 shall remit the proper amount of tax due (or shall submit
2 satisfactory evidence that the sale is not taxable if that is
3 the case), to the Department or its agents, whereupon the
4 Department shall issue, in the purchaser's name, a tax receipt
5 (or a certificate of exemption if the Department is satisfied
6 that the particular sale is tax exempt) which such purchaser
7 may submit to the agency with which, or State officer with
8 whom, he must title or register the tangible personal property
9 that is involved (if titling or registration is required) in
10 support of such purchaser's application for an Illinois
11 certificate or other evidence of title or registration to such
12 tangible personal property.

13 No retailer's failure or refusal to remit tax under this
14 Act precludes a user, who has paid the proper tax to the
15 retailer, from obtaining his certificate of title or other
16 evidence of title or registration (if titling or registration
17 is required) upon satisfying the Department that such user has
18 paid the proper tax (if tax is due) to the retailer. The
19 Department shall adopt appropriate rules to carry out the
20 mandate of this paragraph.

21 If the user who would otherwise pay tax to the retailer
22 wants the transaction reporting return filed and the payment of
23 tax or proof of exemption made to the Department before the
24 retailer is willing to take these actions and such user has not
25 paid the tax to the retailer, such user may certify to the fact
26 of such delay by the retailer, and may (upon the Department

1 being satisfied of the truth of such certification) transmit
2 the information required by the transaction reporting return
3 and the remittance for tax or proof of exemption directly to
4 the Department and obtain his tax receipt or exemption
5 determination, in which event the transaction reporting return
6 and tax remittance (if a tax payment was required) shall be
7 credited by the Department to the proper retailer's account
8 with the Department, but without the 2.1% or 1.75% discount
9 provided for in this Section being allowed. When the user pays
10 the tax directly to the Department, he shall pay the tax in the
11 same amount and in the same form in which it would be remitted
12 if the tax had been remitted to the Department by the retailer.

13 Where a retailer collects the tax with respect to the
14 selling price of tangible personal property which he sells and
15 the purchaser thereafter returns such tangible personal
16 property and the retailer refunds the selling price thereof to
17 the purchaser, such retailer shall also refund, to the
18 purchaser, the tax so collected from the purchaser. When filing
19 his return for the period in which he refunds such tax to the
20 purchaser, the retailer may deduct the amount of the tax so
21 refunded by him to the purchaser from any other use tax which
22 such retailer may be required to pay or remit to the
23 Department, as shown by such return, if the amount of the tax
24 to be deducted was previously remitted to the Department by
25 such retailer. If the retailer has not previously remitted the
26 amount of such tax to the Department, he is entitled to no

1 deduction under this Act upon refunding such tax to the
2 purchaser.

3 Any retailer filing a return under this Section shall also
4 include (for the purpose of paying tax thereon) the total tax
5 covered by such return upon the selling price of tangible
6 personal property purchased by him at retail from a retailer,
7 but as to which the tax imposed by this Act was not collected
8 from the retailer filing such return, and such retailer shall
9 remit the amount of such tax to the Department when filing such
10 return.

11 If experience indicates such action to be practicable, the
12 Department may prescribe and furnish a combination or joint
13 return which will enable retailers, who are required to file
14 returns hereunder and also under the Retailers' Occupation Tax
15 Act, to furnish all the return information required by both
16 Acts on the one form.

17 Where the retailer has more than one business registered
18 with the Department under separate registration under this Act,
19 such retailer may not file each return that is due as a single
20 return covering all such registered businesses, but shall file
21 separate returns for each such registered business.

22 Beginning January 1, 1990, each month the Department shall
23 pay into the State and Local Sales Tax Reform Fund, a special
24 fund in the State Treasury which is hereby created, the net
25 revenue realized for the preceding month from the 1% tax on
26 sales of food for human consumption which is to be consumed off

1 the premises where it is sold (other than alcoholic beverages,
2 soft drinks and food which has been prepared for immediate
3 consumption) and prescription and nonprescription medicines,
4 drugs, medical appliances and insulin, urine testing
5 materials, syringes and needles used by diabetics.

6 Beginning January 1, 1990, each month the Department shall
7 pay into the County and Mass Transit District Fund 4% of the
8 net revenue realized for the preceding month from the 6.25%
9 general rate on the selling price of tangible personal property
10 which is purchased outside Illinois at retail from a retailer
11 and which is titled or registered by an agency of this State's
12 government.

13 Beginning January 1, 1990, each month the Department shall
14 pay into the State and Local Sales Tax Reform Fund, a special
15 fund in the State Treasury, 20% of the net revenue realized for
16 the preceding month from the 6.25% general rate on the selling
17 price of tangible personal property, other than tangible
18 personal property which is purchased outside Illinois at retail
19 from a retailer and which is titled or registered by an agency
20 of this State's government.

21 Beginning August 1, 2000, each month the Department shall
22 pay into the State and Local Sales Tax Reform Fund 100% of the
23 net revenue realized for the preceding month from the 1.25%
24 rate on the selling price of motor fuel and gasohol.

25 Beginning January 1, 1990, each month the Department shall
26 pay into the Local Government Tax Fund 16% of the net revenue

1 realized for the preceding month from the 6.25% general rate on
2 the selling price of tangible personal property which is
3 purchased outside Illinois at retail from a retailer and which
4 is titled or registered by an agency of this State's
5 government.

6 Of the remainder of the moneys received by the Department
7 pursuant to this Act, (a) 1.75% thereof shall be paid into the
8 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
9 and after July 1, 1989, 3.8% thereof shall be paid into the
10 Build Illinois Fund; provided, however, that if in any fiscal
11 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
12 may be, of the moneys received by the Department and required
13 to be paid into the Build Illinois Fund pursuant to Section 3
14 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
15 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
16 Service Occupation Tax Act, such Acts being hereinafter called
17 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
18 may be, of moneys being hereinafter called the "Tax Act
19 Amount", and (2) the amount transferred to the Build Illinois
20 Fund from the State and Local Sales Tax Reform Fund shall be
21 less than the Annual Specified Amount (as defined in Section 3
22 of the Retailers' Occupation Tax Act), an amount equal to the
23 difference shall be immediately paid into the Build Illinois
24 Fund from other moneys received by the Department pursuant to
25 the Tax Acts; and further provided, that if on the last
26 business day of any month the sum of (1) the Tax Act Amount

1 required to be deposited into the Build Illinois Bond Account
2 in the Build Illinois Fund during such month and (2) the amount
3 transferred during such month to the Build Illinois Fund from
4 the State and Local Sales Tax Reform Fund shall have been less
5 than 1/12 of the Annual Specified Amount, an amount equal to
6 the difference shall be immediately paid into the Build
7 Illinois Fund from other moneys received by the Department
8 pursuant to the Tax Acts; and, further provided, that in no
9 event shall the payments required under the preceding proviso
10 result in aggregate payments into the Build Illinois Fund
11 pursuant to this clause (b) for any fiscal year in excess of
12 the greater of (i) the Tax Act Amount or (ii) the Annual
13 Specified Amount for such fiscal year; and, further provided,
14 that the amounts payable into the Build Illinois Fund under
15 this clause (b) shall be payable only until such time as the
16 aggregate amount on deposit under each trust indenture securing
17 Bonds issued and outstanding pursuant to the Build Illinois
18 Bond Act is sufficient, taking into account any future
19 investment income, to fully provide, in accordance with such
20 indenture, for the defeasance of or the payment of the
21 principal of, premium, if any, and interest on the Bonds
22 secured by such indenture and on any Bonds expected to be
23 issued thereafter and all fees and costs payable with respect
24 thereto, all as certified by the Director of the Bureau of the
25 Budget (now Governor's Office of Management and Budget). If on
26 the last business day of any month in which Bonds are

1 outstanding pursuant to the Build Illinois Bond Act, the
2 aggregate of the moneys deposited in the Build Illinois Bond
3 Account in the Build Illinois Fund in such month shall be less
4 than the amount required to be transferred in such month from
5 the Build Illinois Bond Account to the Build Illinois Bond
6 Retirement and Interest Fund pursuant to Section 13 of the
7 Build Illinois Bond Act, an amount equal to such deficiency
8 shall be immediately paid from other moneys received by the
9 Department pursuant to the Tax Acts to the Build Illinois Fund;
10 provided, however, that any amounts paid to the Build Illinois
11 Fund in any fiscal year pursuant to this sentence shall be
12 deemed to constitute payments pursuant to clause (b) of the
13 preceding sentence and shall reduce the amount otherwise
14 payable for such fiscal year pursuant to clause (b) of the
15 preceding sentence. The moneys received by the Department
16 pursuant to this Act and required to be deposited into the
17 Build Illinois Fund are subject to the pledge, claim and charge
18 set forth in Section 12 of the Build Illinois Bond Act.

19 Subject to payment of amounts into the Build Illinois Fund
20 as provided in the preceding paragraph or in any amendment
21 thereto hereafter enacted, the following specified monthly
22 installment of the amount requested in the certificate of the
23 Chairman of the Metropolitan Pier and Exposition Authority
24 provided under Section 8.25f of the State Finance Act, but not
25 in excess of the sums designated as "Total Deposit", shall be
26 deposited in the aggregate from collections under Section 9 of

1 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
2 9 of the Service Occupation Tax Act, and Section 3 of the
3 Retailers' Occupation Tax Act into the McCormick Place
4 Expansion Project Fund in the specified fiscal years.

| | Fiscal Year | Total Deposit |
|----|-------------|------------------|
| 5 | | |
| 6 | 1993 | \$0 |
| 7 | 1994 | 53,000,000 |
| 8 | 1995 | 58,000,000 |
| 9 | 1996 | 61,000,000 |
| 10 | 1997 | 64,000,000 |
| 11 | 1998 | 68,000,000 |
| 12 | 1999 | 71,000,000 |
| 13 | 2000 | 75,000,000 |
| 14 | 2001 | 80,000,000 |
| 15 | 2002 | 93,000,000 |
| 16 | 2003 | 99,000,000 |
| 17 | 2004 | 103,000,000 |
| 18 | 2005 | 108,000,000 |
| 19 | 2006 | 113,000,000 |
| 20 | 2007 | 119,000,000 |
| 21 | 2008 | 126,000,000 |
| 22 | 2009 | 132,000,000 |
| 23 | 2010 | 139,000,000 |
| 24 | 2011 | 146,000,000 |
| 25 | 2012 | 153,000,000 |

| | | |
|----|----------|-------------|
| 1 | 2013 | 161,000,000 |
| 2 | 2014 | 170,000,000 |
| 3 | 2015 | 179,000,000 |
| 4 | 2016 | 189,000,000 |
| 5 | 2017 | 199,000,000 |
| 6 | 2018 | 210,000,000 |
| 7 | 2019 | 221,000,000 |
| 8 | 2020 | 233,000,000 |
| 9 | 2021 | 246,000,000 |
| 10 | 2022 | 260,000,000 |
| 11 | 2023 and | 275,000,000 |

12 each fiscal year
13 thereafter that bonds
14 are outstanding under
15 Section 13.2 of the
16 Metropolitan Pier and
17 Exposition Authority Act,
18 but not after fiscal year 2042.

19 Beginning July 20, 1993 and in each month of each fiscal
20 year thereafter, one-eighth of the amount requested in the
21 certificate of the Chairman of the Metropolitan Pier and
22 Exposition Authority for that fiscal year, less the amount
23 deposited into the McCormick Place Expansion Project Fund by
24 the State Treasurer in the respective month under subsection
25 (g) of Section 13 of the Metropolitan Pier and Exposition
26 Authority Act, plus cumulative deficiencies in the deposits

1 required under this Section for previous months and years,
2 shall be deposited into the McCormick Place Expansion Project
3 Fund, until the full amount requested for the fiscal year, but
4 not in excess of the amount specified above as "Total Deposit",
5 has been deposited.

6 Subject to payment of amounts into the Build Illinois Fund
7 and the McCormick Place Expansion Project Fund pursuant to the
8 preceding paragraphs or in any amendments thereto hereafter
9 enacted, beginning July 1, 1993, the Department shall each
10 month pay into the Illinois Tax Increment Fund 0.27% of 80% of
11 the net revenue realized for the preceding month from the 6.25%
12 general rate on the selling price of tangible personal
13 property.

14 Subject to payment of amounts into the Build Illinois Fund
15 and the McCormick Place Expansion Project Fund pursuant to the
16 preceding paragraphs or in any amendments thereto hereafter
17 enacted, beginning with the receipt of the first report of
18 taxes paid by an eligible business and continuing for a 25-year
19 period, the Department shall each month pay into the Energy
20 Infrastructure Fund 80% of the net revenue realized from the
21 6.25% general rate on the selling price of Illinois-mined coal
22 that was sold to an eligible business. For purposes of this
23 paragraph, the term "eligible business" means a new electric
24 generating facility certified pursuant to Section 605-332 of
25 the Department of Commerce and Economic Opportunity Law of the
26 Civil Administrative Code of Illinois.

1 Of the remainder of the moneys received by the Department
2 pursuant to this Act, 75% thereof shall be paid into the State
3 Treasury and 25% shall be reserved in a special account and
4 used only for the transfer to the Common School Fund as part of
5 the monthly transfer from the General Revenue Fund in
6 accordance with Section 8a of the State Finance Act.

7 As soon as possible after the first day of each month, upon
8 certification of the Department of Revenue, the Comptroller
9 shall order transferred and the Treasurer shall transfer from
10 the General Revenue Fund to the Motor Fuel Tax Fund an amount
11 equal to 1.7% of 80% of the net revenue realized under this Act
12 for the second preceding month. Beginning April 1, 2000, this
13 transfer is no longer required and shall not be made.

14 Net revenue realized for a month shall be the revenue
15 collected by the State pursuant to this Act, less the amount
16 paid out during that month as refunds to taxpayers for
17 overpayment of liability.

18 For greater simplicity of administration, manufacturers,
19 importers and wholesalers whose products are sold at retail in
20 Illinois by numerous retailers, and who wish to do so, may
21 assume the responsibility for accounting and paying to the
22 Department all tax accruing under this Act with respect to such
23 sales, if the retailers who are affected do not make written
24 objection to the Department to this arrangement.

25 (Source: P.A. 94-793, eff. 5-19-06; 94-1074, eff. 12-26-06.)

1 (35 ILCS 105/14) (from Ch. 120, par. 439.14)

2 Sec. 14. When the amount due is under \$300, any person
3 subject to the provisions hereof who fails to file a return, or
4 who violates any other provision of Section 9 or Section 10
5 hereof, or who fails to keep books and records as required
6 herein, or who files a fraudulent return, or who wilfully
7 violates any rule or regulation of the Department for the
8 administration and enforcement of the provisions hereof, or any
9 officer or agent of a corporation or manager, member, or agent
10 of a limited liability company subject hereto who signs a
11 fraudulent return filed on behalf of such corporation or
12 limited liability company, or any accountant or other agent who
13 knowingly enters false information on the return of any
14 taxpayer under this Act, or any person who violates any of the
15 provisions of Sections 3, 5 or 7 hereof, or any purchaser who
16 obtains a registration number or resale number from the
17 Department through misrepresentation, or who represents to a
18 seller that such purchaser has a registration number or a
19 resale number from the Department when he knows that he does
20 not, or who uses his registration number or resale number to
21 make a seller believe that he is buying tangible personal
22 property for resale when such purchaser in fact knows that this
23 is not the case, is guilty of a Class 4 felony.

24 Any person who violates any provision of Section 6 hereof,
25 or who engages in the business of selling tangible personal
26 property at retail after his Certificate of Registration under

1 this Act has been revoked in accordance with Section 12 of this
2 Act, is guilty of a Class 4 felony. Each day any such person is
3 engaged in business in violation of Section 6, or after his
4 Certificate of Registration under this Act has been revoked,
5 constitutes a separate offense.

6 When the amount due is under \$300, any person who accepts
7 money that is due to the Department under this Act from a
8 taxpayer for the purpose of acting as the taxpayer's agent to
9 make the payment to the Department, but who fails to remit such
10 payment to the Department when due is guilty of a Class 4
11 felony. Any such person who purports to make such payment by
12 issuing or delivering a check or other order upon a real or
13 fictitious depository for the payment of money, knowing that it
14 will not be paid by the depository, shall be guilty of a
15 deceptive practice in violation of Section 17-1 of the Criminal
16 Code of 1961, as amended.

17 When the amount due is \$300 or more any person subject to
18 the provisions hereof who fails to file a return or who
19 violates any other provision of Section 9 or Section 10 hereof
20 or who fails to keep books and records as required herein or
21 who files a fraudulent return, or who wilfully violates any
22 rule or regulation of the Department for the administration and
23 enforcement of the provisions hereof, or any officer or agent
24 of a corporation or manager, member, or agent of a limited
25 liability company subject hereto who signs a fraudulent return
26 filed on behalf of such corporation or limited liability

1 company, or any accountant or other agent who knowingly enters
2 false information on the return of any taxpayer under this Act
3 or any person who violates any of the provisions of Sections 3,
4 5 or 7 hereof or any purchaser who obtains a registration
5 number or resale number from the Department through
6 misrepresentation, or who represents to a seller that such
7 purchaser has a registration number or a resale number from the
8 Department when he knows that he does not or who uses his
9 registration number or resale number to make a seller believe
10 that he is buying tangible personal property for resale when
11 such purchaser in fact knows that this is not the case, is
12 guilty of a Class 3 felony.

13 When the amount due is \$300 or more any person who accepts
14 money that is due to the Department under this Act from a
15 taxpayer for the purpose of acting as the taxpayer's agent to
16 make the payment to the Department, but who fails to remit such
17 payment to the Department when due is guilty of a Class 3
18 felony. Any such person who purports to make such payment by
19 issuing or delivering a check or other order upon a real or
20 fictitious depository for the payment of money, knowing that it
21 will not be paid by the depository shall be guilty of a
22 deceptive practice in violation of Section 17-1 of the Criminal
23 Code of 1961, as amended.

24 Any seller who collects or attempts to collect use tax
25 measured by receipts which such seller knows are not subject to
26 use tax, or any seller who knowingly over-collects or attempts

1 to over-collect use tax in a transaction which is subject to
2 the tax that is imposed by this Act, shall be guilty of a Class
3 4 felony for each such offense. This paragraph does not apply
4 to an amount collected by the seller as use tax on receipts
5 which are subject to tax under this Act as long as such
6 collection is made in compliance with the tax collection
7 brackets prescribed by the Department in its Rules and
8 Regulations.

9 Any taxpayer or agent of a taxpayer who with the intent to
10 defraud purports to make a payment due to the Department by
11 issuing or delivering a check or other order upon a real or
12 fictitious depository for the payment of money, knowing that it
13 will not be paid by the depository, shall be guilty of a
14 deceptive practice in violation of Section 17-1 of the Criminal
15 Code of 1961, as amended.

16 A prosecution for any act in violation of this Section may
17 be commenced at any time within 6 ~~3~~ years of the commission of
18 that Act.

19 This Section does not apply if the violation in a
20 particular case also constitutes a criminal violation of the
21 Retailers' Occupation Tax Act.

22 (Source: P.A. 88-480.)

23 Section 25. The Service Use Tax Act is amended by changing
24 Sections 9 and 15 as follows:

1 (35 ILCS 110/9) (from Ch. 120, par. 439.39)

2 Sec. 9. Each serviceman required or authorized to collect
3 the tax herein imposed shall pay to the Department the amount
4 of such tax (except as otherwise provided) at the time when he
5 is required to file his return for the period during which such
6 tax was collected, less a discount of 2.1% prior to January 1,
7 1990 and 1.75% on and after January 1, 1990, or \$5 per calendar
8 year, whichever is greater, which is allowed to reimburse the
9 serviceman for expenses incurred in collecting the tax, keeping
10 records, preparing and filing returns, remitting the tax and
11 supplying data to the Department on request. The discount
12 provided to retailers in this Section shall be allowed on a
13 return only if that retailer possessed a valid certificate of
14 registration issued under Section 6 of this Act or under
15 Section 2a of the Retailers' Occupation Tax Act during the
16 entire reporting period for that return. A serviceman need not
17 remit that part of any tax collected by him to the extent that
18 he is required to pay and does pay the tax imposed by the
19 Service Occupation Tax Act with respect to his sale of service
20 involving the incidental transfer by him of the same property.

21 Except as provided hereinafter in this Section, on or
22 before the twentieth day of each calendar month, such
23 serviceman shall file a return for the preceding calendar month
24 in accordance with reasonable Rules and Regulations to be
25 promulgated by the Department. Such return shall be filed on a
26 form prescribed by the Department and shall contain such

1 information as the Department may reasonably require.

2 The Department may require returns to be filed on a
3 quarterly basis. If so required, a return for each calendar
4 quarter shall be filed on or before the twentieth day of the
5 calendar month following the end of such calendar quarter. The
6 taxpayer shall also file a return with the Department for each
7 of the first two months of each calendar quarter, on or before
8 the twentieth day of the following calendar month, stating:

9 1. The name of the seller;

10 2. The address of the principal place of business from
11 which he engages in business as a serviceman in this State;

12 3. The total amount of taxable receipts received by him
13 during the preceding calendar month, including receipts
14 from charge and time sales, but less all deductions allowed
15 by law;

16 4. The amount of credit provided in Section 2d of this
17 Act;

18 5. The amount of tax due;

19 5-5. The signature of the taxpayer; and

20 6. Such other reasonable information as the Department
21 may require.

22 If a taxpayer fails to sign a return within 30 days after
23 the proper notice and demand for signature by the Department,
24 the return shall be considered valid and any amount shown to be
25 due on the return shall be deemed assessed.

26 Beginning October 1, 1993, a taxpayer who has an average

1 monthly tax liability of \$150,000 or more shall make all
2 payments required by rules of the Department by electronic
3 funds transfer. Beginning October 1, 1994, a taxpayer who has
4 an average monthly tax liability of \$100,000 or more shall make
5 all payments required by rules of the Department by electronic
6 funds transfer. Beginning October 1, 1995, a taxpayer who has
7 an average monthly tax liability of \$50,000 or more shall make
8 all payments required by rules of the Department by electronic
9 funds transfer. Beginning October 1, 2000, a taxpayer who has
10 an annual tax liability of \$200,000 or more shall make all
11 payments required by rules of the Department by electronic
12 funds transfer. The term "annual tax liability" shall be the
13 sum of the taxpayer's liabilities under this Act, and under all
14 other State and local occupation and use tax laws administered
15 by the Department, for the immediately preceding calendar year.
16 The term "average monthly tax liability" means the sum of the
17 taxpayer's liabilities under this Act, and under all other
18 State and local occupation and use tax laws administered by the
19 Department, for the immediately preceding calendar year
20 divided by 12. Beginning on October 1, 2002, a taxpayer who has
21 a tax liability in the amount set forth in subsection (b) of
22 Section 2505-210 of the Department of Revenue Law shall make
23 all payments required by rules of the Department by electronic
24 funds transfer.

25 Before August 1 of each year beginning in 1993, the
26 Department shall notify all taxpayers required to make payments

1 by electronic funds transfer. All taxpayers required to make
2 payments by electronic funds transfer shall make those payments
3 for a minimum of one year beginning on October 1.

4 Any taxpayer not required to make payments by electronic
5 funds transfer may make payments by electronic funds transfer
6 with the permission of the Department.

7 All taxpayers required to make payment by electronic funds
8 transfer and any taxpayers authorized to voluntarily make
9 payments by electronic funds transfer shall make those payments
10 in the manner authorized by the Department.

11 The Department shall adopt such rules as are necessary to
12 effectuate a program of electronic funds transfer and the
13 requirements of this Section.

14 If the serviceman is otherwise required to file a monthly
15 return and if the serviceman's average monthly tax liability to
16 the Department does not exceed \$200, the Department may
17 authorize his returns to be filed on a quarter annual basis,
18 with the return for January, February and March of a given year
19 being due by April 20 of such year; with the return for April,
20 May and June of a given year being due by July 20 of such year;
21 with the return for July, August and September of a given year
22 being due by October 20 of such year, and with the return for
23 October, November and December of a given year being due by
24 January 20 of the following year.

25 If the serviceman is otherwise required to file a monthly
26 or quarterly return and if the serviceman's average monthly tax

1 liability to the Department does not exceed \$50, the Department
2 may authorize his returns to be filed on an annual basis, with
3 the return for a given year being due by January 20 of the
4 following year.

5 Such quarter annual and annual returns, as to form and
6 substance, shall be subject to the same requirements as monthly
7 returns.

8 Notwithstanding any other provision in this Act concerning
9 the time within which a serviceman may file his return, in the
10 case of any serviceman who ceases to engage in a kind of
11 business which makes him responsible for filing returns under
12 this Act, such serviceman shall file a final return under this
13 Act with the Department not more than 1 month after
14 discontinuing such business.

15 Where a serviceman collects the tax with respect to the
16 selling price of property which he sells and the purchaser
17 thereafter returns such property and the serviceman refunds the
18 selling price thereof to the purchaser, such serviceman shall
19 also refund, to the purchaser, the tax so collected from the
20 purchaser. When filing his return for the period in which he
21 refunds such tax to the purchaser, the serviceman may deduct
22 the amount of the tax so refunded by him to the purchaser from
23 any other Service Use Tax, Service Occupation Tax, retailers'
24 occupation tax or use tax which such serviceman may be required
25 to pay or remit to the Department, as shown by such return,
26 provided that the amount of the tax to be deducted shall

1 previously have been remitted to the Department by such
2 serviceman. If the serviceman shall not previously have
3 remitted the amount of such tax to the Department, he shall be
4 entitled to no deduction hereunder upon refunding such tax to
5 the purchaser.

6 Any serviceman filing a return hereunder shall also include
7 the total tax upon the selling price of tangible personal
8 property purchased for use by him as an incident to a sale of
9 service, and such serviceman shall remit the amount of such tax
10 to the Department when filing such return.

11 If experience indicates such action to be practicable, the
12 Department may prescribe and furnish a combination or joint
13 return which will enable servicemen, who are required to file
14 returns hereunder and also under the Service Occupation Tax
15 Act, to furnish all the return information required by both
16 Acts on the one form.

17 Where the serviceman has more than one business registered
18 with the Department under separate registration hereunder,
19 such serviceman shall not file each return that is due as a
20 single return covering all such registered businesses, but
21 shall file separate returns for each such registered business.

22 Beginning January 1, 1990, each month the Department shall
23 pay into the State and Local Tax Reform Fund, a special fund in
24 the State Treasury, the net revenue realized for the preceding
25 month from the 1% tax on sales of food for human consumption
26 which is to be consumed off the premises where it is sold

1 (other than alcoholic beverages, soft drinks and food which has
2 been prepared for immediate consumption) and prescription and
3 nonprescription medicines, drugs, medical appliances and
4 insulin, urine testing materials, syringes and needles used by
5 diabetics.

6 Beginning January 1, 1990, each month the Department shall
7 pay into the State and Local Sales Tax Reform Fund 20% of the
8 net revenue realized for the preceding month from the 6.25%
9 general rate on transfers of tangible personal property, other
10 than tangible personal property which is purchased outside
11 Illinois at retail from a retailer and which is titled or
12 registered by an agency of this State's government.

13 Beginning August 1, 2000, each month the Department shall
14 pay into the State and Local Sales Tax Reform Fund 100% of the
15 net revenue realized for the preceding month from the 1.25%
16 rate on the selling price of motor fuel and gasohol.

17 Of the remainder of the moneys received by the Department
18 pursuant to this Act, (a) 1.75% thereof shall be paid into the
19 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
20 and after July 1, 1989, 3.8% thereof shall be paid into the
21 Build Illinois Fund; provided, however, that if in any fiscal
22 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
23 may be, of the moneys received by the Department and required
24 to be paid into the Build Illinois Fund pursuant to Section 3
25 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
26 Act, Section 9 of the Service Use Tax Act, and Section 9 of the

1 Service Occupation Tax Act, such Acts being hereinafter called
2 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
3 may be, of moneys being hereinafter called the "Tax Act
4 Amount", and (2) the amount transferred to the Build Illinois
5 Fund from the State and Local Sales Tax Reform Fund shall be
6 less than the Annual Specified Amount (as defined in Section 3
7 of the Retailers' Occupation Tax Act), an amount equal to the
8 difference shall be immediately paid into the Build Illinois
9 Fund from other moneys received by the Department pursuant to
10 the Tax Acts; and further provided, that if on the last
11 business day of any month the sum of (1) the Tax Act Amount
12 required to be deposited into the Build Illinois Bond Account
13 in the Build Illinois Fund during such month and (2) the amount
14 transferred during such month to the Build Illinois Fund from
15 the State and Local Sales Tax Reform Fund shall have been less
16 than 1/12 of the Annual Specified Amount, an amount equal to
17 the difference shall be immediately paid into the Build
18 Illinois Fund from other moneys received by the Department
19 pursuant to the Tax Acts; and, further provided, that in no
20 event shall the payments required under the preceding proviso
21 result in aggregate payments into the Build Illinois Fund
22 pursuant to this clause (b) for any fiscal year in excess of
23 the greater of (i) the Tax Act Amount or (ii) the Annual
24 Specified Amount for such fiscal year; and, further provided,
25 that the amounts payable into the Build Illinois Fund under
26 this clause (b) shall be payable only until such time as the

1 aggregate amount on deposit under each trust indenture securing
2 Bonds issued and outstanding pursuant to the Build Illinois
3 Bond Act is sufficient, taking into account any future
4 investment income, to fully provide, in accordance with such
5 indenture, for the defeasance of or the payment of the
6 principal of, premium, if any, and interest on the Bonds
7 secured by such indenture and on any Bonds expected to be
8 issued thereafter and all fees and costs payable with respect
9 thereto, all as certified by the Director of the Bureau of the
10 Budget (now Governor's Office of Management and Budget). If on
11 the last business day of any month in which Bonds are
12 outstanding pursuant to the Build Illinois Bond Act, the
13 aggregate of the moneys deposited in the Build Illinois Bond
14 Account in the Build Illinois Fund in such month shall be less
15 than the amount required to be transferred in such month from
16 the Build Illinois Bond Account to the Build Illinois Bond
17 Retirement and Interest Fund pursuant to Section 13 of the
18 Build Illinois Bond Act, an amount equal to such deficiency
19 shall be immediately paid from other moneys received by the
20 Department pursuant to the Tax Acts to the Build Illinois Fund;
21 provided, however, that any amounts paid to the Build Illinois
22 Fund in any fiscal year pursuant to this sentence shall be
23 deemed to constitute payments pursuant to clause (b) of the
24 preceding sentence and shall reduce the amount otherwise
25 payable for such fiscal year pursuant to clause (b) of the
26 preceding sentence. The moneys received by the Department

1 pursuant to this Act and required to be deposited into the
 2 Build Illinois Fund are subject to the pledge, claim and charge
 3 set forth in Section 12 of the Build Illinois Bond Act.

4 Subject to payment of amounts into the Build Illinois Fund
 5 as provided in the preceding paragraph or in any amendment
 6 thereto hereafter enacted, the following specified monthly
 7 installment of the amount requested in the certificate of the
 8 Chairman of the Metropolitan Pier and Exposition Authority
 9 provided under Section 8.25f of the State Finance Act, but not
 10 in excess of the sums designated as "Total Deposit", shall be
 11 deposited in the aggregate from collections under Section 9 of
 12 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 13 9 of the Service Occupation Tax Act, and Section 3 of the
 14 Retailers' Occupation Tax Act into the McCormick Place
 15 Expansion Project Fund in the specified fiscal years.

| | Fiscal Year | Total Deposit |
|----|-------------|------------------|
| 17 | 1993 | \$0 |
| 18 | 1994 | 53,000,000 |
| 19 | 1995 | 58,000,000 |
| 20 | 1996 | 61,000,000 |
| 21 | 1997 | 64,000,000 |
| 22 | 1998 | 68,000,000 |
| 23 | 1999 | 71,000,000 |
| 24 | 2000 | 75,000,000 |
| 25 | 2001 | 80,000,000 |

| | | |
|----|----------|-------------|
| 1 | 2002 | 93,000,000 |
| 2 | 2003 | 99,000,000 |
| 3 | 2004 | 103,000,000 |
| 4 | 2005 | 108,000,000 |
| 5 | 2006 | 113,000,000 |
| 6 | 2007 | 119,000,000 |
| 7 | 2008 | 126,000,000 |
| 8 | 2009 | 132,000,000 |
| 9 | 2010 | 139,000,000 |
| 10 | 2011 | 146,000,000 |
| 11 | 2012 | 153,000,000 |
| 12 | 2013 | 161,000,000 |
| 13 | 2014 | 170,000,000 |
| 14 | 2015 | 179,000,000 |
| 15 | 2016 | 189,000,000 |
| 16 | 2017 | 199,000,000 |
| 17 | 2018 | 210,000,000 |
| 18 | 2019 | 221,000,000 |
| 19 | 2020 | 233,000,000 |
| 20 | 2021 | 246,000,000 |
| 21 | 2022 | 260,000,000 |
| 22 | 2023 and | 275,000,000 |

23 each fiscal year
24 thereafter that bonds
25 are outstanding under
26 Section 13.2 of the

1 Metropolitan Pier and
2 Exposition Authority Act,
3 but not after fiscal year 2042.

4 Beginning July 20, 1993 and in each month of each fiscal
5 year thereafter, one-eighth of the amount requested in the
6 certificate of the Chairman of the Metropolitan Pier and
7 Exposition Authority for that fiscal year, less the amount
8 deposited into the McCormick Place Expansion Project Fund by
9 the State Treasurer in the respective month under subsection
10 (g) of Section 13 of the Metropolitan Pier and Exposition
11 Authority Act, plus cumulative deficiencies in the deposits
12 required under this Section for previous months and years,
13 shall be deposited into the McCormick Place Expansion Project
14 Fund, until the full amount requested for the fiscal year, but
15 not in excess of the amount specified above as "Total Deposit",
16 has been deposited.

17 Subject to payment of amounts into the Build Illinois Fund
18 and the McCormick Place Expansion Project Fund pursuant to the
19 preceding paragraphs or in any amendments thereto hereafter
20 enacted, beginning July 1, 1993, the Department shall each
21 month pay into the Illinois Tax Increment Fund 0.27% of 80% of
22 the net revenue realized for the preceding month from the 6.25%
23 general rate on the selling price of tangible personal
24 property.

25 Subject to payment of amounts into the Build Illinois Fund
26 and the McCormick Place Expansion Project Fund pursuant to the

1 preceding paragraphs or in any amendments thereto hereafter
2 enacted, beginning with the receipt of the first report of
3 taxes paid by an eligible business and continuing for a 25-year
4 period, the Department shall each month pay into the Energy
5 Infrastructure Fund 80% of the net revenue realized from the
6 6.25% general rate on the selling price of Illinois-mined coal
7 that was sold to an eligible business. For purposes of this
8 paragraph, the term "eligible business" means a new electric
9 generating facility certified pursuant to Section 605-332 of
10 the Department of Commerce and Economic Opportunity Law of the
11 Civil Administrative Code of Illinois.

12 All remaining moneys received by the Department pursuant to
13 this Act shall be paid into the General Revenue Fund of the
14 State Treasury.

15 As soon as possible after the first day of each month, upon
16 certification of the Department of Revenue, the Comptroller
17 shall order transferred and the Treasurer shall transfer from
18 the General Revenue Fund to the Motor Fuel Tax Fund an amount
19 equal to 1.7% of 80% of the net revenue realized under this Act
20 for the second preceding month. Beginning April 1, 2000, this
21 transfer is no longer required and shall not be made.

22 Net revenue realized for a month shall be the revenue
23 collected by the State pursuant to this Act, less the amount
24 paid out during that month as refunds to taxpayers for
25 overpayment of liability.

26 (Source: P.A. 94-793, eff. 5-19-06; 94-1074, eff. 12-26-06.)

1 (35 ILCS 110/15) (from Ch. 120, par. 439.45)

2 Sec. 15. When the amount due is under \$300, any person
3 subject to the provisions hereof who fails to file a return, or
4 who violates any other provision of Section 9 or Section 10
5 hereof, or who fails to keep books and records as required
6 herein, or who files a fraudulent return, or who wilfully
7 violates any Rule or Regulation of the Department for the
8 administration and enforcement of the provisions hereof, or any
9 officer or agent of a corporation, or manager, member, or agent
10 of a limited liability company, subject hereto who signs a
11 fraudulent return filed on behalf of such corporation or
12 limited liability company, or any accountant or other agent who
13 knowingly enters false information on the return of any
14 taxpayer under this Act, or any person who violates any of the
15 provisions of Sections 3 and 5 hereof, or any purchaser who
16 obtains a registration number or resale number from the
17 Department through misrepresentation, or who represents to a
18 seller that such purchaser has a registration number or a
19 resale number from the Department when he knows that he does
20 not, or who uses his registration number or resale number to
21 make a seller believe that he is buying tangible personal
22 property for resale when such purchaser in fact knows that this
23 is not the case, is guilty of a Class 4 felony.

24 Any person who violates any provision of Section 6 hereof,
25 or who engages in the business of making sales of service after

1 his Certificate of Registration under this Act has been revoked
2 in accordance with Section 12 of this Act, is guilty of a Class
3 4 felony. Each day any such person is engaged in business in
4 violation of Section 6, or after his Certificate of
5 Registration under this Act has been revoked, constitutes a
6 separate offense.

7 When the amount due is under \$300, any person who accepts
8 money that is due to the Department under this Act from a
9 taxpayer for the purpose of acting as the taxpayer's agent to
10 make the payment to the Department, but who fails to remit such
11 payment to the Department when due is guilty of a Class 4
12 felony. Any such person who purports to make such payment by
13 issuing or delivering a check or other order upon a real or
14 fictitious depository for the payment of money, knowing that it
15 will not be paid by the depository, shall be guilty of a
16 deceptive practice in violation of Section 17-1 of the Criminal
17 Code of 1961, as amended.

18 When the amount due is \$300 or more, any person subject to
19 the provisions hereof who fails to file a return, or who
20 violates any other provision of Section 9 or Section 10 hereof,
21 or who fails to keep books and records as required herein or
22 who files a fraudulent return, or who willfully violates any
23 rule or regulation of the Department for the administration and
24 enforcement of the provisions hereof, or any officer or agent
25 of a corporation, or manager, member, or agent of a limited
26 liability company, subject hereto who signs a fraudulent return

1 filed on behalf of such corporation or limited liability
2 company, or any accountant or other agent who knowingly enters
3 false information on the return of any taxpayer under this Act,
4 or any person who violates any of the provisions of Sections 3
5 and 5 hereof, or any purchaser who obtains a registration
6 number or resale number from the Department through
7 misrepresentation, or who represents to a seller that such
8 purchaser has a registration number or a resale number from the
9 Department when he knows that he does not, or who uses his
10 registration number or resale number to make a seller believe
11 that he is buying tangible personal property for resale when
12 such purchaser in fact knows that this is not the case, is
13 guilty of a Class 3 felony.

14 When the amount due is \$300 or more, any person who accepts
15 money that is due to the Department under this Act from a
16 taxpayer for the purpose of acting as the taxpayer's agent to
17 make the payment to the Department, but who fails to remit such
18 payment to the Department when due is guilty of a Class 3
19 felony. Any such person who purports to make such payment by
20 issuing or delivering a check or other order upon a real or
21 fictitious depository for the payment of money, knowing that it
22 will not be paid by the depository, shall be guilty of a
23 deceptive practice in violation of Section 17-1 of the Criminal
24 Code of 1961, as amended.

25 Any serviceman who collects or attempts to collect Service
26 Use Tax measured by receipts or selling prices which such

1 serviceman knows are not subject to Service Use Tax, or any
2 serviceman who knowingly over-collects or attempts to
3 over-collect Service Use Tax in a transaction which is subject
4 to the tax that is imposed by this Act, shall be guilty of a
5 Class 4 felony for each offense. This paragraph does not apply
6 to an amount collected by the serviceman as Service Use Tax on
7 receipts or selling prices which are subject to tax under this
8 Act as long as such collection is made in compliance with the
9 tax collection brackets prescribed by the Department in its
10 Rules and Regulations.

11 Any taxpayer or agent of a taxpayer who with the intent to
12 defraud purports to make a payment due to the Department by
13 issuing or delivering a check or other order upon a real or
14 fictitious depository for the payment of money, knowing that it
15 will not be paid by the depository, shall be guilty of a
16 deceptive practice in violation of Section 17-1 of the Criminal
17 Code of 1961, as amended.

18 A prosecution for any Act in violation of this Section may
19 be commenced at any time within 6 ~~3~~ years of the commission of
20 that Act.

21 This Section does not apply if the violation in a
22 particular case also constitutes a criminal violation of the
23 Retailers' Occupation Tax Act, the Use Tax Act or the Service
24 Occupation Tax Act.

25 (Source: P.A. 90-655, eff. 7-30-98; 91-51, eff. 6-30-99.)

1 Section 30. The Service Occupation Tax Act is amended by
2 changing Sections 9 and 15 as follows:

3 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

4 Sec. 9. Each serviceman required or authorized to collect
5 the tax herein imposed shall pay to the Department the amount
6 of such tax at the time when he is required to file his return
7 for the period during which such tax was collectible, less a
8 discount of 2.1% prior to January 1, 1990, and 1.75% on and
9 after January 1, 1990, or \$5 per calendar year, whichever is
10 greater, which is allowed to reimburse the serviceman for
11 expenses incurred in collecting the tax, keeping records,
12 preparing and filing returns, remitting the tax and supplying
13 data to the Department on request. The discount provided to
14 retailers in this Section shall be allowed on a return only if
15 that retailer possessed a valid certificate of registration
16 issued under Section 6 of this Act or under Section 2a of the
17 Retailers' Occupation Tax Act during the entire reporting
18 period for that return.

19 Where such tangible personal property is sold under a
20 conditional sales contract, or under any other form of sale
21 wherein the payment of the principal sum, or a part thereof, is
22 extended beyond the close of the period for which the return is
23 filed, the serviceman, in collecting the tax may collect, for
24 each tax return period, only the tax applicable to the part of
25 the selling price actually received during such tax return

1 period.

2 Except as provided hereinafter in this Section, on or
3 before the twentieth day of each calendar month, such
4 serviceman shall file a return for the preceding calendar month
5 in accordance with reasonable rules and regulations to be
6 promulgated by the Department of Revenue. Such return shall be
7 filed on a form prescribed by the Department and shall contain
8 such information as the Department may reasonably require.

9 The Department may require returns to be filed on a
10 quarterly basis. If so required, a return for each calendar
11 quarter shall be filed on or before the twentieth day of the
12 calendar month following the end of such calendar quarter. The
13 taxpayer shall also file a return with the Department for each
14 of the first two months of each calendar quarter, on or before
15 the twentieth day of the following calendar month, stating:

- 16 1. The name of the seller;
- 17 2. The address of the principal place of business from
18 which he engages in business as a serviceman in this State;
- 19 3. The total amount of taxable receipts received by him
20 during the preceding calendar month, including receipts
21 from charge and time sales, but less all deductions allowed
22 by law;
- 23 4. The amount of credit provided in Section 2d of this
24 Act;
- 25 5. The amount of tax due;
- 26 5-5. The signature of the taxpayer; and

1 6. Such other reasonable information as the Department
2 may require.

3 If a taxpayer fails to sign a return within 30 days after
4 the proper notice and demand for signature by the Department,
5 the return shall be considered valid and any amount shown to be
6 due on the return shall be deemed assessed.

7 Prior to October 1, 2003, and on and after September 1,
8 2004 a serviceman may accept a Manufacturer's Purchase Credit
9 certification from a purchaser in satisfaction of Service Use
10 Tax as provided in Section 3-70 of the Service Use Tax Act if
11 the purchaser provides the appropriate documentation as
12 required by Section 3-70 of the Service Use Tax Act. A
13 Manufacturer's Purchase Credit certification, accepted prior
14 to October 1, 2003 or on or after September 1, 2004 by a
15 serviceman as provided in Section 3-70 of the Service Use Tax
16 Act, may be used by that serviceman to satisfy Service
17 Occupation Tax liability in the amount claimed in the
18 certification, not to exceed 6.25% of the receipts subject to
19 tax from a qualifying purchase. A Manufacturer's Purchase
20 Credit reported on any original or amended return filed under
21 this Act after October 20, 2003 for reporting periods prior to
22 September 1, 2004 shall be disallowed. Manufacturer's Purchase
23 Credit reported on annual returns due on or after January 1,
24 2005 will be disallowed for periods prior to September 1, 2004.
25 No Manufacturer's Purchase Credit may be used after September
26 30, 2003 through August 31, 2004 to satisfy any tax liability

1 imposed under this Act, including any audit liability.

2 If the serviceman's average monthly tax liability to the
3 Department does not exceed \$200, the Department may authorize
4 his returns to be filed on a quarter annual basis, with the
5 return for January, February and March of a given year being
6 due by April 20 of such year; with the return for April, May
7 and June of a given year being due by July 20 of such year; with
8 the return for July, August and September of a given year being
9 due by October 20 of such year, and with the return for
10 October, November and December of a given year being due by
11 January 20 of the following year.

12 If the serviceman's average monthly tax liability to the
13 Department does not exceed \$50, the Department may authorize
14 his returns to be filed on an annual basis, with the return for
15 a given year being due by January 20 of the following year.

16 Such quarter annual and annual returns, as to form and
17 substance, shall be subject to the same requirements as monthly
18 returns.

19 Notwithstanding any other provision in this Act concerning
20 the time within which a serviceman may file his return, in the
21 case of any serviceman who ceases to engage in a kind of
22 business which makes him responsible for filing returns under
23 this Act, such serviceman shall file a final return under this
24 Act with the Department not more than 1 month after
25 discontinuing such business.

26 Beginning October 1, 1993, a taxpayer who has an average

1 monthly tax liability of \$150,000 or more shall make all
2 payments required by rules of the Department by electronic
3 funds transfer. Beginning October 1, 1994, a taxpayer who has
4 an average monthly tax liability of \$100,000 or more shall make
5 all payments required by rules of the Department by electronic
6 funds transfer. Beginning October 1, 1995, a taxpayer who has
7 an average monthly tax liability of \$50,000 or more shall make
8 all payments required by rules of the Department by electronic
9 funds transfer. Beginning October 1, 2000, a taxpayer who has
10 an annual tax liability of \$200,000 or more shall make all
11 payments required by rules of the Department by electronic
12 funds transfer. The term "annual tax liability" shall be the
13 sum of the taxpayer's liabilities under this Act, and under all
14 other State and local occupation and use tax laws administered
15 by the Department, for the immediately preceding calendar year.
16 The term "average monthly tax liability" means the sum of the
17 taxpayer's liabilities under this Act, and under all other
18 State and local occupation and use tax laws administered by the
19 Department, for the immediately preceding calendar year
20 divided by 12. Beginning on October 1, 2002, a taxpayer who has
21 a tax liability in the amount set forth in subsection (b) of
22 Section 2505-210 of the Department of Revenue Law shall make
23 all payments required by rules of the Department by electronic
24 funds transfer.

25 Before August 1 of each year beginning in 1993, the
26 Department shall notify all taxpayers required to make payments

1 by electronic funds transfer. All taxpayers required to make
2 payments by electronic funds transfer shall make those payments
3 for a minimum of one year beginning on October 1.

4 Any taxpayer not required to make payments by electronic
5 funds transfer may make payments by electronic funds transfer
6 with the permission of the Department.

7 All taxpayers required to make payment by electronic funds
8 transfer and any taxpayers authorized to voluntarily make
9 payments by electronic funds transfer shall make those payments
10 in the manner authorized by the Department.

11 The Department shall adopt such rules as are necessary to
12 effectuate a program of electronic funds transfer and the
13 requirements of this Section.

14 Where a serviceman collects the tax with respect to the
15 selling price of tangible personal property which he sells and
16 the purchaser thereafter returns such tangible personal
17 property and the serviceman refunds the selling price thereof
18 to the purchaser, such serviceman shall also refund, to the
19 purchaser, the tax so collected from the purchaser. When filing
20 his return for the period in which he refunds such tax to the
21 purchaser, the serviceman may deduct the amount of the tax so
22 refunded by him to the purchaser from any other Service
23 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
24 Use Tax which such serviceman may be required to pay or remit
25 to the Department, as shown by such return, provided that the
26 amount of the tax to be deducted shall previously have been

1 remitted to the Department by such serviceman. If the
2 serviceman shall not previously have remitted the amount of
3 such tax to the Department, he shall be entitled to no
4 deduction hereunder upon refunding such tax to the purchaser.

5 If experience indicates such action to be practicable, the
6 Department may prescribe and furnish a combination or joint
7 return which will enable servicemen, who are required to file
8 returns hereunder and also under the Retailers' Occupation Tax
9 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
10 the return information required by all said Acts on the one
11 form.

12 Where the serviceman has more than one business registered
13 with the Department under separate registrations hereunder,
14 such serviceman shall file separate returns for each registered
15 business.

16 Beginning January 1, 1990, each month the Department shall
17 pay into the Local Government Tax Fund the revenue realized for
18 the preceding month from the 1% tax on sales of food for human
19 consumption which is to be consumed off the premises where it
20 is sold (other than alcoholic beverages, soft drinks and food
21 which has been prepared for immediate consumption) and
22 prescription and nonprescription medicines, drugs, medical
23 appliances and insulin, urine testing materials, syringes and
24 needles used by diabetics.

25 Beginning January 1, 1990, each month the Department shall
26 pay into the County and Mass Transit District Fund 4% of the

1 revenue realized for the preceding month from the 6.25% general
2 rate.

3 Beginning August 1, 2000, each month the Department shall
4 pay into the County and Mass Transit District Fund 20% of the
5 net revenue realized for the preceding month from the 1.25%
6 rate on the selling price of motor fuel and gasohol.

7 Beginning January 1, 1990, each month the Department shall
8 pay into the Local Government Tax Fund 16% of the revenue
9 realized for the preceding month from the 6.25% general rate on
10 transfers of tangible personal property.

11 Beginning August 1, 2000, each month the Department shall
12 pay into the Local Government Tax Fund 80% of the net revenue
13 realized for the preceding month from the 1.25% rate on the
14 selling price of motor fuel and gasohol.

15 Of the remainder of the moneys received by the Department
16 pursuant to this Act, (a) 1.75% thereof shall be paid into the
17 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
18 and after July 1, 1989, 3.8% thereof shall be paid into the
19 Build Illinois Fund; provided, however, that if in any fiscal
20 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
21 may be, of the moneys received by the Department and required
22 to be paid into the Build Illinois Fund pursuant to Section 3
23 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
24 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
25 Service Occupation Tax Act, such Acts being hereinafter called
26 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case

1 may be, of moneys being hereinafter called the "Tax Act
2 Amount", and (2) the amount transferred to the Build Illinois
3 Fund from the State and Local Sales Tax Reform Fund shall be
4 less than the Annual Specified Amount (as defined in Section 3
5 of the Retailers' Occupation Tax Act), an amount equal to the
6 difference shall be immediately paid into the Build Illinois
7 Fund from other moneys received by the Department pursuant to
8 the Tax Acts; and further provided, that if on the last
9 business day of any month the sum of (1) the Tax Act Amount
10 required to be deposited into the Build Illinois Account in the
11 Build Illinois Fund during such month and (2) the amount
12 transferred during such month to the Build Illinois Fund from
13 the State and Local Sales Tax Reform Fund shall have been less
14 than 1/12 of the Annual Specified Amount, an amount equal to
15 the difference shall be immediately paid into the Build
16 Illinois Fund from other moneys received by the Department
17 pursuant to the Tax Acts; and, further provided, that in no
18 event shall the payments required under the preceding proviso
19 result in aggregate payments into the Build Illinois Fund
20 pursuant to this clause (b) for any fiscal year in excess of
21 the greater of (i) the Tax Act Amount or (ii) the Annual
22 Specified Amount for such fiscal year; and, further provided,
23 that the amounts payable into the Build Illinois Fund under
24 this clause (b) shall be payable only until such time as the
25 aggregate amount on deposit under each trust indenture securing
26 Bonds issued and outstanding pursuant to the Build Illinois

1 Bond Act is sufficient, taking into account any future
2 investment income, to fully provide, in accordance with such
3 indenture, for the defeasance of or the payment of the
4 principal of, premium, if any, and interest on the Bonds
5 secured by such indenture and on any Bonds expected to be
6 issued thereafter and all fees and costs payable with respect
7 thereto, all as certified by the Director of the Bureau of the
8 Budget (now Governor's Office of Management and Budget). If on
9 the last business day of any month in which Bonds are
10 outstanding pursuant to the Build Illinois Bond Act, the
11 aggregate of the moneys deposited in the Build Illinois Bond
12 Account in the Build Illinois Fund in such month shall be less
13 than the amount required to be transferred in such month from
14 the Build Illinois Bond Account to the Build Illinois Bond
15 Retirement and Interest Fund pursuant to Section 13 of the
16 Build Illinois Bond Act, an amount equal to such deficiency
17 shall be immediately paid from other moneys received by the
18 Department pursuant to the Tax Acts to the Build Illinois Fund;
19 provided, however, that any amounts paid to the Build Illinois
20 Fund in any fiscal year pursuant to this sentence shall be
21 deemed to constitute payments pursuant to clause (b) of the
22 preceding sentence and shall reduce the amount otherwise
23 payable for such fiscal year pursuant to clause (b) of the
24 preceding sentence. The moneys received by the Department
25 pursuant to this Act and required to be deposited into the
26 Build Illinois Fund are subject to the pledge, claim and charge

1 set forth in Section 12 of the Build Illinois Bond Act.

2 Subject to payment of amounts into the Build Illinois Fund
 3 as provided in the preceding paragraph or in any amendment
 4 thereto hereafter enacted, the following specified monthly
 5 installment of the amount requested in the certificate of the
 6 Chairman of the Metropolitan Pier and Exposition Authority
 7 provided under Section 8.25f of the State Finance Act, but not
 8 in excess of the sums designated as "Total Deposit", shall be
 9 deposited in the aggregate from collections under Section 9 of
 10 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 11 9 of the Service Occupation Tax Act, and Section 3 of the
 12 Retailers' Occupation Tax Act into the McCormick Place
 13 Expansion Project Fund in the specified fiscal years.

| | Fiscal Year | Total Deposit |
|----|-------------|------------------|
| 15 | 1993 | \$0 |
| 16 | 1994 | 53,000,000 |
| 17 | 1995 | 58,000,000 |
| 18 | 1996 | 61,000,000 |
| 19 | 1997 | 64,000,000 |
| 20 | 1998 | 68,000,000 |
| 21 | 1999 | 71,000,000 |
| 22 | 2000 | 75,000,000 |
| 23 | 2001 | 80,000,000 |
| 24 | 2002 | 93,000,000 |
| 25 | 2003 | 99,000,000 |

| | | |
|----|----------|-------------|
| 1 | 2004 | 103,000,000 |
| 2 | 2005 | 108,000,000 |
| 3 | 2006 | 113,000,000 |
| 4 | 2007 | 119,000,000 |
| 5 | 2008 | 126,000,000 |
| 6 | 2009 | 132,000,000 |
| 7 | 2010 | 139,000,000 |
| 8 | 2011 | 146,000,000 |
| 9 | 2012 | 153,000,000 |
| 10 | 2013 | 161,000,000 |
| 11 | 2014 | 170,000,000 |
| 12 | 2015 | 179,000,000 |
| 13 | 2016 | 189,000,000 |
| 14 | 2017 | 199,000,000 |
| 15 | 2018 | 210,000,000 |
| 16 | 2019 | 221,000,000 |
| 17 | 2020 | 233,000,000 |
| 18 | 2021 | 246,000,000 |
| 19 | 2022 | 260,000,000 |
| 20 | 2023 and | 275,000,000 |

21 each fiscal year
22 thereafter that bonds
23 are outstanding under
24 Section 13.2 of the
25 Metropolitan Pier and
26 Exposition Authority Act,

1 but not after fiscal year 2042.

2 Beginning July 20, 1993 and in each month of each fiscal
3 year thereafter, one-eighth of the amount requested in the
4 certificate of the Chairman of the Metropolitan Pier and
5 Exposition Authority for that fiscal year, less the amount
6 deposited into the McCormick Place Expansion Project Fund by
7 the State Treasurer in the respective month under subsection
8 (g) of Section 13 of the Metropolitan Pier and Exposition
9 Authority Act, plus cumulative deficiencies in the deposits
10 required under this Section for previous months and years,
11 shall be deposited into the McCormick Place Expansion Project
12 Fund, until the full amount requested for the fiscal year, but
13 not in excess of the amount specified above as "Total Deposit",
14 has been deposited.

15 Subject to payment of amounts into the Build Illinois Fund
16 and the McCormick Place Expansion Project Fund pursuant to the
17 preceding paragraphs or in any amendments thereto hereafter
18 enacted, beginning July 1, 1993, the Department shall each
19 month pay into the Illinois Tax Increment Fund 0.27% of 80% of
20 the net revenue realized for the preceding month from the 6.25%
21 general rate on the selling price of tangible personal
22 property.

23 Subject to payment of amounts into the Build Illinois Fund
24 and the McCormick Place Expansion Project Fund pursuant to the
25 preceding paragraphs or in any amendments thereto hereafter
26 enacted, beginning with the receipt of the first report of

1 taxes paid by an eligible business and continuing for a 25-year
2 period, the Department shall each month pay into the Energy
3 Infrastructure Fund 80% of the net revenue realized from the
4 6.25% general rate on the selling price of Illinois-mined coal
5 that was sold to an eligible business. For purposes of this
6 paragraph, the term "eligible business" means a new electric
7 generating facility certified pursuant to Section 605-332 of
8 the Department of Commerce and Economic Opportunity Law of the
9 Civil Administrative Code of Illinois.

10 Remaining moneys received by the Department pursuant to
11 this Act shall be paid into the General Revenue Fund of the
12 State Treasury.

13 The Department may, upon separate written notice to a
14 taxpayer, require the taxpayer to prepare and file with the
15 Department on a form prescribed by the Department within not
16 less than 60 days after receipt of the notice an annual
17 information return for the tax year specified in the notice.
18 Such annual return to the Department shall include a statement
19 of gross receipts as shown by the taxpayer's last Federal
20 income tax return. If the total receipts of the business as
21 reported in the Federal income tax return do not agree with the
22 gross receipts reported to the Department of Revenue for the
23 same period, the taxpayer shall attach to his annual return a
24 schedule showing a reconciliation of the 2 amounts and the
25 reasons for the difference. The taxpayer's annual return to the
26 Department shall also disclose the cost of goods sold by the

1 taxpayer during the year covered by such return, opening and
2 closing inventories of such goods for such year, cost of goods
3 used from stock or taken from stock and given away by the
4 taxpayer during such year, pay roll information of the
5 taxpayer's business during such year and any additional
6 reasonable information which the Department deems would be
7 helpful in determining the accuracy of the monthly, quarterly
8 or annual returns filed by such taxpayer as hereinbefore
9 provided for in this Section.

10 If the annual information return required by this Section
11 is not filed when and as required, the taxpayer shall be liable
12 as follows:

13 (i) Until January 1, 1994, the taxpayer shall be liable
14 for a penalty equal to 1/6 of 1% of the tax due from such
15 taxpayer under this Act during the period to be covered by
16 the annual return for each month or fraction of a month
17 until such return is filed as required, the penalty to be
18 assessed and collected in the same manner as any other
19 penalty provided for in this Act.

20 (ii) On and after January 1, 1994, the taxpayer shall
21 be liable for a penalty as described in Section 3-4 of the
22 Uniform Penalty and Interest Act.

23 The chief executive officer, proprietor, owner or highest
24 ranking manager shall sign the annual return to certify the
25 accuracy of the information contained therein. Any person who
26 willfully signs the annual return containing false or

1 inaccurate information shall be guilty of perjury and punished
2 accordingly. The annual return form prescribed by the
3 Department shall include a warning that the person signing the
4 return may be liable for perjury.

5 The foregoing portion of this Section concerning the filing
6 of an annual information return shall not apply to a serviceman
7 who is not required to file an income tax return with the
8 United States Government.

9 As soon as possible after the first day of each month, upon
10 certification of the Department of Revenue, the Comptroller
11 shall order transferred and the Treasurer shall transfer from
12 the General Revenue Fund to the Motor Fuel Tax Fund an amount
13 equal to 1.7% of 80% of the net revenue realized under this Act
14 for the second preceding month. Beginning April 1, 2000, this
15 transfer is no longer required and shall not be made.

16 Net revenue realized for a month shall be the revenue
17 collected by the State pursuant to this Act, less the amount
18 paid out during that month as refunds to taxpayers for
19 overpayment of liability.

20 For greater simplicity of administration, it shall be
21 permissible for manufacturers, importers and wholesalers whose
22 products are sold by numerous servicemen in Illinois, and who
23 wish to do so, to assume the responsibility for accounting and
24 paying to the Department all tax accruing under this Act with
25 respect to such sales, if the servicemen who are affected do
26 not make written objection to the Department to this

1 arrangement.

2 (Source: P.A. 93-24, eff. 6-20-03; 93-840, eff. 7-30-04;
3 94-1074, eff. 12-26-06.)

4 (35 ILCS 115/15) (from Ch. 120, par. 439.115)

5 Sec. 15. When the amount due is under \$300, any person
6 subject to the provisions hereof who fails to file a return, or
7 who violates any other provision of Section 9 or Section 10
8 hereof, or who fails to keep books and records as required
9 herein, or who files a fraudulent return, or who wilfully
10 violates any Rule or Regulation of the Department for the
11 administration and enforcement of the provisions hereof, or any
12 officer or agent of a corporation, or manager, member, or agent
13 of a limited liability company, subject hereto who signs a
14 fraudulent return filed on behalf of such corporation or
15 limited liability company, or any accountant or other agent who
16 knowingly enters false information on the return of any
17 taxpayer under this Act, or any person who violates any of the
18 provisions of Sections 3, 5 or 7 hereof, or any purchaser who
19 obtains a registration number or resale number from the
20 Department through misrepresentation, or who represents to a
21 seller that such purchaser has a registration number or a
22 resale number from the Department when he knows that he does
23 not, or who uses his registration number or resale number to
24 make a seller believe that he is buying tangible personal
25 property for resale when such purchaser in fact knows that this

1 is not the case, is guilty of a Class 4 felony.

2 Any person who violates any provision of Section 6 hereof,
3 or who engages in the business of making sales of service after
4 his Certificate of Registration under this Act has been revoked
5 in accordance with Section 12 of this Act, is guilty of a Class
6 4 felony. Each day any such person is engaged in business in
7 violation of Section 6, or after his Certificate of
8 Registration under this Act has been revoked, constitutes a
9 separate offense.

10 When the amount due is under \$300, any person who accepts
11 money that is due to the Department under this Act from a
12 taxpayer for the purpose of acting as the taxpayer's agent to
13 make the payment to the Department, but who fails to remit such
14 payment to the Department when due is guilty of a Class 4
15 felony. Any such person who purports to make such payment by
16 issuing or delivering a check or other order upon a real or
17 fictitious depository for the payment of money, knowing that it
18 will not be paid by the depository, shall be guilty of a
19 deceptive practice in violation of Section 17-1 of the Criminal
20 Code of 1961, as amended.

21 When the amount due is \$300 or more, any person subject to
22 the provisions hereof who fails to file a return, or who
23 violates any other provision of Section 9 or Section 10 hereof,
24 or who fails to keep books and records as required herein, or
25 who files a fraudulent return, or who wilfully violates any
26 rule or regulation of the Department for the administration and

1 enforcement of the provisions hereof, or any officer or agent
2 of a corporation, or manager, member, or agent of a limited
3 liability company, subject hereto who signs a fraudulent return
4 filed on behalf of such corporation or limited liability
5 company, or any accountant or other agent who knowingly enters
6 false information on the return of any taxpayer under this Act,
7 or any person who violates any of the provisions of Sections 3,
8 5 or 7 hereof, or any purchaser who obtains a registration
9 number or resale number from the Department through
10 misrepresentation, or who represents to a seller that such
11 purchaser has a registration number or a resale number from the
12 Department when he knows that he does not, or who uses his
13 registration number or resale number to make a seller believe
14 that he is buying tangible personal property for resale when
15 such purchaser in fact knows that this is not the case, is
16 guilty of a Class 3 felony.

17 When the amount due is \$300 or more, any person who accepts
18 money that is due to the Department under this Act from a
19 taxpayer for the purpose of acting as the taxpayer's agent to
20 make the payment to the Department but who fails to remit such
21 payment to the Department when due is guilty of a Class 3
22 felony. Any such person who purports to make such payment by
23 issuing or delivering a check or other order upon a real or
24 fictitious depository for the payment of money, knowing that it
25 will not be paid by the depository shall be guilty of a
26 deceptive practice in violation of Section 17-1 of the Criminal

1 Code of 1961, as amended.

2 Any serviceman who collects or attempts to collect Service
3 Occupation Tax, measured by receipts which such serviceman
4 knows are not subject to Service Occupation Tax, or any
5 serviceman who collects or attempts to collect an amount
6 (however designated) which purports to reimburse such
7 serviceman for Service Occupation Tax liability measured by
8 receipts or selling prices which such serviceman knows are not
9 subject to Service Occupation Tax, or any serviceman who
10 knowingly over-collects or attempts to over-collect Service
11 Occupation Tax or an amount purporting to be reimbursement for
12 Service Occupation Tax liability in a transaction which is
13 subject to the tax that is imposed by this Act, shall be guilty
14 of a Class 4 felony for each such offense. This paragraph does
15 not apply to an amount collected by the serviceman as
16 reimbursement for the serviceman's Service Occupation Tax
17 liability on receipts or selling prices which are subject to
18 tax under this Act, as long as such collection is made in
19 compliance with the tax collection brackets prescribed by the
20 Department in its Rules and Regulations.

21 A prosecution for any act in violation of this Section may
22 be commenced at any time within 6 ~~3~~ years of the commission of
23 that act.

24 This Section does not apply if the violation in a
25 particular case also constitutes a criminal violation of the
26 Retailers' Occupation Tax Act or the Use Tax Act.

1 (Source: P.A. 91-51, eff. 6-30-99.)

2 Section 35. The Retailers' Occupation Tax Act is amended by
3 changing Sections 3 and 13 as follows:

4 (35 ILCS 120/3) (from Ch. 120, par. 442)

5 Sec. 3. Except as provided in this Section, on or before
6 the twentieth day of each calendar month, every person engaged
7 in the business of selling tangible personal property at retail
8 in this State during the preceding calendar month shall file a
9 return with the Department, stating:

10 1. The name of the seller;

11 2. His residence address and the address of his
12 principal place of business and the address of the
13 principal place of business (if that is a different
14 address) from which he engages in the business of selling
15 tangible personal property at retail in this State;

16 3. Total amount of receipts received by him during the
17 preceding calendar month or quarter, as the case may be,
18 from sales of tangible personal property, and from services
19 furnished, by him during such preceding calendar month or
20 quarter;

21 4. Total amount received by him during the preceding
22 calendar month or quarter on charge and time sales of
23 tangible personal property, and from services furnished,
24 by him prior to the month or quarter for which the return

1 is filed;

2 5. Deductions allowed by law;

3 6. Gross receipts which were received by him during the
4 preceding calendar month or quarter and upon the basis of
5 which the tax is imposed;

6 7. The amount of credit provided in Section 2d of this
7 Act;

8 8. The amount of tax due;

9 9. The signature of the taxpayer; and

10 10. Such other reasonable information as the
11 Department may require.

12 If a taxpayer fails to sign a return within 30 days after
13 the proper notice and demand for signature by the Department,
14 the return shall be considered valid and any amount shown to be
15 due on the return shall be deemed assessed.

16 Each return shall be accompanied by the statement of
17 prepaid tax issued pursuant to Section 2e for which credit is
18 claimed.

19 Prior to October 1, 2003, and on and after September 1,
20 2004 a retailer may accept a Manufacturer's Purchase Credit
21 certification from a purchaser in satisfaction of Use Tax as
22 provided in Section 3-85 of the Use Tax Act if the purchaser
23 provides the appropriate documentation as required by Section
24 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit
25 certification, accepted by a retailer prior to October 1, 2003
26 and on and after September 1, 2004 as provided in Section 3-85

1 of the Use Tax Act, may be used by that retailer to satisfy
2 Retailers' Occupation Tax liability in the amount claimed in
3 the certification, not to exceed 6.25% of the receipts subject
4 to tax from a qualifying purchase. A Manufacturer's Purchase
5 Credit reported on any original or amended return filed under
6 this Act after October 20, 2003 for reporting periods prior to
7 September 1, 2004 shall be disallowed. Manufacturer's
8 Purchaser Credit reported on annual returns due on or after
9 January 1, 2005 will be disallowed for periods prior to
10 September 1, 2004. No Manufacturer's Purchase Credit may be
11 used after September 30, 2003 through August 31, 2004 to
12 satisfy any tax liability imposed under this Act, including any
13 audit liability.

14 The Department may require returns to be filed on a
15 quarterly basis. If so required, a return for each calendar
16 quarter shall be filed on or before the twentieth day of the
17 calendar month following the end of such calendar quarter. The
18 taxpayer shall also file a return with the Department for each
19 of the first two months of each calendar quarter, on or before
20 the twentieth day of the following calendar month, stating:

21 1. The name of the seller;

22 2. The address of the principal place of business from
23 which he engages in the business of selling tangible
24 personal property at retail in this State;

25 3. The total amount of taxable receipts received by him
26 during the preceding calendar month from sales of tangible

1 personal property by him during such preceding calendar
2 month, including receipts from charge and time sales, but
3 less all deductions allowed by law;

4 4. The amount of credit provided in Section 2d of this
5 Act;

6 5. The amount of tax due; and

7 6. Such other reasonable information as the Department
8 may require.

9 Beginning on October 1, 2003, any person who is not a
10 licensed distributor, importing distributor, or manufacturer,
11 as defined in the Liquor Control Act of 1934, but is engaged in
12 the business of selling, at retail, alcoholic liquor shall file
13 a statement with the Department of Revenue, in a format and at
14 a time prescribed by the Department, showing the total amount
15 paid for alcoholic liquor purchased during the preceding month
16 and such other information as is reasonably required by the
17 Department. The Department may adopt rules to require that this
18 statement be filed in an electronic or telephonic format. Such
19 rules may provide for exceptions from the filing requirements
20 of this paragraph. For the purposes of this paragraph, the term
21 "alcoholic liquor" shall have the meaning prescribed in the
22 Liquor Control Act of 1934.

23 Beginning on October 1, 2003, every distributor, importing
24 distributor, and manufacturer of alcoholic liquor as defined in
25 the Liquor Control Act of 1934, shall file a statement with the
26 Department of Revenue, no later than the 10th day of the month

1 for the preceding month during which transactions occurred, by
2 electronic means, showing the total amount of gross receipts
3 from the sale of alcoholic liquor sold or distributed during
4 the preceding month to purchasers; identifying the purchaser to
5 whom it was sold or distributed; the purchaser's tax
6 registration number; and such other information reasonably
7 required by the Department. A distributor, importing
8 distributor, or manufacturer of alcoholic liquor must
9 personally deliver, mail, or provide by electronic means to
10 each retailer listed on the monthly statement a report
11 containing a cumulative total of that distributor's, importing
12 distributor's, or manufacturer's total sales of alcoholic
13 liquor to that retailer no later than the 10th day of the month
14 for the preceding month during which the transaction occurred.
15 The distributor, importing distributor, or manufacturer shall
16 notify the retailer as to the method by which the distributor,
17 importing distributor, or manufacturer will provide the sales
18 information. If the retailer is unable to receive the sales
19 information by electronic means, the distributor, importing
20 distributor, or manufacturer shall furnish the sales
21 information by personal delivery or by mail. For purposes of
22 this paragraph, the term "electronic means" includes, but is
23 not limited to, the use of a secure Internet website, e-mail,
24 or facsimile.

25 If a total amount of less than \$1 is payable, refundable or
26 creditable, such amount shall be disregarded if it is less than

1 50 cents and shall be increased to \$1 if it is 50 cents or more.

2 Beginning October 1, 1993, a taxpayer who has an average
3 monthly tax liability of \$150,000 or more shall make all
4 payments required by rules of the Department by electronic
5 funds transfer. Beginning October 1, 1994, a taxpayer who has
6 an average monthly tax liability of \$100,000 or more shall make
7 all payments required by rules of the Department by electronic
8 funds transfer. Beginning October 1, 1995, a taxpayer who has
9 an average monthly tax liability of \$50,000 or more shall make
10 all payments required by rules of the Department by electronic
11 funds transfer. Beginning October 1, 2000, a taxpayer who has
12 an annual tax liability of \$200,000 or more shall make all
13 payments required by rules of the Department by electronic
14 funds transfer. The term "annual tax liability" shall be the
15 sum of the taxpayer's liabilities under this Act, and under all
16 other State and local occupation and use tax laws administered
17 by the Department, for the immediately preceding calendar year.
18 The term "average monthly tax liability" shall be the sum of
19 the taxpayer's liabilities under this Act, and under all other
20 State and local occupation and use tax laws administered by the
21 Department, for the immediately preceding calendar year
22 divided by 12. Beginning on October 1, 2002, a taxpayer who has
23 a tax liability in the amount set forth in subsection (b) of
24 Section 2505-210 of the Department of Revenue Law shall make
25 all payments required by rules of the Department by electronic
26 funds transfer.

1 Before August 1 of each year beginning in 1993, the
2 Department shall notify all taxpayers required to make payments
3 by electronic funds transfer. All taxpayers required to make
4 payments by electronic funds transfer shall make those payments
5 for a minimum of one year beginning on October 1.

6 Any taxpayer not required to make payments by electronic
7 funds transfer may make payments by electronic funds transfer
8 with the permission of the Department.

9 All taxpayers required to make payment by electronic funds
10 transfer and any taxpayers authorized to voluntarily make
11 payments by electronic funds transfer shall make those payments
12 in the manner authorized by the Department.

13 The Department shall adopt such rules as are necessary to
14 effectuate a program of electronic funds transfer and the
15 requirements of this Section.

16 Any amount which is required to be shown or reported on any
17 return or other document under this Act shall, if such amount
18 is not a whole-dollar amount, be increased to the nearest
19 whole-dollar amount in any case where the fractional part of a
20 dollar is 50 cents or more, and decreased to the nearest
21 whole-dollar amount where the fractional part of a dollar is
22 less than 50 cents.

23 If the retailer is otherwise required to file a monthly
24 return and if the retailer's average monthly tax liability to
25 the Department does not exceed \$200, the Department may
26 authorize his returns to be filed on a quarter annual basis,

1 with the return for January, February and March of a given year
2 being due by April 20 of such year; with the return for April,
3 May and June of a given year being due by July 20 of such year;
4 with the return for July, August and September of a given year
5 being due by October 20 of such year, and with the return for
6 October, November and December of a given year being due by
7 January 20 of the following year.

8 If the retailer is otherwise required to file a monthly or
9 quarterly return and if the retailer's average monthly tax
10 liability with the Department does not exceed \$50, the
11 Department may authorize his returns to be filed on an annual
12 basis, with the return for a given year being due by January 20
13 of the following year.

14 Such quarter annual and annual returns, as to form and
15 substance, shall be subject to the same requirements as monthly
16 returns.

17 Notwithstanding any other provision in this Act concerning
18 the time within which a retailer may file his return, in the
19 case of any retailer who ceases to engage in a kind of business
20 which makes him responsible for filing returns under this Act,
21 such retailer shall file a final return under this Act with the
22 Department not more than one month after discontinuing such
23 business.

24 Where the same person has more than one business registered
25 with the Department under separate registrations under this
26 Act, such person may not file each return that is due as a

1 single return covering all such registered businesses, but
2 shall file separate returns for each such registered business.

3 In addition, with respect to motor vehicles, watercraft,
4 aircraft, and trailers that are required to be registered with
5 an agency of this State, every retailer selling this kind of
6 tangible personal property shall file, with the Department,
7 upon a form to be prescribed and supplied by the Department, a
8 separate return for each such item of tangible personal
9 property which the retailer sells, except that if, in the same
10 transaction, (i) a retailer of aircraft, watercraft, motor
11 vehicles or trailers transfers more than one aircraft,
12 watercraft, motor vehicle or trailer to another aircraft,
13 watercraft, motor vehicle retailer or trailer retailer for the
14 purpose of resale or (ii) a retailer of aircraft, watercraft,
15 motor vehicles, or trailers transfers more than one aircraft,
16 watercraft, motor vehicle, or trailer to a purchaser for use as
17 a qualifying rolling stock as provided in Section 2-5 of this
18 Act, then that seller may report the transfer of all aircraft,
19 watercraft, motor vehicles or trailers involved in that
20 transaction to the Department on the same uniform
21 invoice-transaction reporting return form. For purposes of
22 this Section, "watercraft" means a Class 2, Class 3, or Class 4
23 watercraft as defined in Section 3-2 of the Boat Registration
24 and Safety Act, a personal watercraft, or any boat equipped
25 with an inboard motor.

26 Any retailer who sells only motor vehicles, watercraft,

1 aircraft, or trailers that are required to be registered with
2 an agency of this State, so that all retailers' occupation tax
3 liability is required to be reported, and is reported, on such
4 transaction reporting returns and who is not otherwise required
5 to file monthly or quarterly returns, need not file monthly or
6 quarterly returns. However, those retailers shall be required
7 to file returns on an annual basis.

8 The transaction reporting return, in the case of motor
9 vehicles or trailers that are required to be registered with an
10 agency of this State, shall be the same document as the Uniform
11 Invoice referred to in Section 5-402 of The Illinois Vehicle
12 Code and must show the name and address of the seller; the name
13 and address of the purchaser; the amount of the selling price
14 including the amount allowed by the retailer for traded-in
15 property, if any; the amount allowed by the retailer for the
16 traded-in tangible personal property, if any, to the extent to
17 which Section 1 of this Act allows an exemption for the value
18 of traded-in property; the balance payable after deducting such
19 trade-in allowance from the total selling price; the amount of
20 tax due from the retailer with respect to such transaction; the
21 amount of tax collected from the purchaser by the retailer on
22 such transaction (or satisfactory evidence that such tax is not
23 due in that particular instance, if that is claimed to be the
24 fact); the place and date of the sale; a sufficient
25 identification of the property sold; such other information as
26 is required in Section 5-402 of The Illinois Vehicle Code, and

1 such other information as the Department may reasonably
2 require.

3 The transaction reporting return in the case of watercraft
4 or aircraft must show the name and address of the seller; the
5 name and address of the purchaser; the amount of the selling
6 price including the amount allowed by the retailer for
7 traded-in property, if any; the amount allowed by the retailer
8 for the traded-in tangible personal property, if any, to the
9 extent to which Section 1 of this Act allows an exemption for
10 the value of traded-in property; the balance payable after
11 deducting such trade-in allowance from the total selling price;
12 the amount of tax due from the retailer with respect to such
13 transaction; the amount of tax collected from the purchaser by
14 the retailer on such transaction (or satisfactory evidence that
15 such tax is not due in that particular instance, if that is
16 claimed to be the fact); the place and date of the sale, a
17 sufficient identification of the property sold, and such other
18 information as the Department may reasonably require.

19 Such transaction reporting return shall be filed not later
20 than 20 days after the day of delivery of the item that is
21 being sold, but may be filed by the retailer at any time sooner
22 than that if he chooses to do so. The transaction reporting
23 return and tax remittance or proof of exemption from the
24 Illinois use tax may be transmitted to the Department by way of
25 the State agency with which, or State officer with whom the
26 tangible personal property must be titled or registered (if

1 titling or registration is required) if the Department and such
2 agency or State officer determine that this procedure will
3 expedite the processing of applications for title or
4 registration.

5 With each such transaction reporting return, the retailer
6 shall remit the proper amount of tax due (or shall submit
7 satisfactory evidence that the sale is not taxable if that is
8 the case), to the Department or its agents, whereupon the
9 Department shall issue, in the purchaser's name, a use tax
10 receipt (or a certificate of exemption if the Department is
11 satisfied that the particular sale is tax exempt) which such
12 purchaser may submit to the agency with which, or State officer
13 with whom, he must title or register the tangible personal
14 property that is involved (if titling or registration is
15 required) in support of such purchaser's application for an
16 Illinois certificate or other evidence of title or registration
17 to such tangible personal property.

18 No retailer's failure or refusal to remit tax under this
19 Act precludes a user, who has paid the proper tax to the
20 retailer, from obtaining his certificate of title or other
21 evidence of title or registration (if titling or registration
22 is required) upon satisfying the Department that such user has
23 paid the proper tax (if tax is due) to the retailer. The
24 Department shall adopt appropriate rules to carry out the
25 mandate of this paragraph.

26 If the user who would otherwise pay tax to the retailer

1 wants the transaction reporting return filed and the payment of
2 the tax or proof of exemption made to the Department before the
3 retailer is willing to take these actions and such user has not
4 paid the tax to the retailer, such user may certify to the fact
5 of such delay by the retailer and may (upon the Department
6 being satisfied of the truth of such certification) transmit
7 the information required by the transaction reporting return
8 and the remittance for tax or proof of exemption directly to
9 the Department and obtain his tax receipt or exemption
10 determination, in which event the transaction reporting return
11 and tax remittance (if a tax payment was required) shall be
12 credited by the Department to the proper retailer's account
13 with the Department, but without the 2.1% or 1.75% discount
14 provided for in this Section being allowed. When the user pays
15 the tax directly to the Department, he shall pay the tax in the
16 same amount and in the same form in which it would be remitted
17 if the tax had been remitted to the Department by the retailer.

18 Refunds made by the seller during the preceding return
19 period to purchasers, on account of tangible personal property
20 returned to the seller, shall be allowed as a deduction under
21 subdivision 5 of his monthly or quarterly return, as the case
22 may be, in case the seller had theretofore included the
23 receipts from the sale of such tangible personal property in a
24 return filed by him and had paid the tax imposed by this Act
25 with respect to such receipts.

26 Where the seller is a corporation, the return filed on

1 behalf of such corporation shall be signed by the president,
2 vice-president, secretary or treasurer or by the properly
3 accredited agent of such corporation.

4 Where the seller is a limited liability company, the return
5 filed on behalf of the limited liability company shall be
6 signed by a manager, member, or properly accredited agent of
7 the limited liability company.

8 Except as provided in this Section, the retailer filing the
9 return under this Section shall, at the time of filing such
10 return, pay to the Department the amount of tax imposed by this
11 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
12 on and after January 1, 1990, or \$5 per calendar year,
13 whichever is greater, which is allowed to reimburse the
14 retailer for the expenses incurred in keeping records,
15 preparing and filing returns, remitting the tax and supplying
16 data to the Department on request. Any prepayment made pursuant
17 to Section 2d of this Act shall be included in the amount on
18 which such 2.1% or 1.75% discount is computed. In the case of
19 retailers who report and pay the tax on a transaction by
20 transaction basis, as provided in this Section, such discount
21 shall be taken with each such tax remittance instead of when
22 such retailer files his periodic return. The discount provided
23 to retailers in this Section shall be allowed on a return only
24 if that retailer possessed a valid certificate of registration
25 issued under Section 2a of this Act during the entire reporting
26 period for that return.

1 Before October 1, 2000, if the taxpayer's average monthly
2 tax liability to the Department under this Act, the Use Tax
3 Act, the Service Occupation Tax Act, and the Service Use Tax
4 Act, excluding any liability for prepaid sales tax to be
5 remitted in accordance with Section 2d of this Act, was \$10,000
6 or more during the preceding 4 complete calendar quarters, he
7 shall file a return with the Department each month by the 20th
8 day of the month next following the month during which such tax
9 liability is incurred and shall make payments to the Department
10 on or before the 7th, 15th, 22nd and last day of the month
11 during which such liability is incurred. On and after October
12 1, 2000, if the taxpayer's average monthly tax liability to the
13 Department under this Act, the Use Tax Act, the Service
14 Occupation Tax Act, and the Service Use Tax Act, excluding any
15 liability for prepaid sales tax to be remitted in accordance
16 with Section 2d of this Act, was \$20,000 or more during the
17 preceding 4 complete calendar quarters, he shall file a return
18 with the Department each month by the 20th day of the month
19 next following the month during which such tax liability is
20 incurred and shall make payment to the Department on or before
21 the 7th, 15th, 22nd and last day of the month during which such
22 liability is incurred. If the month during which such tax
23 liability is incurred began prior to January 1, 1985, each
24 payment shall be in an amount equal to 1/4 of the taxpayer's
25 actual liability for the month or an amount set by the
26 Department not to exceed 1/4 of the average monthly liability

1 of the taxpayer to the Department for the preceding 4 complete
2 calendar quarters (excluding the month of highest liability and
3 the month of lowest liability in such 4 quarter period). If the
4 month during which such tax liability is incurred begins on or
5 after January 1, 1985 and prior to January 1, 1987, each
6 payment shall be in an amount equal to 22.5% of the taxpayer's
7 actual liability for the month or 27.5% of the taxpayer's
8 liability for the same calendar month of the preceding year. If
9 the month during which such tax liability is incurred begins on
10 or after January 1, 1987 and prior to January 1, 1988, each
11 payment shall be in an amount equal to 22.5% of the taxpayer's
12 actual liability for the month or 26.25% of the taxpayer's
13 liability for the same calendar month of the preceding year. If
14 the month during which such tax liability is incurred begins on
15 or after January 1, 1988, and prior to January 1, 1989, or
16 begins on or after January 1, 1996, each payment shall be in an
17 amount equal to 22.5% of the taxpayer's actual liability for
18 the month or 25% of the taxpayer's liability for the same
19 calendar month of the preceding year. If the month during which
20 such tax liability is incurred begins on or after January 1,
21 1989, and prior to January 1, 1996, each payment shall be in an
22 amount equal to 22.5% of the taxpayer's actual liability for
23 the month or 25% of the taxpayer's liability for the same
24 calendar month of the preceding year or 100% of the taxpayer's
25 actual liability for the quarter monthly reporting period. The
26 amount of such quarter monthly payments shall be credited

1 against the final tax liability of the taxpayer's return for
2 that month. Before October 1, 2000, once applicable, the
3 requirement of the making of quarter monthly payments to the
4 Department by taxpayers having an average monthly tax liability
5 of \$10,000 or more as determined in the manner provided above
6 shall continue until such taxpayer's average monthly liability
7 to the Department during the preceding 4 complete calendar
8 quarters (excluding the month of highest liability and the
9 month of lowest liability) is less than \$9,000, or until such
10 taxpayer's average monthly liability to the Department as
11 computed for each calendar quarter of the 4 preceding complete
12 calendar quarter period is less than \$10,000. However, if a
13 taxpayer can show the Department that a substantial change in
14 the taxpayer's business has occurred which causes the taxpayer
15 to anticipate that his average monthly tax liability for the
16 reasonably foreseeable future will fall below the \$10,000
17 threshold stated above, then such taxpayer may petition the
18 Department for a change in such taxpayer's reporting status. On
19 and after October 1, 2000, once applicable, the requirement of
20 the making of quarter monthly payments to the Department by
21 taxpayers having an average monthly tax liability of \$20,000 or
22 more as determined in the manner provided above shall continue
23 until such taxpayer's average monthly liability to the
24 Department during the preceding 4 complete calendar quarters
25 (excluding the month of highest liability and the month of
26 lowest liability) is less than \$19,000 or until such taxpayer's

1 average monthly liability to the Department as computed for
2 each calendar quarter of the 4 preceding complete calendar
3 quarter period is less than \$20,000. However, if a taxpayer can
4 show the Department that a substantial change in the taxpayer's
5 business has occurred which causes the taxpayer to anticipate
6 that his average monthly tax liability for the reasonably
7 foreseeable future will fall below the \$20,000 threshold stated
8 above, then such taxpayer may petition the Department for a
9 change in such taxpayer's reporting status. The Department
10 shall change such taxpayer's reporting status unless it finds
11 that such change is seasonal in nature and not likely to be
12 long term. If any such quarter monthly payment is not paid at
13 the time or in the amount required by this Section, then the
14 taxpayer shall be liable for penalties and interest on the
15 difference between the minimum amount due as a payment and the
16 amount of such quarter monthly payment actually and timely
17 paid, except insofar as the taxpayer has previously made
18 payments for that month to the Department in excess of the
19 minimum payments previously due as provided in this Section.
20 The Department shall make reasonable rules and regulations to
21 govern the quarter monthly payment amount and quarter monthly
22 payment dates for taxpayers who file on other than a calendar
23 monthly basis.

24 The provisions of this paragraph apply before October 1,
25 2001. Without regard to whether a taxpayer is required to make
26 quarter monthly payments as specified above, any taxpayer who

1 is required by Section 2d of this Act to collect and remit
2 prepaid taxes and has collected prepaid taxes which average in
3 excess of \$25,000 per month during the preceding 2 complete
4 calendar quarters, shall file a return with the Department as
5 required by Section 2f and shall make payments to the
6 Department on or before the 7th, 15th, 22nd and last day of the
7 month during which such liability is incurred. If the month
8 during which such tax liability is incurred began prior to the
9 effective date of this amendatory Act of 1985, each payment
10 shall be in an amount not less than 22.5% of the taxpayer's
11 actual liability under Section 2d. If the month during which
12 such tax liability is incurred begins on or after January 1,
13 1986, each payment shall be in an amount equal to 22.5% of the
14 taxpayer's actual liability for the month or 27.5% of the
15 taxpayer's liability for the same calendar month of the
16 preceding calendar year. If the month during which such tax
17 liability is incurred begins on or after January 1, 1987, each
18 payment shall be in an amount equal to 22.5% of the taxpayer's
19 actual liability for the month or 26.25% of the taxpayer's
20 liability for the same calendar month of the preceding year.
21 The amount of such quarter monthly payments shall be credited
22 against the final tax liability of the taxpayer's return for
23 that month filed under this Section or Section 2f, as the case
24 may be. Once applicable, the requirement of the making of
25 quarter monthly payments to the Department pursuant to this
26 paragraph shall continue until such taxpayer's average monthly

1 prepaid tax collections during the preceding 2 complete
2 calendar quarters is \$25,000 or less. If any such quarter
3 monthly payment is not paid at the time or in the amount
4 required, the taxpayer shall be liable for penalties and
5 interest on such difference, except insofar as the taxpayer has
6 previously made payments for that month in excess of the
7 minimum payments previously due.

8 The provisions of this paragraph apply on and after October
9 1, 2001. Without regard to whether a taxpayer is required to
10 make quarter monthly payments as specified above, any taxpayer
11 who is required by Section 2d of this Act to collect and remit
12 prepaid taxes and has collected prepaid taxes that average in
13 excess of \$20,000 per month during the preceding 4 complete
14 calendar quarters shall file a return with the Department as
15 required by Section 2f and shall make payments to the
16 Department on or before the 7th, 15th, 22nd and last day of the
17 month during which the liability is incurred. Each payment
18 shall be in an amount equal to 22.5% of the taxpayer's actual
19 liability for the month or 25% of the taxpayer's liability for
20 the same calendar month of the preceding year. The amount of
21 the quarter monthly payments shall be credited against the
22 final tax liability of the taxpayer's return for that month
23 filed under this Section or Section 2f, as the case may be.
24 Once applicable, the requirement of the making of quarter
25 monthly payments to the Department pursuant to this paragraph
26 shall continue until the taxpayer's average monthly prepaid tax

1 collections during the preceding 4 complete calendar quarters
2 (excluding the month of highest liability and the month of
3 lowest liability) is less than \$19,000 or until such taxpayer's
4 average monthly liability to the Department as computed for
5 each calendar quarter of the 4 preceding complete calendar
6 quarters is less than \$20,000. If any such quarter monthly
7 payment is not paid at the time or in the amount required, the
8 taxpayer shall be liable for penalties and interest on such
9 difference, except insofar as the taxpayer has previously made
10 payments for that month in excess of the minimum payments
11 previously due.

12 If any payment provided for in this Section exceeds the
13 taxpayer's liabilities under this Act, the Use Tax Act, the
14 Service Occupation Tax Act and the Service Use Tax Act, as
15 shown on an original monthly return, the Department shall, if
16 requested by the taxpayer, issue to the taxpayer a credit
17 memorandum no later than 30 days after the date of payment. The
18 credit evidenced by such credit memorandum may be assigned by
19 the taxpayer to a similar taxpayer under this Act, the Use Tax
20 Act, the Service Occupation Tax Act or the Service Use Tax Act,
21 in accordance with reasonable rules and regulations to be
22 prescribed by the Department. If no such request is made, the
23 taxpayer may credit such excess payment against tax liability
24 subsequently to be remitted to the Department under this Act,
25 the Use Tax Act, the Service Occupation Tax Act or the Service
26 Use Tax Act, in accordance with reasonable rules and

1 regulations prescribed by the Department. If the Department
2 subsequently determined that all or any part of the credit
3 taken was not actually due to the taxpayer, the taxpayer's 2.1%
4 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
5 of the difference between the credit taken and that actually
6 due, and that taxpayer shall be liable for penalties and
7 interest on such difference.

8 If a retailer of motor fuel is entitled to a credit under
9 Section 2d of this Act which exceeds the taxpayer's liability
10 to the Department under this Act for the month which the
11 taxpayer is filing a return, the Department shall issue the
12 taxpayer a credit memorandum for the excess.

13 Beginning January 1, 1990, each month the Department shall
14 pay into the Local Government Tax Fund, a special fund in the
15 State treasury which is hereby created, the net revenue
16 realized for the preceding month from the 1% tax on sales of
17 food for human consumption which is to be consumed off the
18 premises where it is sold (other than alcoholic beverages, soft
19 drinks and food which has been prepared for immediate
20 consumption) and prescription and nonprescription medicines,
21 drugs, medical appliances and insulin, urine testing
22 materials, syringes and needles used by diabetics.

23 Beginning January 1, 1990, each month the Department shall
24 pay into the County and Mass Transit District Fund, a special
25 fund in the State treasury which is hereby created, 4% of the
26 net revenue realized for the preceding month from the 6.25%

1 general rate.

2 Beginning August 1, 2000, each month the Department shall
3 pay into the County and Mass Transit District Fund 20% of the
4 net revenue realized for the preceding month from the 1.25%
5 rate on the selling price of motor fuel and gasohol.

6 Beginning January 1, 1990, each month the Department shall
7 pay into the Local Government Tax Fund 16% of the net revenue
8 realized for the preceding month from the 6.25% general rate on
9 the selling price of tangible personal property.

10 Beginning August 1, 2000, each month the Department shall
11 pay into the Local Government Tax Fund 80% of the net revenue
12 realized for the preceding month from the 1.25% rate on the
13 selling price of motor fuel and gasohol.

14 Of the remainder of the moneys received by the Department
15 pursuant to this Act, (a) 1.75% thereof shall be paid into the
16 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
17 and after July 1, 1989, 3.8% thereof shall be paid into the
18 Build Illinois Fund; provided, however, that if in any fiscal
19 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
20 may be, of the moneys received by the Department and required
21 to be paid into the Build Illinois Fund pursuant to this Act,
22 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
23 Act, and Section 9 of the Service Occupation Tax Act, such Acts
24 being hereinafter called the "Tax Acts" and such aggregate of
25 2.2% or 3.8%, as the case may be, of moneys being hereinafter
26 called the "Tax Act Amount", and (2) the amount transferred to

1 the Build Illinois Fund from the State and Local Sales Tax
2 Reform Fund shall be less than the Annual Specified Amount (as
3 hereinafter defined), an amount equal to the difference shall
4 be immediately paid into the Build Illinois Fund from other
5 moneys received by the Department pursuant to the Tax Acts; the
6 "Annual Specified Amount" means the amounts specified below for
7 fiscal years 1986 through 1993:

| 8 | Fiscal Year | Annual Specified Amount |
|----|-------------|-------------------------|
| 9 | 1986 | \$54,800,000 |
| 10 | 1987 | \$76,650,000 |
| 11 | 1988 | \$80,480,000 |
| 12 | 1989 | \$88,510,000 |
| 13 | 1990 | \$115,330,000 |
| 14 | 1991 | \$145,470,000 |
| 15 | 1992 | \$182,730,000 |
| 16 | 1993 | \$206,520,000; |

17 and means the Certified Annual Debt Service Requirement (as
18 defined in Section 13 of the Build Illinois Bond Act) or the
19 Tax Act Amount, whichever is greater, for fiscal year 1994 and
20 each fiscal year thereafter; and further provided, that if on
21 the last business day of any month the sum of (1) the Tax Act
22 Amount required to be deposited into the Build Illinois Bond
23 Account in the Build Illinois Fund during such month and (2)
24 the amount transferred to the Build Illinois Fund from the
25 State and Local Sales Tax Reform Fund shall have been less than
26 1/12 of the Annual Specified Amount, an amount equal to the

1 difference shall be immediately paid into the Build Illinois
2 Fund from other moneys received by the Department pursuant to
3 the Tax Acts; and, further provided, that in no event shall the
4 payments required under the preceding proviso result in
5 aggregate payments into the Build Illinois Fund pursuant to
6 this clause (b) for any fiscal year in excess of the greater of
7 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
8 such fiscal year. The amounts payable into the Build Illinois
9 Fund under clause (b) of the first sentence in this paragraph
10 shall be payable only until such time as the aggregate amount
11 on deposit under each trust indenture securing Bonds issued and
12 outstanding pursuant to the Build Illinois Bond Act is
13 sufficient, taking into account any future investment income,
14 to fully provide, in accordance with such indenture, for the
15 defeasance of or the payment of the principal of, premium, if
16 any, and interest on the Bonds secured by such indenture and on
17 any Bonds expected to be issued thereafter and all fees and
18 costs payable with respect thereto, all as certified by the
19 Director of the Bureau of the Budget (now Governor's Office of
20 Management and Budget). If on the last business day of any
21 month in which Bonds are outstanding pursuant to the Build
22 Illinois Bond Act, the aggregate of moneys deposited in the
23 Build Illinois Bond Account in the Build Illinois Fund in such
24 month shall be less than the amount required to be transferred
25 in such month from the Build Illinois Bond Account to the Build
26 Illinois Bond Retirement and Interest Fund pursuant to Section

1 13 of the Build Illinois Bond Act, an amount equal to such
2 deficiency shall be immediately paid from other moneys received
3 by the Department pursuant to the Tax Acts to the Build
4 Illinois Fund; provided, however, that any amounts paid to the
5 Build Illinois Fund in any fiscal year pursuant to this
6 sentence shall be deemed to constitute payments pursuant to
7 clause (b) of the first sentence of this paragraph and shall
8 reduce the amount otherwise payable for such fiscal year
9 pursuant to that clause (b). The moneys received by the
10 Department pursuant to this Act and required to be deposited
11 into the Build Illinois Fund are subject to the pledge, claim
12 and charge set forth in Section 12 of the Build Illinois Bond
13 Act.

14 Subject to payment of amounts into the Build Illinois Fund
15 as provided in the preceding paragraph or in any amendment
16 thereto hereafter enacted, the following specified monthly
17 installment of the amount requested in the certificate of the
18 Chairman of the Metropolitan Pier and Exposition Authority
19 provided under Section 8.25f of the State Finance Act, but not
20 in excess of sums designated as "Total Deposit", shall be
21 deposited in the aggregate from collections under Section 9 of
22 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
23 9 of the Service Occupation Tax Act, and Section 3 of the
24 Retailers' Occupation Tax Act into the McCormick Place
25 Expansion Project Fund in the specified fiscal years.

| | | Total |
|----|-------------|-------------|
| | Fiscal Year | Deposit |
| 1 | | |
| 2 | 1993 | \$0 |
| 3 | 1994 | 53,000,000 |
| 4 | 1995 | 58,000,000 |
| 5 | 1996 | 61,000,000 |
| 6 | 1997 | 64,000,000 |
| 7 | 1998 | 68,000,000 |
| 8 | 1999 | 71,000,000 |
| 9 | 2000 | 75,000,000 |
| 10 | 2001 | 80,000,000 |
| 11 | 2002 | 93,000,000 |
| 12 | 2003 | 99,000,000 |
| 13 | 2004 | 103,000,000 |
| 14 | 2005 | 108,000,000 |
| 15 | 2006 | 113,000,000 |
| 16 | 2007 | 119,000,000 |
| 17 | 2008 | 126,000,000 |
| 18 | 2009 | 132,000,000 |
| 19 | 2010 | 139,000,000 |
| 20 | 2011 | 146,000,000 |
| 21 | 2012 | 153,000,000 |
| 22 | 2013 | 161,000,000 |
| 23 | 2014 | 170,000,000 |
| 24 | 2015 | 179,000,000 |
| 25 | 2016 | 189,000,000 |

| | | |
|---|----------|-------------|
| 1 | 2017 | 199,000,000 |
| 2 | 2018 | 210,000,000 |
| 3 | 2019 | 221,000,000 |
| 4 | 2020 | 233,000,000 |
| 5 | 2021 | 246,000,000 |
| 6 | 2022 | 260,000,000 |
| 7 | 2023 and | 275,000,000 |

8 each fiscal year

9 thereafter that bonds

10 are outstanding under

11 Section 13.2 of the

12 Metropolitan Pier and

13 Exposition Authority Act,

14 but not after fiscal year 2042.

15 Beginning July 20, 1993 and in each month of each fiscal
16 year thereafter, one-eighth of the amount requested in the
17 certificate of the Chairman of the Metropolitan Pier and
18 Exposition Authority for that fiscal year, less the amount
19 deposited into the McCormick Place Expansion Project Fund by
20 the State Treasurer in the respective month under subsection
21 (g) of Section 13 of the Metropolitan Pier and Exposition
22 Authority Act, plus cumulative deficiencies in the deposits
23 required under this Section for previous months and years,
24 shall be deposited into the McCormick Place Expansion Project
25 Fund, until the full amount requested for the fiscal year, but
26 not in excess of the amount specified above as "Total Deposit",

1 has been deposited.

2 Subject to payment of amounts into the Build Illinois Fund
3 and the McCormick Place Expansion Project Fund pursuant to the
4 preceding paragraphs or in any amendments thereto hereafter
5 enacted, beginning July 1, 1993, the Department shall each
6 month pay into the Illinois Tax Increment Fund 0.27% of 80% of
7 the net revenue realized for the preceding month from the 6.25%
8 general rate on the selling price of tangible personal
9 property.

10 Subject to payment of amounts into the Build Illinois Fund
11 and the McCormick Place Expansion Project Fund pursuant to the
12 preceding paragraphs or in any amendments thereto hereafter
13 enacted, beginning with the receipt of the first report of
14 taxes paid by an eligible business and continuing for a 25-year
15 period, the Department shall each month pay into the Energy
16 Infrastructure Fund 80% of the net revenue realized from the
17 6.25% general rate on the selling price of Illinois-mined coal
18 that was sold to an eligible business. For purposes of this
19 paragraph, the term "eligible business" means a new electric
20 generating facility certified pursuant to Section 605-332 of
21 the Department of Commerce and Economic Opportunity Law of the
22 Civil Administrative Code of Illinois.

23 Of the remainder of the moneys received by the Department
24 pursuant to this Act, 75% thereof shall be paid into the State
25 Treasury and 25% shall be reserved in a special account and
26 used only for the transfer to the Common School Fund as part of

1 the monthly transfer from the General Revenue Fund in
2 accordance with Section 8a of the State Finance Act.

3 The Department may, upon separate written notice to a
4 taxpayer, require the taxpayer to prepare and file with the
5 Department on a form prescribed by the Department within not
6 less than 60 days after receipt of the notice an annual
7 information return for the tax year specified in the notice.
8 Such annual return to the Department shall include a statement
9 of gross receipts as shown by the retailer's last Federal
10 income tax return. If the total receipts of the business as
11 reported in the Federal income tax return do not agree with the
12 gross receipts reported to the Department of Revenue for the
13 same period, the retailer shall attach to his annual return a
14 schedule showing a reconciliation of the 2 amounts and the
15 reasons for the difference. The retailer's annual return to the
16 Department shall also disclose the cost of goods sold by the
17 retailer during the year covered by such return, opening and
18 closing inventories of such goods for such year, costs of goods
19 used from stock or taken from stock and given away by the
20 retailer during such year, payroll information of the
21 retailer's business during such year and any additional
22 reasonable information which the Department deems would be
23 helpful in determining the accuracy of the monthly, quarterly
24 or annual returns filed by such retailer as provided for in
25 this Section.

26 If the annual information return required by this Section

1 is not filed when and as required, the taxpayer shall be liable
2 as follows:

3 (i) Until January 1, 1994, the taxpayer shall be liable
4 for a penalty equal to 1/6 of 1% of the tax due from such
5 taxpayer under this Act during the period to be covered by
6 the annual return for each month or fraction of a month
7 until such return is filed as required, the penalty to be
8 assessed and collected in the same manner as any other
9 penalty provided for in this Act.

10 (ii) On and after January 1, 1994, the taxpayer shall
11 be liable for a penalty as described in Section 3-4 of the
12 Uniform Penalty and Interest Act.

13 The chief executive officer, proprietor, owner or highest
14 ranking manager shall sign the annual return to certify the
15 accuracy of the information contained therein. Any person who
16 willfully signs the annual return containing false or
17 inaccurate information shall be guilty of perjury and punished
18 accordingly. The annual return form prescribed by the
19 Department shall include a warning that the person signing the
20 return may be liable for perjury.

21 The provisions of this Section concerning the filing of an
22 annual information return do not apply to a retailer who is not
23 required to file an income tax return with the United States
24 Government.

25 As soon as possible after the first day of each month, upon
26 certification of the Department of Revenue, the Comptroller

1 shall order transferred and the Treasurer shall transfer from
2 the General Revenue Fund to the Motor Fuel Tax Fund an amount
3 equal to 1.7% of 80% of the net revenue realized under this Act
4 for the second preceding month. Beginning April 1, 2000, this
5 transfer is no longer required and shall not be made.

6 Net revenue realized for a month shall be the revenue
7 collected by the State pursuant to this Act, less the amount
8 paid out during that month as refunds to taxpayers for
9 overpayment of liability.

10 For greater simplicity of administration, manufacturers,
11 importers and wholesalers whose products are sold at retail in
12 Illinois by numerous retailers, and who wish to do so, may
13 assume the responsibility for accounting and paying to the
14 Department all tax accruing under this Act with respect to such
15 sales, if the retailers who are affected do not make written
16 objection to the Department to this arrangement.

17 Any person who promotes, organizes, provides retail
18 selling space for concessionaires or other types of sellers at
19 the Illinois State Fair, DuQuoin State Fair, county fairs,
20 local fairs, art shows, flea markets and similar exhibitions or
21 events, including any transient merchant as defined by Section
22 2 of the Transient Merchant Act of 1987, is required to file a
23 report with the Department providing the name of the merchant's
24 business, the name of the person or persons engaged in
25 merchant's business, the permanent address and Illinois
26 Retailers Occupation Tax Registration Number of the merchant,

1 the dates and location of the event and other reasonable
2 information that the Department may require. The report must be
3 filed not later than the 20th day of the month next following
4 the month during which the event with retail sales was held.
5 Any person who fails to file a report required by this Section
6 commits a business offense and is subject to a fine not to
7 exceed \$250.

8 Any person engaged in the business of selling tangible
9 personal property at retail as a concessionaire or other type
10 of seller at the Illinois State Fair, county fairs, art shows,
11 flea markets and similar exhibitions or events, or any
12 transient merchants, as defined by Section 2 of the Transient
13 Merchant Act of 1987, may be required to make a daily report of
14 the amount of such sales to the Department and to make a daily
15 payment of the full amount of tax due. The Department shall
16 impose this requirement when it finds that there is a
17 significant risk of loss of revenue to the State at such an
18 exhibition or event. Such a finding shall be based on evidence
19 that a substantial number of concessionaires or other sellers
20 who are not residents of Illinois will be engaging in the
21 business of selling tangible personal property at retail at the
22 exhibition or event, or other evidence of a significant risk of
23 loss of revenue to the State. The Department shall notify
24 concessionaires and other sellers affected by the imposition of
25 this requirement. In the absence of notification by the
26 Department, the concessionaires and other sellers shall file

1 their returns as otherwise required in this Section.

2 (Source: P.A. 94-1074, eff. 12-26-06; 95-331, eff. 8-21-07.)

3 (35 ILCS 120/13) (from Ch. 120, par. 452)

4 Sec. 13. When the amount due is under \$300, any person
5 engaged in the business of selling tangible personal property
6 at retail in this State who fails to file a return, or who
7 files a fraudulent return, or any officer, employee or agent of
8 a corporation, member, employee or agent of a partnership, or
9 manager, member, agent, or employee of a limited liability
10 company engaged in the business of selling tangible personal
11 property at retail in this State who, as such officer,
12 employee, agent, manager, or member is under a duty to file a
13 return, or any officer, agent or employee of a corporation,
14 member, agent, or employee of a partnership, or manager,
15 member, agent, or employee of a limited liability company
16 engaged in the business of selling tangible personal property
17 at retail in this State who files or causes to be filed or
18 signs or causes to be signed a fraudulent return filed on
19 behalf of such corporation or limited liability company, or any
20 accountant or other agent who knowingly enters false
21 information on the return of any taxpayer under this Act, is
22 guilty of a Class 4 felony.

23 Any person who or any officer or director of any
24 corporation, partner or member of any partnership, or manager
25 or member of a limited liability company that: (a) violates

1 Section 2a of this Act or (b) fails to keep books and records,
2 or fails to produce books and records as required by Section 7
3 or (c) willfully violates a rule or regulation of the
4 Department for the administration and enforcement of this Act
5 is guilty of a Class A misdemeanor. Any person, manager or
6 member of a limited liability company, or officer or director
7 of any corporation who engages in the business of selling
8 tangible personal property at retail after the certificate of
9 registration of that person, corporation, limited liability
10 company, or partnership has been revoked is guilty of a Class A
11 misdemeanor. Each day such person, corporation, or partnership
12 is engaged in business without a certificate of registration or
13 after the certificate of registration of that person,
14 corporation, or partnership has been revoked constitutes a
15 separate offense.

16 Any purchaser who obtains a registration number or resale
17 number from the Department through misrepresentation, or who
18 represents to a seller that such purchaser has a registration
19 number or a resale number from the Department when he knows
20 that he does not, or who uses his registration number or resale
21 number to make a seller believe that he is buying tangible
22 personal property for resale when such purchaser in fact knows
23 that this is not the case is guilty of a Class 4 felony.

24 Any distributor, supplier or other reseller of motor fuel
25 registered pursuant to Section 2a or 2c of this Act who fails
26 to collect the prepaid tax on invoiced gallons of motor fuel

1 sold or who fails to deliver a statement of tax paid to the
2 purchaser or to the Department as required by Sections 2d and
3 2e of this Act, respectively, shall be guilty of a Class A
4 misdemeanor if the amount due is under \$300, and a Class 4
5 felony if the amount due is \$300 or more.

6 When the amount due is under \$300, any person who accepts
7 money that is due to the Department under this Act from a
8 taxpayer for the purpose of acting as the taxpayer's agent to
9 make the payment to the Department, but who fails to remit such
10 payment to the Department when due is guilty of a Class 4
11 felony.

12 Any seller who collects or attempts to collect an amount
13 (however designated) which purports to reimburse such seller
14 for retailers' occupation tax liability measured by receipts
15 which such seller knows are not subject to retailers'
16 occupation tax, or any seller who knowingly over-collects or
17 attempts to over-collect an amount purporting to reimburse such
18 seller for retailers' occupation tax liability in a transaction
19 which is subject to the tax that is imposed by this Act, shall
20 be guilty of a Class 4 felony for each such offense. This
21 paragraph does not apply to an amount collected by the seller
22 as reimbursement for the seller's retailers' occupation tax
23 liability on receipts which are subject to tax under this Act
24 as long as such collection is made in compliance with the tax
25 collection brackets prescribed by the Department in its Rules
26 and Regulations.

1 When the amount due is \$300 or more, any person engaged in
2 the business of selling tangible personal property at retail in
3 this State who fails to file a return, or who files a
4 fraudulent return, or any officer, employee or agent of a
5 corporation, member, employee or agent of a partnership, or
6 manager, member, agent, or employee of a limited liability
7 company engaged in the business of selling tangible personal
8 property at retail in this State who, as such officer,
9 employee, agent, manager, or member is under a duty to file a
10 return and who fails to file such return or any officer, agent,
11 or employee of a corporation, member, agent or employee of a
12 partnership, or manager, member, agent, or employee of a
13 limited liability company engaged in the business of selling
14 tangible personal property at retail in this State who files or
15 causes to be filed or signs or causes to be signed a fraudulent
16 return filed on behalf of such corporation or limited liability
17 company, or any accountant or other agent who knowingly enters
18 false information on the return of any taxpayer under this Act
19 is guilty of a Class 3 felony.

20 When the amount due is \$300 or more, any person engaged in
21 the business of selling tangible personal property at retail in
22 this State who accepts money that is due to the Department
23 under this Act from a taxpayer for the purpose of acting as the
24 taxpayer's agent to make payment to the Department but fails to
25 remit such payment to the Department when due, is guilty of a
26 Class 3 felony.

1 Any person whose principal place of business is in this
2 State and who is charged with a violation under this Section
3 shall be tried in the county where his principal place of
4 business is located unless he asserts a right to be tried in
5 another venue.

6 Any taxpayer or agent of a taxpayer who with the intent to
7 defraud purports to make a payment due to the Department by
8 issuing or delivering a check or other order upon a real or
9 fictitious depository for the payment of money, knowing that it
10 will not be paid by the depository, shall be guilty of a
11 deceptive practice in violation of Section 17-1 of the Criminal
12 Code of 1961, as amended.

13 A prosecution for any act in violation of this Section may
14 be commenced at any time within 6 ~~3~~ years of the commission of
15 that act.

16 (Source: P.A. 87-879; 88-480.)

17 Section 40. The Coin-Operated Amusement Device and
18 Redemption Machine Tax Act is amended by changing Sections 1,
19 8, 14, and 15 as follows:

20 (35 ILCS 510/1) (from Ch. 120, par. 481b.1)

21 Sec. 1. There is imposed, on the privilege of operating
22 every coin-in-the-slot-operated amusement device, including a
23 device operated or operable by insertion of coins, bills, other
24 money, tokens, tickets, chips, debit cards, or similar objects,

1 in this State which returns to the player thereof no money or
2 property or right to receive money or property, and on the
3 privilege of operating in this State a redemption machine as
4 defined in Section 28-2 of the Criminal Code of 1961, an annual
5 privilege tax of \$30 for each device for a period beginning on
6 or after August 1 of any year and prior to August 1 of the
7 succeeding year.

8 (Source: P.A. 93-32, eff. 7-1-03.)

9 (35 ILCS 510/8) (from Ch. 120, par. 481b.8)

10 Sec. 8. Any person operating or displaying any device
11 described in this Act in such manner that it could be played by
12 the public without the tax imposed by this Act having first
13 been paid shall be guilty of a Class A € misdemeanor. The use
14 or operation for other than amusement purposes of any device
15 taxed as in this Act provided shall be a Class A € misdemeanor.

16 (Source: P.A. 83-1428.)

17 (35 ILCS 510/14) (from Ch. 120, par. 481b.14)

18 Sec. 14. After seizing any coin-in-the-slot-operated
19 amusement device, as provided in Section 13 of this Act, the
20 Department shall hold a hearing in the county where such
21 amusement device was seized and shall determine whether such
22 amusement device was being displayed in a manner which violates
23 any provision of this Act.

24 The Department shall give not less than 7 days' notice of

1 the time and place of such hearing to the owner of such
2 amusement device if he is known, and also to the person in
3 whose possession the amusement device so taken was found, if
4 such person is known and if such person in possession is not
5 the owner of said amusement device.

6 In case neither the owner nor the person in possession of
7 such amusement device is known, the Department shall cause
8 publication of the time and place of such hearing to be made at
9 least once in each week for 3 weeks successively in a newspaper
10 of general circulation in the county where such hearing is to
11 be held.

12 If, as the result of such hearing, the Department shall
13 determine that the amusement device seized was, at the time of
14 seizure, being displayed in a manner which violates this Act,
15 the Department shall enter an order declaring such amusement
16 device confiscated and forfeited to the State, and to be sold
17 by the Department in the manner provided for hereinafter in
18 this Section. The Department shall give notice of such order to
19 the owner of such amusement device if he is known, and also to
20 the person in whose possession the amusement device so taken
21 was found, if such person is known and if such person in
22 possession is not the owner of such amusement device. In case
23 neither the owner nor the person in possession of such
24 amusement device is known, the Department shall cause
25 publication of such order to be made at least once in each week
26 for 3 weeks successively in a newspaper of general circulation

1 in the county where such hearing was held.

2 The person from whom such amusement device has been seized
3 (or the owner of such device if that is a different person) may
4 redeem and reclaim such device by paying~~7~~ to the Department,
5 within 30 days after the Department's order of confiscation and
6 forfeiture becomes final, ~~an amount equal to twice the annual~~
7 ~~tax applicable to such amusement device, plus~~ a penalty of
8 \$2,500 for each device, which shall be deposited into the Tax
9 Compliance and Administration Fund 10%.

10 When any amusement device shall have been declared
11 forfeited to the State by the Department, as provided in this
12 Section, and when all proceedings for the judicial review of
13 the Department's decision have terminated, the Department
14 shall (if such amusement device is not redeemed and reclaimed
15 within the time and in the manner provided for in this
16 Section), to the extent that its decision is sustained on
17 review, sell such amusement device for the best price
18 obtainable and shall forthwith pay over the proceeds of such
19 sale to the State Treasurer; provided, however, that if the
20 value of the property to be sold at any one time shall be
21 \$500.00 or more, such property shall be sold only to the
22 highest and best bidder on such terms and conditions and on
23 open competitive bidding after public advertisement, in such
24 manner and for such terms as the Department, by rule, may
25 prescribe.

26 If no complaint for review, as provided in Section 10 of

1 this Act, has been filed within the time required by the
2 Administrative Review Law, and if such amusement device is not
3 redeemed and reclaimed within the time and in the manner
4 provided for in this Section, the Department shall proceed to
5 sell said property for the best price obtainable and shall
6 forthwith pay over the proceeds of such sale to the State
7 Treasurer; provided, however, that if the value of the property
8 to be sold at any one time shall be \$500.00 or more, such
9 property shall be sold only to the highest and best bidder on
10 such terms and conditions and on open competitive bidding after
11 public advertisement, in such manner and for such terms as the
12 Department, by rule, may prescribe.

13 (Source: P.A. 82-783.)

14 (35 ILCS 510/15) (from Ch. 120, par. 481b.15)

15 Sec. 15. Whenever any peace officer of the State or any
16 duly authorized officer or employee of the Department shall
17 have reason to believe that any violation of this Act has
18 occurred and that the person so violating the Act has in his,
19 her or its possession any amusement device which is being
20 displayed in a manner which violates this Act, he may file or
21 cause to be filed his complaint in writing, verified by
22 affidavit, with any court within whose jurisdiction the
23 premises to be searched are situated, stating the facts upon
24 which such belief is founded, the premises to be searched, and
25 the property to be seized, and procure a search warrant and

1 execute the same.

2 Upon the execution of such search warrant, the peace
3 officer, or officer or employee of the Department, executing
4 such search warrant shall make due return thereof to the court
5 issuing the same, together with an inventory of the property
6 taken thereunder. The court shall thereupon issue process
7 against the owner of such property if he is known; otherwise,
8 such process shall be issued against the person in whose
9 possession the property so taken is found, if such person is
10 known.

11 In case of inability to serve such process upon the owner
12 or the person in possession of the property at the time of its
13 seizure, as hereinbefore provided, notice of the proceedings
14 before the court shall be given as required by the statutes of
15 the State governing cases of attachment.

16 Upon the return of the process duly served or upon the
17 posting or publishing of notice made, as hereinabove provided,
18 the court or jury, if a jury shall be demanded, shall proceed
19 to determine whether or not such property so seized was
20 displayed in violation of this Act. In case of a finding that
21 the amusement device seized was, at the time of seizure, being
22 displayed in violation of this Act, judgment shall be entered
23 confiscating and forfeiting the property to the State and
24 ordering its delivery to the Department, and in addition
25 thereto, the court shall have power to tax and assess the costs
26 of the proceedings.

1 The person from whom such amusement device has been seized
2 (or the owner of such device if that is a different person) may
3 redeem and reclaim such device by paying, to the Department,
4 within 30 days after the order of confiscation and forfeiture
5 becomes final, ~~an amount equal to twice the annual tax~~
6 ~~applicable to such amusement device, plus~~ a penalty of \$2,500
7 for each device, which shall be deposited into the Tax
8 Compliance and Administration Fund 10%.

9 When any amusement device shall have been declared
10 forfeited to the State by any court, and when such confiscated
11 and forfeited amusement device shall have been delivered to the
12 Department, and if such device is not redeemed and reclaimed
13 within the time and in the manner provided for in this Section,
14 the Department shall sell such amusement device for the best
15 price obtainable and shall forthwith pay over the proceeds of
16 such sale to the State Treasurer; provided, however, that if
17 the value of the property to be sold at any one time shall be
18 \$500.00 or more, such property shall be sold only to the
19 highest and best bidder on such terms and conditions and on
20 open competitive bidding after public advertisement, in such
21 manner and for such terms as the Department, by rule, may
22 prescribe.

23 (Source: Laws 1965, p. 3716.)

24 Section 45. The Uniform Penalty and Interest Act is amended
25 by changing Section 3-3 as follows:

1 (35 ILCS 735/3-3) (from Ch. 120, par. 2603-3)

2 Sec. 3-3. Penalty for failure to file or pay.

3 (a) This subsection (a) is applicable before January 1,
4 1996. A penalty of 5% of the tax required to be shown due on a
5 return shall be imposed for failure to file the tax return on
6 or before the due date prescribed for filing determined with
7 regard for any extension of time for filing (penalty for late
8 filing or nonfiling). If any unprocessable return is corrected
9 and filed within 21 days after notice by the Department, the
10 late filing or nonfiling penalty shall not apply. If a penalty
11 for late filing or nonfiling is imposed in addition to a
12 penalty for late payment, the total penalty due shall be the
13 sum of the late filing penalty and the applicable late payment
14 penalty. Beginning on the effective date of this amendatory Act
15 of 1995, in the case of any type of tax return required to be
16 filed more frequently than annually, when the failure to file
17 the tax return on or before the date prescribed for filing
18 (including any extensions) is shown to be nonfraudulent and has
19 not occurred in the 2 years immediately preceding the failure
20 to file on the prescribed due date, the penalty imposed by
21 Section 3-3(a) shall be abated.

22 (a-5) This subsection (a-5) is applicable to returns due on
23 and after January 1, 1996 and on or before December 31, 2000. A
24 penalty equal to 2% of the tax required to be shown due on a
25 return, up to a maximum amount of \$250, determined without

1 regard to any part of the tax that is paid on time or by any
2 credit that was properly allowable on the date the return was
3 required to be filed, shall be imposed for failure to file the
4 tax return on or before the due date prescribed for filing
5 determined with regard for any extension of time for filing.
6 However, if any return is not filed within 30 days after notice
7 of nonfiling mailed by the Department to the last known address
8 of the taxpayer contained in Department records, an additional
9 penalty amount shall be imposed equal to the greater of \$250 or
10 2% of the tax shown on the return. However, the additional
11 penalty amount may not exceed \$5,000 and is determined without
12 regard to any part of the tax that is paid on time or by any
13 credit that was properly allowable on the date the return was
14 required to be filed (penalty for late filing or nonfiling). If
15 any unprocessable return is corrected and filed within 30 days
16 after notice by the Department, the late filing or nonfiling
17 penalty shall not apply. If a penalty for late filing or
18 nonfiling is imposed in addition to a penalty for late payment,
19 the total penalty due shall be the sum of the late filing
20 penalty and the applicable late payment penalty. In the case of
21 any type of tax return required to be filed more frequently
22 than annually, when the failure to file the tax return on or
23 before the date prescribed for filing (including any
24 extensions) is shown to be nonfraudulent and has not occurred
25 in the 2 years immediately preceding the failure to file on the
26 prescribed due date, the penalty imposed by Section 3-3(a-5)

1 shall be abated.

2 (a-10) This subsection (a-10) is applicable to returns due
3 on and after January 1, 2001. A penalty equal to 2% of the tax
4 required to be shown due on a return, up to a maximum amount of
5 \$250, reduced by any tax that is paid on time or by any credit
6 that was properly allowable on the date the return was required
7 to be filed, shall be imposed for failure to file the tax
8 return on or before the due date prescribed for filing
9 determined with regard for any extension of time for filing.
10 However, if any return is not filed within 30 days after notice
11 of nonfiling mailed by the Department to the last known address
12 of the taxpayer contained in Department records, an additional
13 penalty amount shall be imposed equal to the greater of \$250 or
14 2% of the tax shown on the return. However, the additional
15 penalty amount may not exceed \$5,000 and is determined without
16 regard to any part of the tax that is paid on time or by any
17 credit that was properly allowable on the date the return was
18 required to be filed (penalty for late filing or nonfiling). If
19 any unprocessable return is corrected and filed within 30 days
20 after notice by the Department, the late filing or nonfiling
21 penalty shall not apply. If a penalty for late filing or
22 nonfiling is imposed in addition to a penalty for late payment,
23 the total penalty due shall be the sum of the late filing
24 penalty and the applicable late payment penalty. In the case of
25 any type of tax return required to be filed more frequently
26 than annually, when the failure to file the tax return on or

1 before the date prescribed for filing (including any
2 extensions) is shown to be nonfraudulent and has not occurred
3 in the 2 years immediately preceding the failure to file on the
4 prescribed due date, the penalty imposed by Section 3-3(a-10)
5 shall be abated.

6 (a-15) In addition to any other penalties imposed by law
7 for the failure to file a return, a penalty of \$100 shall be
8 imposed for failure to file a transaction reporting return
9 required by Section 3 of the Retailers' Occupation Tax Act and
10 Section 9 of the Use Tax Act on or before the date a return is
11 required to be filed. This penalty shall be imposed regardless
12 of whether the return when properly prepared and filed would
13 result in the imposition of a tax.

14 (b) This subsection is applicable before January 1, 1998. A
15 penalty of 15% of the tax shown on the return or the tax
16 required to be shown due on the return shall be imposed for
17 failure to pay:

18 (1) the tax shown due on the return on or before the
19 due date prescribed for payment of that tax, an amount of
20 underpayment of estimated tax, or an amount that is
21 reported in an amended return other than an amended return
22 timely filed as required by subsection (b) of Section 506
23 of the Illinois Income Tax Act (penalty for late payment or
24 nonpayment of admitted liability); or

25 (2) the full amount of any tax required to be shown due
26 on a return and which is not shown (penalty for late

1 payment or nonpayment of additional liability), within 30
2 days after a notice of arithmetic error, notice and demand,
3 or a final assessment is issued by the Department. In the
4 case of a final assessment arising following a protest and
5 hearing, the 30-day period shall not begin until all
6 proceedings in court for review of the final assessment
7 have terminated or the period for obtaining a review has
8 expired without proceedings for a review having been
9 instituted. In the case of a notice of tax liability that
10 becomes a final assessment without a protest and hearing,
11 the penalty provided in this paragraph (2) shall be imposed
12 at the expiration of the period provided for the filing of
13 a protest.

14 (b-5) This subsection is applicable to returns due on and
15 after January 1, 1998 and on or before December 31, 2000. A
16 penalty of 20% of the tax shown on the return or the tax
17 required to be shown due on the return shall be imposed for
18 failure to pay:

19 (1) the tax shown due on the return on or before the
20 due date prescribed for payment of that tax, an amount of
21 underpayment of estimated tax, or an amount that is
22 reported in an amended return other than an amended return
23 timely filed as required by subsection (b) of Section 506
24 of the Illinois Income Tax Act (penalty for late payment or
25 nonpayment of admitted liability); or

26 (2) the full amount of any tax required to be shown due

1 on a return and which is not shown (penalty for late
2 payment or nonpayment of additional liability), within 30
3 days after a notice of arithmetic error, notice and demand,
4 or a final assessment is issued by the Department. In the
5 case of a final assessment arising following a protest and
6 hearing, the 30-day period shall not begin until all
7 proceedings in court for review of the final assessment
8 have terminated or the period for obtaining a review has
9 expired without proceedings for a review having been
10 instituted. In the case of a notice of tax liability that
11 becomes a final assessment without a protest and hearing,
12 the penalty provided in this paragraph (2) shall be imposed
13 at the expiration of the period provided for the filing of
14 a protest.

15 (b-10) This subsection (b-10) is applicable to returns due
16 on and after January 1, 2001 and on or before December 31,
17 2003. A penalty shall be imposed for failure to pay:

18 (1) the tax shown due on a return on or before the due
19 date prescribed for payment of that tax, an amount of
20 underpayment of estimated tax, or an amount that is
21 reported in an amended return other than an amended return
22 timely filed as required by subsection (b) of Section 506
23 of the Illinois Income Tax Act (penalty for late payment or
24 nonpayment of admitted liability). The amount of penalty
25 imposed under this subsection (b-10) (1) shall be 2% of any
26 amount that is paid no later than 30 days after the due

1 date, 5% of any amount that is paid later than 30 days
2 after the due date and not later than 90 days after the due
3 date, 10% of any amount that is paid later than 90 days
4 after the due date and not later than 180 days after the
5 due date, and 15% of any amount that is paid later than 180
6 days after the due date. If notice and demand is made for
7 the payment of any amount of tax due and if the amount due
8 is paid within 30 days after the date of the notice and
9 demand, then the penalty for late payment or nonpayment of
10 admitted liability under this subsection (b-10)(1) on the
11 amount so paid shall not accrue for the period after the
12 date of the notice and demand.

13 (2) the full amount of any tax required to be shown due
14 on a return and that is not shown (penalty for late payment
15 or nonpayment of additional liability), within 30 days
16 after a notice of arithmetic error, notice and demand, or a
17 final assessment is issued by the Department. In the case
18 of a final assessment arising following a protest and
19 hearing, the 30-day period shall not begin until all
20 proceedings in court for review of the final assessment
21 have terminated or the period for obtaining a review has
22 expired without proceedings for a review having been
23 instituted. The amount of penalty imposed under this
24 subsection (b-10)(2) shall be 20% of any amount that is not
25 paid within the 30-day period. In the case of a notice of
26 tax liability that becomes a final assessment without a

1 protest and hearing, the penalty provided in this
2 subsection (b-10) (2) shall be imposed at the expiration of
3 the period provided for the filing of a protest.

4 (b-15) This subsection (b-15) is applicable to returns due
5 on and after January 1, 2004 and on or before December 31,
6 2004. A penalty shall be imposed for failure to pay the tax
7 shown due or required to be shown due on a return on or before
8 the due date prescribed for payment of that tax, an amount of
9 underpayment of estimated tax, or an amount that is reported in
10 an amended return other than an amended return timely filed as
11 required by subsection (b) of Section 506 of the Illinois
12 Income Tax Act (penalty for late payment or nonpayment of
13 admitted liability). The amount of penalty imposed under this
14 subsection (b-15) (1) shall be 2% of any amount that is paid no
15 later than 30 days after the due date, 10% of any amount that
16 is paid later than 30 days after the due date and not later
17 than 90 days after the due date, 15% of any amount that is paid
18 later than 90 days after the due date and not later than 180
19 days after the due date, and 20% of any amount that is paid
20 later than 180 days after the due date. If notice and demand is
21 made for the payment of any amount of tax due and if the amount
22 due is paid within 30 days after the date of this notice and
23 demand, then the penalty for late payment or nonpayment of
24 admitted liability under this subsection (b-15) (1) on the
25 amount so paid shall not accrue for the period after the date
26 of the notice and demand.

1 (b-20) This subsection (b-20) is applicable to returns due
2 on and after January 1, 2005.

3 (1) A penalty shall be imposed for failure to pay,
4 prior to the due date for payment, any amount of tax the
5 payment of which is required to be made prior to the filing
6 of a return or without a return (penalty for late payment
7 or nonpayment of estimated or accelerated tax). The amount
8 of penalty imposed under this paragraph (1) shall be 2% of
9 any amount that is paid no later than 30 days after the due
10 date and 10% of any amount that is paid later than 30 days
11 after the due date.

12 (2) A penalty shall be imposed for failure to pay the
13 tax shown due or required to be shown due on a return on or
14 before the due date prescribed for payment of that tax or
15 an amount that is reported in an amended return other than
16 an amended return timely filed as required by subsection
17 (b) of Section 506 of the Illinois Income Tax Act (penalty
18 for late payment or nonpayment of tax). The amount of
19 penalty imposed under this paragraph (2) shall be 2% of any
20 amount that is paid no later than 30 days after the due
21 date, 10% of any amount that is paid later than 30 days
22 after the due date and prior to the date the Department has
23 initiated an audit or investigation of the taxpayer, and
24 20% of any amount that is paid after the date the
25 Department has initiated an audit or investigation of the
26 taxpayer; provided that the penalty shall be reduced to 15%

1 if the entire amount due is paid not later than 30 days
2 after the Department has provided the taxpayer with an
3 amended return (following completion of an occupation,
4 use, or excise tax audit) or a form for waiver of
5 restrictions on assessment (following completion of an
6 income tax audit); provided further that the reduction to
7 15% shall be rescinded if the taxpayer makes any claim for
8 refund or credit of the tax, penalties, or interest
9 determined to be due upon audit, except in the case of a
10 claim filed pursuant to subsection (b) of Section 506 of
11 the Illinois Income Tax Act or to claim a carryover of a
12 loss or credit, the availability of which was not
13 determined in the audit. For purposes of this paragraph
14 (2), any overpayment reported on an original return that
15 has been allowed as a refund or credit to the taxpayer
16 shall be deemed to have not been paid on or before the due
17 date for payment and any amount paid under protest pursuant
18 to the provisions of the State Officers and Employees Money
19 Disposition Act shall be deemed to have been paid after the
20 Department has initiated an audit and more than 30 days
21 after the Department has provided the taxpayer with an
22 amended return (following completion of an occupation,
23 use, or excise tax audit) or a form for waiver of
24 restrictions on assessment (following completion of an
25 income tax audit).

26 (3) The penalty imposed under this subsection (b-20)

1 shall be deemed assessed at the time the tax upon which the
2 penalty is computed is assessed, except that, if the
3 reduction of the penalty imposed under paragraph (2) of
4 this subsection (b-20) to 15% is rescinded because a claim
5 for refund or credit has been filed, the increase in
6 penalty shall be deemed assessed at the time the claim for
7 refund or credit is filed.

8 (c) For purposes of the late payment penalties, the basis
9 of the penalty shall be the tax shown or required to be shown
10 on a return, whichever is applicable, reduced by any part of
11 the tax which is paid on time and by any credit which was
12 properly allowable on the date the return was required to be
13 filed.

14 (d) A penalty shall be applied to the tax required to be
15 shown even if that amount is less than the tax shown on the
16 return.

17 (e) This subsection (e) is applicable to returns due before
18 January 1, 2001. If both a subsection (b)(1) or (b-5)(1)
19 penalty and a subsection (b)(2) or (b-5)(2) penalty are
20 assessed against the same return, the subsection (b)(2) or
21 (b-5)(2) penalty shall be assessed against only the additional
22 tax found to be due.

23 (e-5) This subsection (e-5) is applicable to returns due on
24 and after January 1, 2001. If both a subsection (b-10)(1)
25 penalty and a subsection (b-10)(2) penalty are assessed against
26 the same return, the subsection (b-10)(2) penalty shall be

1 assessed against only the additional tax found to be due.

2 (f) If the taxpayer has failed to file the return, the
3 Department shall determine the correct tax according to its
4 best judgment and information, which amount shall be prima
5 facie evidence of the correctness of the tax due.

6 (g) The time within which to file a return or pay an amount
7 of tax due without imposition of a penalty does not extend the
8 time within which to file a protest to a notice of tax
9 liability or a notice of deficiency.

10 (h) No return shall be determined to be unprocessable
11 because of the omission of any information requested on the
12 return pursuant to Section 2505-575 of the Department of
13 Revenue Law (20 ILCS 2505/2505-575).

14 (i) If a taxpayer has a tax liability that is eligible for
15 amnesty under the Tax Delinquency Amnesty Act and the taxpayer
16 fails to satisfy the tax liability during the amnesty period
17 provided for in that Act, then the penalty imposed by the
18 Department under this Section shall be imposed in an amount
19 that is 200% of the amount that would otherwise be imposed
20 under this Section.

21 (Source: P.A. 92-742, eff. 7-25-02; 93-26, eff. 6-20-03; 93-32,
22 eff. 6-20-03; 93-1068, eff. 1-15-05.)

23 Section 50. The Criminal Code of 1961 is amended by
24 changing Section 28-2 as follows:

1 (720 ILCS 5/28-2) (from Ch. 38, par. 28-2)

2 Sec. 28-2. Definitions.

3 (a) A "gambling device" is any clock, tape machine, slot
4 machine or other machines or device for the reception of money
5 or other thing of value on chance or skill or upon the action
6 of which money or other thing of value is staked, hazarded,
7 bet, won or lost; or any mechanism, furniture, fixture,
8 equipment or other device designed primarily for use in a
9 gambling place. A "gambling device" does not include:

10 (1) A coin-in-the-slot operated mechanical device
11 played for amusement which rewards the player with the
12 right to replay such mechanical device, which device is so
13 constructed or devised as to make such result of the
14 operation thereof depend in part upon the skill of the
15 player and which returns to the player thereof no money,
16 property or right to receive money or property.

17 (2) Vending machines by which full and adequate return
18 is made for the money invested and in which there is no
19 element of chance or hazard.

20 (3) A crane game. For the purposes of this paragraph
21 (3), a "crane game" is an amusement device involving skill,
22 if it rewards the player exclusively with merchandise
23 contained within the amusement device proper and limited to
24 toys, novelties and prizes other than currency, each having
25 a wholesale value which is not more than \$25.

26 (4) A redemption machine. For the purposes of this

1 paragraph (4), a "redemption machine" is (1) a
2 single-player or multi-player amusement device involving a
3 game, the object of which is throwing, rolling, bowling,
4 shooting, placing, or propelling a ball or other object
5 into, upon, or against a hole or other target or (2) a
6 device of any kind or character used by the public that is
7 designed and manufactured for bonafide amusement or
8 entertainment purposes, the operation of which requires
9 the payment of or the insertion of coins, bills, other
10 money, tokens, tickets, chips, debit cards, or similar
11 objects, provided that all of the following conditions are
12 met:

13 (A) The device awards the player only with the
14 right to replay the device or with awards, tokens, or
15 tickets redeemable for noncash merchandise. For the
16 purpose of this item (A), "merchandise" does not
17 include cash or alcoholic beverages. ~~The outcome of the~~
18 game is predominantly determined by the skill of the
19 player.

20 ~~(B) The award of the prize is based solely upon the~~
21 ~~player's achieving the object of the game or otherwise~~
22 ~~upon the player's score.~~

23 ~~(C) Only merchandise prizes are awarded.~~

24 (B) ~~(D)~~ The wholesale value of prizes awarded in
25 lieu of tickets or tokens for single play of the device
26 does not exceed \$25.

1 (C) ~~(E)~~ The redemption value of each ticket, token,
2 or other representation tickets, tokens, and other
3 ~~representations~~ of value, which may be accumulated by
4 players to redeem prizes of greater value, does not
5 exceed the amount charged for a single play of the
6 device. However, if multiple tickets, tokens, and
7 other representations of value are awarded for a single
8 play of the device, the total value of all tickets,
9 tokens, and other representations of value awarded may
10 not exceed the amount charged for a single play of the
11 device.

12 This paragraph (4) does not apply to any game or device
13 classified by the United States government as requiring a
14 federal gaming tax stamp under applicable provisions of the
15 Internal Revenue Code.

16 (a-5) "Internet" means an interactive computer service or
17 system or an information service, system, or access software
18 provider that provides or enables computer access by multiple
19 users to a computer server, and includes, but is not limited
20 to, an information service, system, or access software provider
21 that provides access to a network system commonly known as the
22 Internet, or any comparable system or service and also
23 includes, but is not limited to, a World Wide Web page,
24 newsgroup, message board, mailing list, or chat area on any
25 interactive computer service or system or other online service.

26 (a-6) "Access" and "computer" have the meanings ascribed to

1 them in Section 16D-2 of this Code.

2 (b) A "lottery" is any scheme or procedure whereby one or
3 more prizes are distributed by chance among persons who have
4 paid or promised consideration for a chance to win such prizes,
5 whether such scheme or procedure is called a lottery, raffle,
6 gift, sale or some other name.

7 (c) A "policy game" is any scheme or procedure whereby a
8 person promises or guarantees by any instrument, bill,
9 certificate, writing, token or other device that any particular
10 number, character, ticket or certificate shall in the event of
11 any contingency in the nature of a lottery entitle the
12 purchaser or holder to receive money, property or evidence of
13 debt.

14 (Source: P.A. 95-676, eff. 6-1-08.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.

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| 3 | 20 ILCS 2505/2505-310 | was 20 ILCS 2505/39b15.2 |
| 4 | 20 ILCS 2520/4 | from Ch. 120, par. 2304 |
| 5 | 35 ILCS 5/203 | from Ch. 120, par. 2-203 |
| 6 | 35 ILCS 5/905 | from Ch. 120, par. 9-905 |
| 7 | 35 ILCS 5/911 | from Ch. 120, par. 9-911 |
| 8 | 35 ILCS 105/9 | from Ch. 120, par. 439.9 |
| 9 | 35 ILCS 105/14 | from Ch. 120, par. 439.14 |
| 10 | 35 ILCS 110/9 | from Ch. 120, par. 439.39 |
| 11 | 35 ILCS 110/15 | from Ch. 120, par. 439.45 |
| 12 | 35 ILCS 115/9 | from Ch. 120, par. 439.109 |
| 13 | 35 ILCS 115/15 | from Ch. 120, par. 439.115 |
| 14 | 35 ILCS 120/3 | from Ch. 120, par. 442 |
| 15 | 35 ILCS 120/13 | from Ch. 120, par. 452 |
| 16 | 35 ILCS 510/1 | from Ch. 120, par. 481b.1 |
| 17 | 35 ILCS 510/8 | from Ch. 120, par. 481b.8 |
| 18 | 35 ILCS 510/14 | from Ch. 120, par. 481b.14 |
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| 20 | 35 ILCS 735/3-3 | from Ch. 120, par. 2603-3 |
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